

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

CONTINENTAL AIRLINES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	4512 (Primary standard industrial classification code number)	74-2099724 (I.R.S. employer identification number)
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2929 ALLEN PARKWAY, SUITE 2010  
HOUSTON, TEXAS 77019  
(713) 834-2950

(Address, including zip code, and telephone number, including area code,  
of registrant's principal executive offices)

JEFFERY A. SMISEK, ESQ.  
EXECUTIVE VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY  
CONTINENTAL AIRLINES, INC.

2929 ALLEN PARKWAY, SUITE 2010  
HOUSTON, TEXAS 77019  
(713) 834-2950

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

Copies of correspondence to:

JOHN K. HOYNS, ESQ.  
HUGHES HUBBARD & REED LLP  
ONE BATTERY PARK PLAZA  
NEW YORK, NEW YORK 10004-1482

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:  
As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in  
connection with the formation of a holding company and there is compliance with  
General Instruction G, check the following box:

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER CERTIFICATE(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE
Pass Through Certificates, Series 1997-1A.....	\$437,876,000	100%	\$437,876,000	
Pass Through Certificates, Series 1997-1B.....	\$148,333,000	100%	\$148,333,000	\$214,334
Pass Through Certificates, Series 1997-1C-I.....	\$111,093,000	100%	\$111,093,000	
Pass Through Certificates, Series 1997-1C-II.....	\$ 10,000,000	100%	\$ 10,000,000	

(1) Equals the aggregate principal amount of the securities being registered.

(2) Pursuant to Rule 457(f)(2), the registration fee has been calculated using  
the book value of the securities being registered.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR  
DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL  
FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION  
STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF  
THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME  
EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a),  
MAY DETERMINE.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION -- DATED MAY 27, 1997

PROSPECTUS

CONTINENTAL AIRLINES, INC.

Offer to Exchange Pass Through Certificates, Series 1997-1, which have been registered under the Securities Act of 1933, as amended, for any and all outstanding Pass Through Certificates, Series 1997-1

The Exchange Offer will expire at 5:00 p.m., New York City time, on [            ], unless extended.

Pass Through Certificates, Series 1997-1 (the "New Certificates"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to a Registration Statement of which this Prospectus is a part, are hereby offered, upon the terms and subject to the conditions set forth in this Prospectus and the accompanying letter of transmittal (the "Letter of Transmittal" and, together with this Prospectus, the "Exchange Offer"), in exchange for an equal principal amount of outstanding Pass Through Certificates, Series 1997-1 (the "Old Certificates"), of which \$707,302,000 aggregate principal amount is outstanding as of the date hereof. The New Certificates and the Old Certificates are collectively referred to herein as the "Certificates".

Any and all Old Certificates that are validly tendered and not withdrawn on or prior to 5:00 P.M., New York City time, on the date the Exchange Offer expires, which will be [            ] (30 calendar days following the commencement of the Exchange Offer) unless the Exchange Offer is extended (such date, including as extended, the "Expiration Date") will be accepted for exchange. Tenders of Old Certificates may be withdrawn at any time prior to 5:00 P.M., New York City time, on the Expiration Date. The Exchange Offer is not conditioned upon any minimum principal amount of Old Certificates being tendered for exchange. However, the Exchange Offer is subject to certain customary conditions which may be waived by the Company and to the terms of the Registration Rights Agreement (as defined herein). Old Certificates may be tendered only in integral multiples of \$1,000. See "The Exchange Offer".

The New Certificates will be entitled to the benefits of the same Pass Through Trust Agreements (as defined herein) which govern the Old Certificates and will govern the New Certificates. The New Certificates will have terms identical in all material respects to the Old Certificates except that the New Certificates will not contain terms with respect to transfer restrictions or interest rate increases as described herein and the New Certificates will be available only in book-entry form. See "The Exchange Offer" and "Description of New Certificates".

Each Certificate represents a fractional undivided interest in one of the four Continental Airlines 1997-1 Pass Through Trusts (the "Class A Trust", the "Class B Trust", the "Class C-I Trust" and the "Class C-II Trust", the Class C-I Trust and the Class C-II Trust being referred to together as the "Class C Trusts" and all such trusts being referred to collectively as the "Trusts") formed pursuant to four separate pass through trust agreements (the "Pass Through Trust Agreements") between Continental Airlines, Inc. ("Continental" or the "Company") and Wilmington Trust Company (the "Trustee"), as trustee under each Trust. Pursuant to an intercreditor agreement, (i) the Certificates of the Class B Trust are subordinated in right of payment to the Certificates of the Class A Trust and (ii) the Certificates of the Class C Trusts are subordinated in right of payment to the Certificates of the Class B Trust. Payments of interest on the Certificates issued by each Trust are supported by two separate liquidity facilities for the benefit of the holders of

(continued on next page)

FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PARTICIPANTS IN THE EXCHANGE OFFER, SEE "RISK FACTORS" BEGINNING ON PAGE 34 OF THIS PROSPECTUS.

PASS THROUGH CERTIFICATES	PRINCIPAL AMOUNT	INTEREST RATE	FINAL EXPECTED DISTRIBUTION DATE
1997-1A.....	\$437,876,000	7.461%	April 1, 2015
1997-1B.....	\$148,333,000	7.461%	April 1, 2013
1997-1C-I.....	\$111,093,000	7.420%	April 1, 2007
1997-1C-II.....	\$ 10,000,000	7.420%	April 1, 2007
Total.....	\$707,302,000		

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND  
EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES  
AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE  
ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A  
CRIMINAL OFFENSE.  
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The date of this Prospectus is May , 1997

(continued from cover page)

such Certificates, such facilities provided initially by ABN AMRO Bank N.V., a Dutch bank acting through its Chicago branch ("ABN AMRO"), and ING Bank N.V., a Dutch bank ("ING" and, together with ABN AMRO, the "Liquidity Providers") in an amount sufficient to pay interest thereon at the applicable interest rate for such Certificates on up to three successive semiannual distribution dates (except that the liquidity facilities will not cover interest payable on the Deposits by the Depositary referred to below).

The Trusts were established for the purpose of acquiring equipment notes (the "Equipment Notes") expected to be issued in connection with the financing of the purchase of eight Boeing 757-224 aircraft, eighteen Boeing 737-524 aircraft and four Boeing 737-724 aircraft (collectively, the "Aircraft"), which are scheduled for delivery during the period March 1997 through February 1998, with the final delivery for purposes of purchase by the Trusts no later than March 31, 1998 (or June 30, 1998 under certain circumstances) (the "Delivery Period"). The Equipment Notes will be issued, at Continental's election, either (i) on a non-recourse basis by the trustees of separate owner trusts (each, an "Owner Trustee") in connection with separate leveraged lease transactions, in which case the applicable Aircraft will be leased to Continental (collectively, the "Leased Aircraft"), or (ii) on a recourse basis by Continental in connection with separate secured loan transactions, in which case the applicable Aircraft will be owned by Continental (collectively, the "Owned Aircraft"). The Equipment Notes in respect of each Aircraft will be issued in three series (the "Series A Equipment Notes", the "Series B Equipment Notes" and the "Series C Equipment Notes"). The Class A Trust, the Class B Trust and the Class C-I Trust (or, if the Deposits relating to the Class C-I Trust have been fully withdrawn, the Class II Trust) will purchase the series of Equipment Notes issued with respect to each Aircraft that has an interest rate equal to the interest rate applicable to the Certificates issued by such Trust. If any funds remain as Deposits relating to any Trust at the end of the Delivery Period or, if earlier, upon the acquisition by the Trusts of the Equipment Notes with respect to all of the Aircraft (the "Delivery Period Termination Date"), such funds will be withdrawn by the Escrow Agent and distributed, with accrued and unpaid interest thereon, to the Certificateholders (as defined herein) of such Trust after at least 20 days' prior notice. In addition, such distribution will include a premium payable by Continental (i) in the case of the holders of the Certificates issued by the Class A Trust, the Class B Trust and the Class C-I Trust, equal to the Deposit Make-Whole Premium (as defined herein) with respect to the aggregate amount of funds so distributed (excluding accrued interest) and (ii) in the case of the holders of the Certificates issued by the Class C-II Trust, equal to the Class C-II Premium (as defined herein) with respect to such aggregate amount. Since the Deposits relating to the Class C-II Trust will be the last to be utilized with respect to the purchase of Equipment Notes and the maximum principal amount of Equipment Notes may not be issued, there is a greater likelihood that such a distribution will be required with respect to the Certificates issued by the Class C-II Trust than the Certificates issued by the other Trusts. Prior to the date of this Prospectus, Equipment Notes with respect to two Leased Aircraft have been issued.

The cash proceeds of the initial offering of Old Certificates by each Trust were paid to First Security Bank, N.A., as escrow agent (the "Escrow Agent"), under an Escrow and Paying Agent Agreement for the benefit of the holders of Certificates issued by such Trust (each, an "Escrow Agreement"). The Escrow Agent caused such cash proceeds to be deposited (each, a "Deposit") with Credit Suisse First Boston, New York branch (the "Depositary"), in accordance with the Deposit Agreement relating to such Trust (each, a "Deposit Agreement"). Pursuant to each Deposit Agreement, the Depositary will pay for distribution to the holders of Certificates issued by each Trust on each semiannual distribution date an amount equal to interest accrued on the Deposits relating to such Trust during the applicable interest period at a rate per annum equal to the interest rate applicable to the Certificates issued by such Trust. Upon each delivery of an Aircraft during the Delivery Period, the Trustee for the Class A Trust, the Class B Trust and the Class C-I Trust (or, if the Deposits relating to the Class C-I Trust have been fully withdrawn, the Class C-II Trust) will cause to be withdrawn from the Deposits relating to such Trust funds sufficient to purchase the Equipment Note of the series applicable to such Trust issued with respect to such Aircraft.

The Equipment Notes issued with respect to each Aircraft will be secured by a security interest in such Aircraft and, in the case of each Leased Aircraft, by an assignment of the lease relating thereto, including the right to receive rentals payable with respect to such Leased Aircraft by Continental. Although neither the

Certificates nor the Equipment Notes issued with respect to the Leased Aircraft are direct obligations of, or guaranteed by, Continental, the amounts unconditionally payable by Continental for lease of the Leased Aircraft will be sufficient to pay in full when due all amounts required to be paid on the Equipment Notes issued with respect to the Leased Aircraft held in the Trusts. The Equipment Notes issued with respect to the Owned Aircraft will be direct obligations of Continental.

All of the Equipment Notes held in each Trust will accrue interest at the applicable rate per annum for the Certificates issued by such Trust, payable on April 1 and October 1 of each year, commencing on October 1, 1997 or, if later, the first such date to occur after initial issuance thereof. The Deposits relating to each Trust accrue interest at the applicable rate per annum for the Certificates issued by such Trust, payable on April 1 and October 1 of each year, commencing on October 1, 1997, until the Deposits have been fully withdrawn. The scheduled payments of interest on the Equipment Notes and on the Deposits with respect to each Trust, taken together, will be sufficient to pay an amount equal to accrued interest on the outstanding Certificates issued by such Trust at the rate per annum applicable thereto. Such interest will be distributed to Certificateholders of such Trust on each such date, subject, in the case of interest payments made pursuant to the Equipment Notes, to the Intercreditor Agreement (as defined herein). See "Description of the New Certificates -- General" and "-- Payments and Distributions". The New Certificates will accrue interest at the applicable per annum rate for such Trust, from the last date on which interest was paid on the Old Certificates surrendered in exchange therefor. See "The Exchange Offer -- Interest on New Certificates".

Scheduled principal payments on the Equipment Notes held in each Trust will be passed through to the Certificateholders of each such Trust on April 1 and October 1 in certain years, commencing on April 1, 1998. Such Payments will be made, subject to certain assumptions, in accordance with the principal repayment schedule set forth below under "Description of the New Certificates -- Pool Factors", in each case subject to the Intercreditor Agreement.

On the earlier of (i) the first Business Day (as defined herein) after March 31, 1998 or, if later, the fifth Business Day after the Delivery Period Termination Date and (ii) the fifth Business Day after the occurrence of a Triggering Event (as defined herein) (such Business Day, the "Transfer Date"), each of the Trusts established at the time of the original issuance of the Certificates (the "Original Trusts") will transfer and assign all of its assets and rights to a newly-created successor trust with substantially identical terms (each, a "Successor Trust"). The institution acting as Trustee of each of the Original Trusts (each, an "Original Trustee") will also act as Trustee of the corresponding Successor Trust (each, a "New Trustee"), and each New Trustee will assume the obligations of the Original Trustee under each transaction document to which such Original Trustee was a party. Upon the effectiveness of such transfer, assignment and assumption, each of the Original Trusts will be liquidated and each of the Certificates will represent the same percentage interest in the Successor Trust as it represented in the Original Trust immediately prior to such transfer, assignment and assumption. Unless the context otherwise requires, all references in this Prospectus to the Trusts, the Trustees, the Pass Through Trust Agreements and similar terms shall be applicable with respect to the Original Trusts until the effectiveness of such transfer, assignment and assumption and thereafter shall be applicable with respect to the Successor Trusts.

Each Class of New Certificates will be represented by one or more permanent global Certificates in fully registered form, which will be deposited with the Trustee as custodian for and registered in the name of a nominee of DTC. Beneficial interests in the permanent global Certificates will be shown on, and transfers thereof will be effected through, records maintained by DTC and its participants.

Based on interpretations by the staff of the Securities and Exchange Commission (the "Commission"), as set forth in no-action letters issued to third parties, including Exxon Capital Holdings Corporation, SEC No-Action Letter (available April 13, 1989) (the "Exxon Capital Letter"), Morgan Stanley & Co. Incorporated, SEC No-Action Letter (available June 5, 1991) (the "Morgan Stanley Letter") and Shearman & Sterling, SEC No-Action Letter (available July 2, 1993) (the "Shearman & Sterling Letter") (collectively, the "Exchange Offer No-Action Letters"), the Company believes that the New Certificates issued pursuant to the Exchange Offer may be offered for resale, resold or otherwise transferred by holders thereof (other than a broker-dealer who acquires such New Certificates directly from the Trustee for resale

pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any holder that is an "affiliate" of the Company as defined under Rule 405 of the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Certificates are acquired in the ordinary course of such holders' business and such holders are not engaged in, and do not intend to engage in, a distribution of such New Certificates and have no arrangement with any person to participate in a distribution of such New Certificates. By tendering the Old Certificates in exchange for New Certificates, each holder, other than a broker-dealer, will represent to the Company that: (i) it is not an affiliate of the Company (as defined under Rule 405 of the Securities Act) nor a broker-dealer tendering Old Certificates acquired directly from the Company for its own account; (ii) any New Certificates to be received by it will be acquired in the ordinary course of its business; and (iii) it is not engaged in, and does not intend to engage in, a distribution of such New Certificates and has no arrangement or understanding to participate in a distribution of the New Certificates. If a holder of Old Certificates is engaged in or intends to engage in a distribution of the New Certificates or has any arrangement or understanding with respect to the distribution of the New Certificates to be acquired pursuant to the Exchange Offer, such holder may not rely on the applicable interpretations of the staff of the Commission and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction. Each broker-dealer that receives New Certificates for its own account pursuant to the Exchange Offer (a "Participating Broker-Dealer") must acknowledge that it will deliver a prospectus in connection with any resale of such New Certificates. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a Participating Broker-Dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a Participating Broker-Dealer in connection with resales of New Certificates received in exchange for Old Certificates where such Old Certificates were acquired by such Participating Broker-Dealer as a result of market-making activities or other trading activities. Pursuant to the Registration Rights Agreement, the Company has agreed that starting on the Expiration Date it will make this Prospectus available to any Participating Broker-Dealer for use in connection with any such resale. See "Plan of Distribution."

The Company will not receive any proceeds from this offering. The Company has agreed to pay the expenses of the Exchange Offer. No underwriter is being utilized in connection with the Exchange Offer.

THE EXCHANGE OFFER IS NOT BEING MADE TO, NOR WILL THE COMPANY ACCEPT SURRENDERS FOR EXCHANGE FROM, HOLDERS OF OLD CERTIFICATES IN ANY JURISDICTION IN WHICH THE EXCHANGE OFFER OR THE ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE SECURITIES AND BLUE SKY LAWS OF SUCH JURISDICTION.

Prior to the Exchange Offer, there has been no public market for the New Certificates. If such market were to develop, the New Certificates could trade at prices that may be higher or lower than their principal amount. Neither Continental nor any Trust has applied or intends to apply for listing of the New Certificates on any national securities exchange or otherwise. One or more of Credit Suisse First Boston, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co. (the "Initial Purchasers") have previously made a market in the Old Certificates and Continental has been advised that one or more of the Initial Purchasers presently intend to make a market in the New Certificates, as permitted by applicable laws and regulations, after consummation of the Exchange Offer. None of the Initial Purchasers is obligated, however, to make a market in the Certificates, and any such market making activity by an Initial Purchaser may be discontinued at any time without notice at the sole discretion of such Initial Purchaser. There can be no assurance as to the liquidity of the public market for the Certificates or that any active public market for the Certificates will develop or continue. If an active public market does not develop or continue, the market prices and liquidity of the Certificates may be adversely affected. See "Risk Factors -- Risk Factors Relating to the Certificates and the Offering -- Absence of an Established Market."

## AVAILABLE INFORMATION

Continental is subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549; Seven World Trade Center, 13th Floor, New York, New York 10007; and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material may also be obtained from the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, upon payment of prescribed rates. Such material may also be accessed electronically by means of the Commission's home page on the Internet at <http://www.sec.gov>. In addition, reports, proxy statements and other information concerning Continental may be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Continental is the successor to Continental Airlines Holdings, Inc. ("Holdings"), which merged with and into Continental on April 27, 1993. Holdings had also been subject to the informational requirements of the Exchange Act.

This Prospectus constitutes a part of a registration statement on Form S-4 (together with all amendments and exhibits, the "Registration Statement") filed by Continental with the Commission, through the Electronic Data Gathering, Analysis and Retrieval System ("EDGAR"), under the Securities Act, with respect to the New Certificates offered hereby. This Prospectus omits certain of the information contained in the Registration Statement, and reference is hereby made to the Registration Statement for further information with respect to Continental and the securities offered hereby. Although statements concerning and summaries of certain documents are included herein, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. These documents may be inspected without charge at the office of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and copies may be obtained at fees and charges prescribed by the Commission.

## REPORTS TO CERTIFICATEHOLDERS

Wilmington Trust Company, in its capacity as Pass Through Trustee under each of the Trusts and Paying Agent under each Escrow Agreement, will provide the Certificateholders of each Trust certain periodic reports concerning the distributions made from such Trust and pursuant to such Escrow Agreement. See "Description of New Certificates -- Reports to Certificateholders".

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed with the Commission (File No. 0-9781) are hereby incorporated by reference in this Prospectus: (i) Continental's Annual Report on Form 10-K for the year ended December 31, 1996, (ii) Continental's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1997 and (iii) Continental's Current Reports on Form 8-K filed on January 6, March 21 and April 18, 1997.

All reports and any definitive proxy or information statements filed by Continental pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the securities offered hereby shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated herein by reference, or contained in this Prospectus, shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

THIS PROSPECTUS INCORPORATES DOCUMENTS BY REFERENCE THAT ARE NOT PRESENTED HEREIN OR DELIVERED HERewith. THESE DOCUMENTS ARE AVAILABLE WITHOUT CHARGE TO ANY PERSON TO WHOM A PROSPECTUS IS DELIVERED, UPON WRITTEN OR ORAL REQUEST OF SUCH PERSON, FROM CONTINENTAL AIRLINES, INC., 2929 ALLEN PARKWAY, SUITE 2010, HOUSTON, TEXAS 77019, ATTENTION: SECRETARY, TELEPHONE (713) 834-2950. IN ORDER TO ENSURE TIMELY DELIVERY OF THE DOCUMENTS, ANY REQUEST SHOULD BE MADE BY [    ].

## PROSPECTUS SUMMARY

The following summary information does not purport to be complete and is qualified in its entirety by the detailed information and financial statements (including the notes thereto) appearing elsewhere in, or incorporated by reference in, this Prospectus. Certain capitalized terms used herein are defined elsewhere in this Prospectus on the pages indicated in the "Index of Terms".

## THE COMPANY

Continental Airlines, Inc. is a major United States air carrier engaged in the business of transporting passengers, cargo and mail. Continental is the fifth largest United States airline (as measured by revenue passenger miles in the first four months of 1997) and, together with its wholly owned subsidiary, Continental Express, Inc. ("Express"), and its 91%-owned subsidiary, Continental Micronesia, Inc. ("CMI"), each a Delaware corporation, serves 188 airports worldwide.

The Company operates its route system primarily through domestic hubs at Newark, Houston Intercontinental and Cleveland, and a Pacific hub on the island of Guam. Each of Continental's three domestic hubs is located in a large business and population center, contributing to a high volume of "origin and destination" traffic. The Guam hub is strategically located to provide service from Japanese and other Asian cities to popular resort destinations in the western Pacific. Continental is the primary carrier at each of these hubs, accounting for 54%, 79%, 53% and 68% of average daily jet departures, respectively.

Continental directly serves 129 U.S. cities, with additional cities (principally in the western and southwestern United States) connected to Continental's route system under agreements with America West Airlines, Inc. ("America West"). Internationally, Continental flies to 59 destinations and offers additional connecting service through alliances with foreign carriers. Continental operates 70 weekly departures to 7 European cities and markets service to 8 other cities through code-sharing agreements. Continental commenced service from Newark to Dusseldorf, Germany on March 19, 1997, and from Newark to Lisbon, Portugal on May 1, 1997. Continental plans to add service from Newark to Vancouver, British Columbia on June 12, 1997, to Birmingham, England on July 1, 1997 and to Sao Paulo and Rio de Janeiro, Brazil on July 10, 1997. In addition, during 1996 Continental entered into agreements with Air France for a joint marketing arrangement that will involve service from Newark and Houston to Paris (scheduled to commence in the third quarter 1997), subject to governmental approval, and Aeroflot Russian International Airlines ("Aeroflot") for a joint marketing arrangement that will involve service from Newark to Moscow (scheduled to commence in the second quarter of 1998), subject to governmental approval. Also during 1996, Continental entered into an agreement with Alitalia Airlines ("Alitalia") to expand the companies' existing code-share relationship to include additional flights between the United States and Italy, which is expected to commence in the second quarter of 1997. In addition, Continental recently announced the execution of a memorandum of understanding for a code-share arrangement with Virgin Atlantic Airways Limited ("Virgin") involving the carriers' Newark/New York-London routes and eight other routes flown by Virgin between the United Kingdom and the United States. Continental is one of the leading airlines providing service to Mexico and Central America, serving more destinations there than any other United States airline. In addition, Continental flies to four cities in South America. Through its Guam hub, Continental provides extensive service in the western Pacific, including service to more Japanese cities than any other United States carrier.

The Company is a Delaware corporation. Its executive offices are located at 2929 Allen Parkway, Suite 2010, Houston, Texas 77019, and its telephone number is (713) 834-2950.



## THE EXCHANGE OFFER

## Registration Rights

Agreement..... The Old Certificates were issued on March 21, 1997 to the Initial Purchasers. The Initial Purchasers placed the Old Certificates with institutional investors. In connection therewith, the Company, the Depository, the Trustee under each of the Trusts, and the Initial Purchasers entered into the Registration Rights Agreement providing, among other things, for the Exchange Offer. See "The Exchange Offer".

The Exchange Offer..... New Certificates are being offered in exchange for an equal principal amount of Old Certificates. As of the date hereof, \$707,302,000 aggregate principal amount of Old Certificates are outstanding. Old Certificates may be tendered only in integral multiples of \$1,000.

## Resale of New

Certificates..... Based on interpretations by the staff of the Commission, as set forth in no-action letters issued to third parties, including the Exchange Offer No-Action Letters, the Company believes that the New Certificates issued pursuant to the Exchange Offer may be offered for resale, resold or otherwise transferred by holders thereof (other than a broker-dealer who acquires such New Certificates directly from the Trustee for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any holder that is an "affiliate" of the Company as defined under Rule 405 of the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Certificates are acquired in the ordinary course of such holders' business and such holders are not engaged in, and do not intend to engage in, a distribution of such New Certificates and have no arrangement with any person to participate in a distribution of such New Certificates. By tendering the Old Certificates in exchange for New Certificates, each holder, other than a broker-dealer, will represent to the Company that: (i) it is not an affiliate of the Company (as defined under Rule 405 of the Securities Act) nor a broker-dealer tendering Old Certificates acquired directly from the Trustee for its own account; (ii) any New Certificates to be received by it were acquired in the ordinary course of its business; and (iii) it is not engaged in, and does not intend to engage in, a distribution of such New Certificates and has no arrangement or understanding to participate in a distribution of the New Certificates. If a holder of Old Certificates is engaged in or intends to engage in a distribution of the New Certificates or has any arrangement or understanding with respect to the distribution of the New Certificates to be acquired pursuant to the Exchange Offer, such holder may not rely on the applicable interpretations of the staff of the Commission and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction. Each Participating Broker-Dealer that receives New Certificates for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Certificates. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a Participating Broker-Dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended

or supplemented from time to time, may be used by a Participating Broker-Dealer in connection with resales of New Certificates received in exchange for Old Certificates where such Old Certificates were acquired by such Participating Broker-Dealer as a result of market-making activities or other trading activities. The Company has agreed that, starting on the Expiration Date and ending on the close of business 180 days after the Expiration Date, it will make this Prospectus available to any Participating Broker-Dealer for use in connection with any such resale. See "Plan of Distribution." To comply with the securities laws of certain jurisdictions, it may be necessary to qualify for sale or register the New Certificates prior to offering or selling such New Certificates. The Company has agreed, pursuant to the Registration Rights Agreement and subject to certain specified limitations therein, to register or qualify the New Certificates for offer or sale under the securities or "blue sky" laws of such jurisdictions as may be necessary to permit the holders of New Certificates to trade the New Certificates without any restrictions or limitations under the securities laws of the several states of the United States.

Consequences of Failure to  
Exchange Old  
Certificates.....

Upon consummation of the Exchange Offer, subject to certain exceptions, holders of Old Certificates who do not exchange their Old Certificates for New Certificates in the Exchange Offer will no longer be entitled to registration rights and will not be able to offer or sell their Old Certificates, unless such Old Certificates are subsequently registered under the Securities Act (which, subject to certain limited exceptions, the Company will have no obligation to do), except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. See "Risk Factors -- Risk Factors Relating to the Certificates and the Offering -- Consequences of Failure to Exchange" and "The Exchange Offer -- Terms of the Exchange Offer".

Expiration Date.....

5:00 p.m., New York City time, on [ ] (30 calendar days following the commencement of the Exchange Offer), unless the Exchange Offer is extended, in which case the term "Expiration Date" means the latest date and time to which the Exchange Offer is extended.

Interest on the New

Certificates.....

The New Certificates will accrue interest at the applicable per annum rate for such New Certificates set forth on the cover page of this Prospectus, from the date on which the Old Certificates were originally issued.

Conditions to the Exchange  
Offer.....

The Exchange Offer is not conditioned upon any minimum principal amount of Old Certificates being tendered for exchange. However, the Exchange Offer is subject to certain customary conditions, which may be waived by the Company. See "The Exchange Offer -- Conditions". Except for the requirements of applicable federal and state securities laws, there are no federal or state regulatory requirements to be complied with or obtained by the Company in connection with the Exchange Offer.

Procedures for Tendering Old Certificates.....	Each holder of Old Certificates wishing to accept the Exchange Offer must complete, sign and date the Letter of Transmittal, or a facsimile thereof, in accordance with the instructions contained herein and therein, and mail or otherwise deliver such Letter of Transmittal, or such facsimile, together with the Old Certificates to be exchanged and any other required documentation to the Exchange Agent (as defined herein) at the address set forth herein or effect a tender of Old Certificates pursuant to the procedures for book-entry transfer as provided for herein. See "The Exchange Offer -- Procedures for Tendering" and "-- Book Entry Transfer".
Guaranteed Delivery Procedures.....	Holders of Old Certificates who wish to tender their Old Certificates and whose Old Certificates are not immediately available or who cannot deliver their Old Certificates and a properly completed Letter of Transmittal or any other documents required by the Letter of Transmittal to the Exchange Agent prior to the Expiration Date may tender their Old Certificates according to the guaranteed delivery procedures set forth in "The Exchange Offer -- Guaranteed Delivery Procedures".
Withdrawal Rights.....	Tenders of Old Certificates may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. To withdraw a tender of Old Certificates, a written or facsimile transmission notice of withdrawal must be received by the Exchange Agent at its address set forth herein under "The Exchange Offer -- Exchange Agent" prior to 5:00 p.m., New York City time, on the Expiration Date.
Acceptance of Old Certificates and Delivery of New Certificates.....	Subject to certain conditions, any and all Old Certificates which are properly tendered in the Exchange Offer prior to 5:00 p.m., New York City time, on the Expiration Date will be accepted for exchange. The New Certificates issued pursuant to the Exchange Offer will be delivered promptly following the Expiration Date. See "The Exchange Offer -- Terms of the Exchange Offer".
Certain Tax Considerations.....	The exchange of New Certificates for Old Certificates will not be a sale or exchange or otherwise a taxable event for Federal income tax purposes. See "Certain Federal Income Tax Considerations".
Exchange Agent.....	Wilmington Trust Company is serving as exchange agent (the "Exchange Agent") in connection with the Exchange Offer.
Fees and Expenses.....	All expenses incident to the Company's consummation of the Exchange Offer and compliance with the Registration Rights Agreement will be borne by the Company. See "The Exchange Offer -- Fees and Expenses".
Use of Proceeds.....	There will be no cash proceeds payable to Continental from the issuance of the New Certificates pursuant to the Exchange Offer. The proceeds from the sale of the Old Certificates issued by each Trust were deposited with the Depository on behalf of the Escrow Agent for the benefit of the Certificateholders of such Trust. Such proceeds will be used to purchase Equipment Notes during the Delivery Period issued,

at Continental's election, either (i) by the Owner Trustees to finance the purchase of the Leased Aircraft or (ii) by Continental to finance the purchase of the Owned Aircraft. Prior to the date of this Prospectus, two Boeing 757-224 Aircraft have been delivered, and funds were withdrawn from the Deposits to purchase Equipment Notes in respect of such Aircraft in the aggregate principal amount of \$74.4 million. See "Use of Proceeds".

#### TERMS OF CERTIFICATES

The Exchange Offer relates to the exchange of up to \$707,302,000 aggregate principal amount of Old Certificates for up to an equal aggregate principal amount of New Certificates. The New Certificates will be entitled to the benefits of and will be governed by the same Pass Through Trust Agreements that govern the Old Certificates. The form and terms of the New Certificates are the same in all material respects as the form and terms of the Old Certificates, except that the New Certificates do not provide for interest rate increases relating to failure to implement the Exchange Offer and will not bear legends restricting transfer. See "Description of New Certificates".

Trusts..... Each of the Continental Airlines 1997-1A Pass Through Trust, the Continental Airlines 1997-1B Pass Through Trust, the Continental Airlines 1997-1C-I Pass Through Trust and the Continental Airlines 1997-1C-II Pass Through Trust has been formed pursuant to one of the four separate Pass Through Trust Agreements that were entered into between the Company and Wilmington Trust Company, as trustee under each Trust. Each Trust is a separate entity. On the Transfer Date, each of the Original Trusts will transfer and assign all of its assets and rights to a substantially identical Successor Trust, and the New Trustee thereof will assume the obligations of the related Original Trustee under each transaction document to which such Original Trustee was a party. Upon effectiveness of such transfer, assignment and assumption, each of the Original Trusts will be liquidated and each of the New Certificates will represent the same interest in the Successor Trust as it represented in the Original Trust immediately prior to such transfer and assignment.

Certificates Offered..... Pass Through Certificates issued by each Trust, representing fractional undivided interests in such Trust. The New Certificates issued by the Class A Trust, the Class B Trust, the Class C-I Trust and the Class C-II Trust are referred to herein as the "Class A Certificates", the "Class B Certificates", the "Class C-I Certificates", and the "Class C-II Certificates", respectively, and the Class C-I Certificates and the Class C-II Certificates, which are of equal rank under the Intercreditor Agreement, are referred to herein collectively as the "Class C Certificates". The Class C-I Trust and Class C-II Trust will each acquire Series C Equipment Notes, although the Deposits relating to the Class C-I Trust will be utilized for such purpose prior to the Deposits relating to the Class C-II Trust. Accordingly, there is a greater likelihood that a special distribution that will reduce the Pool Balance for the Class C-II Certificates will be required than with respect to the Certificates issued by the other Trusts. See "Description of the Deposit Agreements -- Unused Deposits".

Escrow Receipts.....	The holders of the Certificates are entitled to certain rights with respect to the Deposits. Such rights are evidenced by escrow receipts ("Escrow Receipts") which are affixed to each Certificate. Any transfer of a Certificate will have the effect of transferring the corresponding rights in the affixed Escrow Receipt. All payments to the holders of Certificates in respect of the Deposits and the Escrow Receipts relating to a Trust (i) will not constitute Trust Property of such Trust and (ii) will be deemed for all purposes of this Prospectus to be payments to such holders of Certificates in their capacity as holders of Escrow Receipts.
Subordination Agent, Trustee, Paying Agent and Loan Trustee.....	Wilmington Trust Company acts (i) as subordination agent under the Intercreditor Agreement (the "Subordination Agent"), (ii) as Trustee, paying agent and registrar for the Certificates of each Trust, (iii) as paying agent on behalf of the Escrow Agent in respect of each Trust (the "Paying Agent") and (iv) as Loan Trustee, paying agent and registrar for each series of Equipment Notes.
Escrow Agent.....	First Security Bank, National Association, acts as Escrow Agent under each Escrow Agreement.
Depository.....	Credit Suisse First Boston, a bank organized under the laws of Switzerland, acting through its New York branch, acts as Depository under each Deposit Agreement.
Liquidity Providers.....	ABN AMRO Bank N.V., a Dutch bank acting through its Chicago branch ("ABN AMRO"), and ING Bank N.V., a Dutch bank ("ING" and, together with ABN AMRO, the "Liquidity Providers"), have each provided a separate liquidity facility for the benefit of the holders of each Class of Certificates.
Trust Property.....	The property of each Trust (the "Trust Property") consists of (i) the rights of such Trust to acquire Equipment Notes under the Note Purchase Agreement issued, at Continental's election in connection with the delivery of each Aircraft during the Delivery Period, either (a) on a nonrecourse basis by an Owner Trustee in each separate leveraged lease transaction with respect to each Leased Aircraft to finance the purchase of such Leased Aircraft by the Owner Trustee, in which case the applicable Leased Aircraft will be leased to Continental, or (b) on a recourse basis by Continental in connection with each separate secured loan transaction with respect to each Owned Aircraft, if any, to finance the purchase of such Owned Aircraft by Continental, (ii) Equipment Notes acquired under the Note Purchase Agreement (consisting, as of the date of this Prospectus, of \$74.4 million principal amount issued with respect to two Boeing 757-224 Aircraft in leveraged lease transactions), (iii) the rights of such Trust under the related Escrow Agreement (including the right to request the Escrow Agent to withdraw from the Depository funds sufficient to enable such Trust to purchase Equipment Notes on the delivery of each Aircraft during the Delivery Period), (iv) the rights of such Trust under the Intercreditor Agreement (including all monies receivable in respect of such rights), (v) all monies receivable under the Liquidity Facility for such Trust and (vi) funds from time to time deposited with the

Trustee in accounts relating to such Trust. Rights with respect to Deposits or under the Escrow Agreement relating to a Trust, except for the right to request withdrawals for the purchase of Equipment Notes, will not constitute Trust Property of such Trust. The Equipment Notes with respect to each Leased Aircraft will be issued in three series under an Indenture (each, a "Leased Aircraft Indenture") between the applicable Owner Trustee and the indenture trustee thereunder (the "Leased Aircraft Trustee"). The Equipment Notes with respect to each Owned Aircraft will be issued in three series under an Indenture (the "Owned Aircraft Indenture" and, together with the other Owned Aircraft Indentures and the Leased Aircraft Indentures, the "Indentures") between Continental and the indenture trustee thereunder (the "Owned Aircraft Trustee" and, together with the other Owned Aircraft Trustees and the Leased Aircraft Trustees, the "Loan Trustees"). The Class A Trust, the Class B Trust and the Class C-I Trust (or, if the Deposits relating to the Class C-I Trust have been fully withdrawn, the Class C-II Trust) each will acquire, pursuant to a certain Note Purchase Agreement (the "Note Purchase Agreement"), the series of Equipment Notes issued with respect to each of the Aircraft having an interest rate equal to the interest rate applicable to the Certificates issued by such Trust. The maturity dates of the Equipment Notes acquired by each Trust will occur on or before the final expected Regular Distribution Date applicable to the Certificates issued by such Trust. Any Deposits relating to a Trust not used to acquire Equipment Notes by the Delivery Period Termination Date will be distributed to the holders of Certificates issued by such Trust, together with accrued and unpaid interest thereon and a premium, as a special distribution. See "Description of the Deposit Agreements -- Unused Deposits".

## SUMMARY OF TERMS OF CERTIFICATES

	CLASS A CERTIFICATES -----	CLASS B CERTIFICATES -----	CLASS C-I CERTIFICATES -----	CLASS C-II CERTIFICATES -----
Aggregate Face Amount.....	\$437,876,000	\$148,333,000	\$111,093,000	\$10,000,000
Loan to Aircraft Value (cumulative)(1).....	40.29%	53.93%	64.93%	64.93%
Expected Principal Distribution Window (in years).....	1.027-18.027	1.027-16.027	1.027-10.027	1.027-10.027
Expected Initial Average Life (in years).....	12.86	10.03	5.82	5.82
Regular Distribution Dates.....	April 1 & October 1	April 1 & October 1	April 1 & October 1	April 1 & October 1
Final Expected Regular Distribution Date.....	April 1, 2015	April 1, 2013	April 1, 2007	April 1, 2007
Final Maturity Date.....	October 1, 2016	October 1, 2014	October 1, 2008	October 1, 2008
Minimum Denomination.....	\$1,000	\$1,000	\$1,000	\$1,000
Section 1110 Protection(2).....	Yes	Yes	Yes	Yes
Liquidity Facility Coverage(3)....	3 semiannual interest payments	3 semiannual interest payments	3 semiannual interest payments	3 semiannual interest payments
Liquidity Facility Amount at April 1, 1998(3).....	\$48,564,521	\$16,426,917	\$12,155,173	\$1,094,144

(1) Determined as of April 1, 1998, the first Regular Distribution Date after the scheduled Delivery Period Termination Date, assuming that all Aircraft are delivered prior to such date, that the maximum principal amount of Equipment Notes is issued with respect to all Aircraft and that the aggregate appraised Aircraft value is \$1,081,740,200 (which assumes depreciation of 2% of the initial appraised value for Aircraft delivered before April 1, 1997, although actual depreciation may differ). The appraised value is only an estimate and reflects certain assumptions. See "Description of the Aircraft and the Appraisals -- The Appraisals". The Mandatory Economic Terms require that the initial loan to aircraft value, based on the foregoing appraisals, for each Aircraft as of its delivery date be not in excess of 41% in the case of the Series A Equipment Notes, 55% in the case of Series B Equipment Notes and 69.99%, 66.19% and 66.25% in the case of the Series C Equipment Notes with respect to the Boeing 757-224 Aircraft, the Boeing 737-524 Aircraft and the Boeing 737-724 Aircraft, respectively. Because the aggregate principal amount of all of the Equipment Notes will not exceed the aggregate face amount of the Certificates, the maximum initial loan to aircraft value for all of the Series C Equipment Notes will be less than the foregoing maximums, which are applicable to the Series C Equipment Note or Notes issued with respect to each Aircraft.

(2) The benefits of Section 1110 of the U.S. Bankruptcy Code are available to the Loan Trustees.

(3) For each Class of Certificates, the initial amount of the Liquidity Facilities, taken together, will cover three consecutive semiannual interest payments (without regard to any future payments of principal on such Certificates), except that the Liquidity Facilities with respect to each Trust will not cover interest payable by the Depository on the Deposits relating to such Trust. The scheduled payments of interest on the Equipment Notes and on the Deposits relating to a Trust, taken together, will be sufficient to pay accrued interest on the outstanding Certificates issued by such Trust at the rates per annum applicable thereto. In aggregate for Class A, B, C-I and C-II Certificates, the amount of the Liquidity Facilities at April 1, 1998, the first Regular Distribution Date after the scheduled Delivery Period Termination Date, assuming that Equipment Notes in the maximum principal amount with respect to all Aircraft are acquired by the Trusts and that all interest and principal due on or prior to April 1, 1998 is paid, will be \$78,240,755.

## EQUIPMENT NOTES AND THE AIRCRAFT

Set forth below is certain information about the Equipment Notes expected to be held in the Trusts and the Aircraft expected to secure such Equipment Notes (except in the case of Aircraft 118 and 119, which reflects actual information about the financings completed in March and May, 1997, respectively):

AIRCRAFT TYPE	AIRCRAFT TAIL NUMBER	MANU-FACTURER'S SERIAL NUMBER	AIRCRAFT DELIVERY MONTH(1)	LATEST EQUIPMENT NOTE MATURITY DATE	MAXIMUM PRINCIPAL AMOUNT OF EQUIPMENT NOTES (IN MILLIONS)(2)	APPRAISED VALUE (IN MILLIONS)(3)
Boeing 757-224	118	27560	March 1997	April 1, 2013	\$37.20	\$53.72
Boeing 757-224	119	27561	May 1997	April 1, 2013	37.20	53.80
Boeing 757-224	120	27562	June 1997	April 1, 2013	37.60	53.97
Boeing 757-224	121	27563	July 1997	April 1, 2013	37.60	54.05
Boeing 757-224	122	27564	August 1997	April 1, 2013	37.60	54.13
Boeing 757-224	126	28966	December 1997	April 1, 2013	37.60	54.47
Boeing 757-224	123	27565	January 1998	April 1, 2014	37.60	54.55
Boeing 757-224	127	28967	January 1998	April 1, 2014	37.60	54.55
Boeing 737-524	638	28899	July 1997	October 1, 2014	18.40	27.80
Boeing 737-524	639	28900	July 1997	October 1, 2014	18.40	27.80
Boeing 737-524	640	28901	August 1997	October 1, 2014	18.40	27.80
Boeing 737-524	641	28902	August 1997	October 1, 2014	18.40	27.80
Boeing 737-524	642	28903	August 1997	October 1, 2014	18.40	27.80
Boeing 737-524	643	28904	September 1997	October 1, 2014	18.40	27.83
Boeing 737-524	644	28905	September 1997	October 1, 2014	18.40	27.83
Boeing 737-524	645	28906	October 1997	April 1, 2015	18.40	27.93
Boeing 737-524	646	28907	October 1997	April 1, 2015	18.40	27.93
Boeing 737-524	647	28908	November 1997	April 1, 2015	18.40	28.04
Boeing 737-524	648	28909	November 1997	April 1, 2015	18.40	28.04
Boeing 737-524	649	28910	December 1997	April 1, 2015	18.40	28.15
Boeing 737-524	650	28911	December 1997	April 1, 2015	18.40	28.15
Boeing 737-524	651	28912	December 1997	April 1, 2015	18.40	28.15
Boeing 737-524	652	28913	January 1998	April 1, 2015	18.40	28.26
Boeing 737-524	653	28914	January 1998	April 1, 2015	18.40	28.26
Boeing 737-524	654	28915	February 1998	April 1, 2015	18.40	28.36
Boeing 737-524	655	28916	February 1998	April 1, 2015	18.40	28.36
Boeing 737-724	701	28762	January 1998	April 1, 2015	24.40	36.83
Boeing 737-724	702	28763	January 1998	April 1, 2015	24.40	36.83
Boeing 737-724	703	28764	February 1998	April 1, 2015	24.40	36.89
Boeing 737-724	704	28765	February 1998	April 1, 2015	24.40	36.89

(1) Reflects the scheduled delivery months under Continental's purchase agreement with the manufacturer. Aircraft 118 and 119 have been delivered. The actual delivery date for the other Aircraft may be subject to delay. See "Description of the Aircraft and the Appraisals -- Deliveries of Aircraft". Continental has the option to substitute other Boeing 757-224, 737-524 or 737-724 aircraft in the event that the delivery of any Aircraft is expected to be delayed for more than 30 days after the month scheduled for delivery or beyond the Delivery Period Termination Date. See "Description of the Aircraft and the Appraisals -- Substitute Aircraft".

(2) Except in the case of Aircraft 118 and 119 (which have been delivered), reflects the initial maximum principal amount as of the date of original issuance, which principal amount may be less with respect to an Aircraft depending on the circumstances of the financing of such Aircraft. The Mandatory Economic Terms require that the maximum aggregate principal amount of the Equipment Notes issued with respect to all Boeing 757-224 Aircraft not exceed \$300,800,000, all Boeing 737-524 not exceed \$331,200,000 and all Boeing 737-724 Aircraft not exceed \$97,600,000. The aggregate principal amount of all Equipment Notes will not exceed the aggregate face amount of the Certificates.

(3) The appraised value of each Aircraft set forth above is based upon varying assumptions and methodologies and reflects the lesser of the average and median values of such Aircraft as appraised by three independent appraisal and consulting firms: Aircraft Information Services, Inc. ("AISI"), BK Associates, Inc. ("BK") and Morten Beyer and Associates, Inc. ("MBA") (collectively, the "Appraisers"), determined as of February 25, 1997, January 8, 1997 and February 21, 1997, respectively, and projected as of the scheduled delivery month of each Aircraft. An appraisal is only an estimate of value and should not be relied upon as a measure of realizable value. See "Risk Factors -- Appraisals and Realizable Value of Aircraft" and "Description of the Aircraft and the Appraisals".



## LOAN TO AIRCRAFT VALUE RATIOS

The following table sets forth loan to Aircraft value ratios ("LTVs") for each Class of Certificates as of the April 1 Regular Distribution Dates that occur after the scheduled Delivery Period Termination Date, assuming that Equipment Notes of each series in the maximum principal amount for all of the Aircraft are acquired by the Trusts prior to the Delivery Period Termination Date. The LTVs for any Class of Certificates as of dates prior to the Delivery Period Termination Date are not meaningful, since the Trust Property will not include during such period all of the Equipment Notes expected to be acquired by the Trusts. See "Description of the New Certificates -- General". The LTVs for each Class of Certificates were obtained for each such Regular Distribution Date by dividing (i) the expected Pool Balance of such Class of Certificates together in each case with the expected Pool Balance of all other Classes of Certificates senior or equal in right of payment to such Class of Certificates under the Intercreditor Agreement determined immediately after giving effect to the distributions expected to be made on such Regular Distribution Date, by (ii) the assumed value of all of the Aircraft (the "Assumed Aggregate Aircraft Value") on such Regular Distribution Date based on the assumptions set forth below. The Pool Balances and resulting LTVs are subject to change if, among other things, the aggregate principal amount of the Equipment Notes acquired by the Trusts is less than the maximum permitted by the Mandatory Economic Terms or Equipment Notes with respect to any Aircraft are purchased by the Trusts in other than the month currently scheduled for delivery of such Aircraft. See "Description of the New Certificates -- Pool Factors".

The following table is based on the assumption that the value of each Aircraft included in the Assumed Aggregate Aircraft Value opposite the initial Regular Distribution Date included in the table depreciates by approximately 2% of the initial appraised value per year until the fifteenth year after the year of delivery of such Aircraft and by approximately 4% of the initial appraised value per year thereafter. Other rates or methods of depreciation would result in materially different LTVs and no assurance can be given (i) that the depreciation rates and method assumed for the purpose of the table are the ones most likely to occur or (ii) as to the actual future value of any Aircraft. Although the table is compiled on an aggregate basis, it should be noted that, since the Equipment Notes are not cross-collateralized with respect to the Aircraft, the excess proceeds realized from the disposition of any particular Aircraft would not be available to offset shortfalls on the Equipment Notes relating to any other Aircraft. Therefore, upon the occurrence of an Indenture Default, even if the Aircraft as a group could be sold for more than the total amounts payable in respect of all of the outstanding Equipment Notes, if certain Aircraft were sold for less than the total amount payable in respect of the related Equipment Notes, there would not be sufficient proceeds to pay all Classes of Certificates in full. See "Description of the Equipment Notes -- Loan to Value Ratios of Equipment Notes" for examples of LTVs for the Equipment Notes issued in respect of individual Aircraft, which may be more relevant in a default situation than the aggregate values shown in the following table. Thus, the table should not be considered a forecast or prediction of expected or likely LTVs but simply a mathematical calculation based on one set of assumptions. In addition, the initial appraised value of each Aircraft was based upon the lesser of the average and the median value of each Aircraft as appraised by the Appraisers, as of the respective date of their appraisals and projected as of the scheduled delivery month of each such Aircraft. No assurance can be given that such value represents the realizable value of any Aircraft. See "Risk Factors -- Risk Factors Relating to the Certificates and the Offering -- Appraisal and Realizable Value of Aircraft" and "Description of the Aircraft and the Appraisals -- The Appraisals".

DATE	ASSUMED AGGREGATE AIRCRAFT VALUE	CLASS A CERTIFICATES POOL BALANCE	CLASS A CERTIFICATES LTV	CLASS B CERTIFICATES POOL BALANCE	CLASS B CERTIFICATES LTV	CLASS C-I CERTIFICATES POOL BALANCE	CLASS C-I CERTIFICATES LTV
April 1, 1998	\$1,081,740,200	\$433,941,121	40.12%	\$146,780,295	53.68%	\$109,210,897	64.69%
April 1, 1999	1,060,040,800	427,036,568	40.28	145,584,404	54.02	108,072,170	65.13
April 1, 2000	1,038,341,400	416,653,383	40.13	143,527,813	53.95	102,514,584	64.71
April 1, 2001	1,016,642,000	402,886,044	39.63	141,289,084	53.53	90,828,747	63.27
April 1, 2002	994,942,600	384,428,108	38.64	138,464,875	52.56	68,140,359	60.02
April 1, 2003	973,243,200	374,329,700	38.46	133,628,084	52.19	39,836,687	56.65
April 1, 2004	951,543,800	364,988,151	38.36	123,579,583	51.34	18,573,888	53.47
April 1, 2005	929,844,400	359,033,292	38.61	105,095,450	49.91	3,259,763	50.30
April 1, 2006	908,145,000	353,166,186	38.89	92,337,736	49.06	889,515	49.16
April 1, 2007	886,445,600	337,263,875	38.05	71,117,103	46.07	0	46.07
April 1, 2008	864,746,200	319,150,659	36.91	46,995,379	42.34	0	0.00
April 1, 2009	843,046,800	299,160,594	35.49	27,964,589	38.80	0	0.00
April 1, 2010	821,347,400	253,263,778	30.84	16,086,768	32.79	0	0.00
April 1, 2011	799,648,000	216,030,916	27.02	8,088,596	28.03	0	0.00
April 1, 2012	777,948,600	153,308,257	19.71	336,950	19.75	0	0.00
April 1, 2013	753,019,400	76,215,673	10.12	0	10.12	0	0.00
April 1, 2014	709,620,600	31,167,389	4.39	0	4.39	0	0.00

DATE	CLASS C-II CERTIFICATES POOL BALANCE	CLASS C-II CERTIFICATES LTV
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April 1, 1998	\$9,830,583	64.69%
April 1, 1999	9,728,081	65.13
April 1, 2000	9,227,817	64.71
April 1, 2001	8,175,920	63.27
April 1, 2002	6,133,632	60.02
April 1, 2003	3,585,886	56.65
April 1, 2004	1,671,922	53.47
April 1, 2005	293,426	50.30
April 1, 2006	80,069	49.16
April 1, 2007	0	46.07
April 1, 2008	0	0.00
April 1, 2009	0	0.00
April 1, 2010	0	0.00
April 1, 2011	0	0.00
April 1, 2012	0	0.00
April 1, 2013	0	0.00
April 1, 2014	0	0.00

## CASH FLOW STRUCTURE

Set forth below is a diagram illustrating the structure for the offering of the Certificates and certain cash flows.

## [FLOW CHART]

- (1) Each Leased Aircraft will be subject to a separate Lease and the related Indenture; each Owned Aircraft will be subject to a separate Indenture.
- (2) Funds held as Deposits relating to each Trust will be withdrawn to purchase Equipment Notes on behalf of such Trust from time to time during the Delivery Period. If any funds remain as Deposits with respect to any Trust at the Delivery Period Termination Date, such funds will be withdrawn by the Escrow Agent and distributed to the holders of the Certificates issued by such Trust, together with accrued and unpaid interest thereon and a premium. No interest will accrue with respect to the Deposits after they have been fully withdrawn.
- (3) The initial amount of the Liquidity Facilities for each Trust, taken together, will cover three consecutive semiannual interest payments with respect to each Trust, except that the Liquidity Facilities will not cover interest payable by the Depositary on the Deposits relating to such Trust. The scheduled payments of interest on the Equipment Notes and on the Deposits relating to a Trust, taken together, will be sufficient to pay an amount equal to accrued interest on the outstanding Certificates issued by such Trust at the rate per annum applicable thereto.

## THE NEW CERTIFICATES

## Certificates;

Denominations..... The New Certificates of each Trust will be issued in a minimum denomination of \$1,000 and in integral multiples thereof. See "Description of the New Certificates -- General".

## Regular Distribution

Dates..... April 1 and October 1, commencing October 1, 1997.

## Special Distribution

Dates..... Any Business Day on which a Special Payment is to be distributed.

## Record Dates.....

The fifteenth day preceding a Regular Distribution Date or a Special Distribution Date.

## Distributions.....

All payments of principal, premium (if any) and interest received by the Trustee on the Equipment Notes held in each Trust and all payments of interest on the Deposits relating to each Trust will be distributed by the Trustee (in the case of the Equipment Notes) or by the Paying Agent (in the case of the Deposits) to the holders of the Certificates (the "Certificateholders") of such Trust, subject in the case of payments on the Equipment Notes to the provisions of the Intercreditor Agreement. Such payments of interest are scheduled to be received by the Trustee of each Trust on April 1 and October 1, commencing on October 1, 1997. Payments of principal of the Equipment Notes are scheduled to be received on April 1 and October 1 in certain years, commencing April 1, 1998. Payments of principal, premium (if any) and interest resulting from the early redemption or purchase (if any) of the Equipment Notes held in any Trust will be distributed to the Certificateholders of such Trust on a Special Distribution Date after not less than 20 days' notice to such Certificateholders of such Trust, subject to the provisions of the Intercreditor Agreement. If any funds remain as Deposits with respect to any Trust at the Delivery Period Termination Date, they will be withdrawn by the Escrow Agent for such Trust and distributed, with accrued and unpaid interest thereon, plus a premium payable by Continental (i) in the case of the holders of Certificates issued by the Class A Trust, the Class B Trust and the Class C-I Trust, equal to the Deposit Make-Whole Premium with respect to the aggregate amount of funds so distributed (excluding accrued interest) and (ii) in the case of the holders of Certificates issued by the Class C-II Trust, equal to the Class C-II Premium with respect to such aggregate amount, to the Certificateholders of such Trust on a Special Distribution Date after not less than 20 days' notice to such Certificateholders. Payments in respect of Deposits will not be subject to the Intercreditor Agreement. For a discussion of distributions with respect to unused Deposits upon the occurrence of a Triggering Event, see "Description of the Deposit Agreements -- Distribution Upon Occurrence of Triggering Event", and for a discussion of distributions by the Trusts upon an Indenture Default, see "Description of the New Certificates -- Indenture Defaults and Certain Rights Upon an Indenture Default".

## Events of Default.....

Events of default under each Pass Through Trust Agreement (each, a "PTC Event of Default") are the failure to pay within 10 Business Days of the due date thereof: (i) the outstanding Pool Balance of the applicable Class of Certificates on the Final Maturity Date for such Class or (ii) interest due on such Certificates on any distribution date (unless the Subordination Agent shall have made Interest Drawings

with respect to the applicable Class of Certificates, or drawings on the Cash Collateral Account for such Class of Certificates, in an aggregate amount sufficient to pay such interest and shall have distributed such amount to the Trustee entitled thereto). The Final Maturity Date for the Class A Certificates is October 1, 2016, for the Class B Certificates is October 1, 2014, for the Class C-I Certificates is October 1, 2008 and for the Class C-II Certificates is October 1, 2008. Any failure to make expected principal distributions on any Class of Certificates on any Regular Distribution Date (other than the Final Maturity Date) will not constitute a PTC Event of Default with respect to such Certificates.

Purchase Rights of Certificateholders..... Upon the occurrence and during the continuation of a Triggering Event, (i) the Class B Certificateholders shall have the right to purchase all, but not less than all, of the Class A Certificates and (ii) the Class C Certificateholders shall have the right to purchase all, but not less than all, of the Class A Certificates and the Class B Certificates, in each case at a purchase price equal to the Pool Balance of the relevant Class or Classes of Certificates plus accrued and unpaid interest thereon to the date of purchase without premium but including any other amounts due to the Certificateholders of such Class or Classes.

"Triggering Event" means (x) the occurrence of an Indenture Default under all Indentures resulting in a PTC Event of Default with respect to the most senior Class of Certificates then outstanding, (y) the acceleration of all of the outstanding Equipment Notes (provided that during the Delivery Period the aggregate principal amount thereof exceeds \$280 million) or (z) certain bankruptcy or insolvency events involving Continental.

Successor Trusts..... On the Transfer Date, each of the Original Trusts will transfer and assign all of its assets and rights to a newly-created, substantially identical Successor Trust, except that (i) the Successor Trusts will not have the right to purchase new Equipment Notes and (ii) Delaware law will govern the Original Trusts and New York law will govern the Successor Trusts. The institution acting as Original Trustee for an Original Trust will also act as the New Trustee of the corresponding Successor Trust, and the New Trustee of each Successor Trust will assume the obligations of the related Original Trustee under each transaction document to which such Original Trustee was a party. Upon effectiveness of such transfer, assignment and assumption, each of the Original Trusts will be liquidated and each of the Certificates will represent the same interest in the Successor Trust as it represented in the Original Trust immediately prior to such transfer and assignment.

Escrow Agreements..... Each Escrow Agent, each Paying Agent, each Trustee and the Initial Purchasers have entered into a separate Escrow Agreement for the benefit of the Certificateholders of each Trust. Pursuant to each Escrow Agreement, on the initial issuance date of the Old Certificates (the "Issuance Date"), the cash proceeds of the offering of Old Certificates of each Trust were deposited on behalf of the Escrow Agent for the benefit of the holders of such Certificates with the Depositary as Deposits relating to such Trust. The Escrow Agent of each Trust has been given irrevocable instructions (i) to permit the

Trustee of such Trust to cause funds to be withdrawn from such Deposits on or prior to the Delivery Period Termination Date for the purpose of enabling such Trustee to purchase Equipment Notes on and subject to the terms and conditions of the Note Purchase Agreement and (ii) to direct the Depository to pay interest on the Deposits accrued in accordance with the Deposit Agreement to the Paying Agent for distribution to the Certificateholders of such Trust. See "Description of the Escrow Agreements".

Deposit Agreements and the  
 Depository.....

The Escrow Agent with respect to each Trust has entered into a separate Deposit Agreement with the Depository relating to such Trust pursuant to which the Depository established separate accounts into which the proceeds of the sale of the Old Certificates of such Trust were deposited, from which the Escrow Agent, upon request from the Trustee of such Trust, will make withdrawals and into which such Trustee will make re-deposits during the Delivery Period. Pursuant to the Deposit Agreement with respect to each Trust, on each Regular Distribution Date the Depository will pay to the Paying Agent on behalf of the applicable Escrow Agent, for distribution to the Certificateholders of such Trust, an amount equal to interest accrued on the Deposits relating to such Trust during the relevant interest period at a rate per annum equal to the interest rate applicable to the Certificates issued by such Trust. The interest rates payable on the Deposits are subject to change under certain circumstances described in "The Exchange Offer -- Terms of the Exchange Offer -- General" to the same extent as the interest rates for the Equipment Notes. Upon each delivery of an Aircraft during the Delivery Period, the Trustees for the Class A Trust, the Class B Trust and the Class C-I Trust (or, if the Deposits relating to the Class C-I Trust have been fully withdrawn, the Class C-II Trust) will request the Escrow Agent relating to such Trust to withdraw from the Deposits relating to such Trust funds sufficient to enable the Trustee of such Trust to purchase the Equipment Note of the series applicable to such Trust issued with respect to such Aircraft. Accrued but unpaid interest on all such Deposits withdrawn to purchase Equipment Notes will be paid on the next Regular Distribution Date. Any portion of any withdrawn Deposit which is not used to purchase such Equipment Note will be re-deposited with the Depository. If any funds remain as Deposits with respect to any Trust at the Delivery Period Termination Date, they will be withdrawn by the Escrow Agent and distributed, together with accrued and unpaid interest thereon and a premium payable by Continental, to the Certificateholders of such Trust. The Deposits relating to each Trust and interest paid thereon are not subject to the subordination provisions of the Intercreditor Agreement and are not available to pay any other amount in respect of the Certificates.

Credit Suisse First Boston, New York Branch acts as the Depository. Credit Suisse First Boston is a Swiss bank and is one of the largest banking institutions in the world, with total consolidated assets of approximately Sfr 412 billion (\$307 billion) and total consolidated shareholders' equity of approximately Sfr 9.7 billion (U.S. \$7.2 billion) in each case as of December 31, 1996, on a pro forma basis. Credit Suisse First Boston has long-term unsecured debt ratings of

Aa3 from Moody's and AA from Standard & Poor's and short-term unsecured debt ratings of P-1 from Moody's and A-1+ from Standard & Poor's. See "Description of the Deposit Agreements -- Depositary".

Unused Deposits..... The Trustees' obligations to purchase the Equipment Notes issued with respect to each Aircraft are subject to satisfaction of certain conditions, and no assurance can be given that all such conditions will be satisfied. See "Description of the New Certificates -- Obligation to Purchase Equipment Notes". All of the Aircraft are scheduled to be delivered by February 1998, although the delivery of any Aircraft may be subject to delay. See "Description of the Aircraft and the Appraisals -- Deliveries of Aircraft". The Delivery Period expires on March 31, 1998 (or June 30, 1998 under certain circumstances discussed in "Description of the Aircraft and the Appraisals -- Deliveries of Aircraft"). In addition, depending on the circumstances of the financing of each Aircraft, the maximum aggregate principal amount of Equipment Notes may not be issued. If any funds remain as Deposits with respect to any Trust at the Delivery Period Termination Date, they will be withdrawn by the Escrow Agent for such Trust and distributed, with accrued and unpaid interest thereon, plus a premium payable by Continental (i) in the case of the holders of Certificates issued by the Class A Trust, the Class B Trust and the Class C-I Trust, equal to the Deposit Make-Whole Premium with respect to the aggregate amount of funds so distributed (excluding accrued interest) and (ii) in the case of the holders of Certificates issued by the Class C-II Trust, equal to the Class C-II Premium with respect to such aggregate amount, to the Certificateholders of such Trust after at least 20 days' prior written notice. See "Description of the Deposit Agreements -- Unused Deposits".

Obligation to Purchase  
Equipment Notes..... The Trustees are obligated to purchase the Equipment Notes issued with respect to each Aircraft during the Delivery Period, subject to the terms and conditions of the Note Purchase Agreement. Under the Note Purchase Agreement, Continental has the option of entering into a leveraged lease financing or a secured debt financing with respect to each Aircraft. The Note Purchase Agreement provides for the relevant parties to enter into (i) with respect to each Leased Aircraft, a Participation Agreement, a Lease and a Leased Aircraft Indenture relating to the financing of such Leased Aircraft and (ii) with respect to each Owned Aircraft, a Participation Agreement and an Owned Aircraft Indenture relating to the financing of such Owned Aircraft (any such Participation Agreement, a "Participation Agreement"). The description of such agreements in this Prospectus is based on the forms of such agreements contemplated by the Note Purchase Agreement. In the case of a Leased Aircraft, the terms of the agreements actually entered into may differ from the forms of such agreements and, consequently, may differ from the description of such agreements contained in this Prospectus. However, under the Note Purchase Agreement, the terms of such agreements are required to (i) contain the Mandatory Document Terms and (ii) not vary the Mandatory Economic Terms. In addition, Continental is obligated (i) to certify to the Trustees that any such modifications do not materially and

adversely affect the Certificateholders and (ii) to obtain written confirmation from each Rating Agency that the use of versions of such agreements modified in any material respect will not result in a withdrawal, suspension or downgrading of the rating of any Class of Certificates. Further, under the Note Purchase Agreement, it is a condition precedent to the obligation of each Trustee to purchase the Equipment Notes related to the financing of an Aircraft that no Triggering Event shall have occurred. The Trustees will have no right or obligation to purchase Equipment Notes after the Delivery Period Termination Date. See "Description of the New Certificates -- Obligation to Purchase Equipment Notes".

#### Equipment Notes

- (a) Interest..... The Equipment Notes held in each Trust will accrue interest at the applicable rate per annum for the Certificates issued by such Trust set forth on the cover page of this Prospectus, payable on April 1 and October 1 of each year, commencing on October 1, 1997, or, if later, the first such date to occur after initial issuance thereof, and such interest payments will be passed through to Certificateholders of such Trust on each such date until the final distribution date for such Certificates, in each case, subject to the Intercreditor Agreement. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months. See "Description of the Equipment Notes -- Principal and Interest Payments". The interest rates for the Equipment Notes are subject to change under certain circumstances described in "The Exchange Offer -- Terms of the Exchange Offer -- General".
- (b) Principal..... Scheduled principal payments on the Equipment Notes held in each Trust will be passed through to the Certificateholders of each such Trust on April 1 and October 1 in certain years, commencing on October 1, 1997, in each case, subject to the Intercreditor Agreement. See "Description of the New Certificates -- Pool Factors" and "Description of the Equipment Notes -- Principal and Interest Payments".
- (c) Redemption and Purchase.....
- (i) The Equipment Notes issued with respect to an Aircraft will be redeemed in whole upon the occurrence of an Event of Loss with respect to such Aircraft if such Aircraft is not replaced by Continental under the related Lease (in the case of a Leased Aircraft) or under the related Owned Aircraft Indenture (in the case of an Owned Aircraft), in each case at a price equal to the aggregate unpaid principal thereof, together with accrued interest thereon to, but not including, the date of redemption, but without any premium.
- (ii) All of the Equipment Notes issued with respect to any Aircraft may be redeemed prior to maturity at a price equal to the aggregate unpaid principal thereof, together with accrued interest thereon to, but not including, the date of redemption, plus, if such redemption is made prior to April 1, 2010 in the case of the Series A Equipment Notes, April 1, 2007 in the case of the Series B Equipment Notes and April 1, 2003 in the case of the Series C Equipment Notes (with respect to any such Series, its "Premium Termination Date"), a Make-Whole Premium. See "Description of the Equipment Notes -- Redemption" for



a description of the manner of computing such Make-Whole Premium and the circumstances under which the Equipment Notes may be so redeemed.

(iii) If, with respect to a Leased Aircraft, (x) one or more Lease Events of Default shall have occurred and be continuing, (y) in the event of a bankruptcy proceeding involving Continental, (A) during the Section 1110 Period, the trustee in such proceeding or Continental refuses to assume or agree to perform its obligations under the related Lease or (B) at any time after assuming or agreeing to perform such obligations, such trustee or Continental ceases to perform such obligations such that the stay period applicable under the U.S. Bankruptcy Code comes to an end or (z) the Equipment Notes with respect to such Aircraft have been accelerated or the Leased Aircraft Trustee with respect to such Equipment Notes takes action or notifies the applicable Owner Trustee that it intends to take action to foreclose the lien of the related Leased Aircraft Indenture or otherwise commence the exercise of any significant remedy under such Indenture or the related Lease, then in each case all, but not less than all, of the Equipment Notes issued with respect to such Leased Aircraft may be purchased by the Owner Trustee or Owner Participant on the applicable purchase date at a price equal to the aggregate unpaid principal thereof, together with accrued interest thereon to, but not including, the purchase date, but without any premium (provided that a Make-Whole Premium shall be payable if such Equipment Notes are to be purchased pursuant to clause (x) above when a Lease Event of Default shall have occurred and be continuing for less than 120 days). Continental, as owner of the Owned Aircraft, will have no comparable right under any Owned Aircraft Indenture to purchase the Equipment Notes under such circumstances.

(d) Security..... The Equipment Notes issued with respect to each Aircraft will be secured by a security interest in such Aircraft and, in the case of each Leased Aircraft, by an assignment to the related Leased Aircraft Trustee of certain of the related Owner Trustee's rights under the Lease with respect to such Aircraft, including the right to receive payments of rent thereunder, with certain exceptions. The Equipment Notes will not be cross-collateralized and, consequently, the Equipment Notes issued in respect of any one Aircraft are not secured by any of the other Aircraft or the Leases related thereto. There will not be cross-default provisions in the Indentures or in the Leases (unless, in the case of a Lease, otherwise agreed between an Owner Participant and Continental). Consequently, events resulting in an Indenture Default under any particular Indenture may or may not result in an Indenture Default occurring under any other Indenture, and a Lease Event of Default under any particular Lease may or may not constitute a Lease Event of Default under any other Lease. If the Equipment Notes issued with respect to one or more Aircraft are in default and the Equipment Notes issued with respect to the remaining Aircraft are not in default, no remedies will be exercisable under the Indentures with respect to such remaining Aircraft. See "Description of the Equipment Notes -- Security" and "-- Indenture Defaults, Notice and Waiver".

Although the Equipment Notes issued in respect of the Leased Aircraft are not obligations of, or guaranteed by, Continental, the amounts unconditionally payable by Continental for lease of the Leased Aircraft will be sufficient to pay in full when due all scheduled amounts required to be paid on the Equipment Notes issued in respect of the Leased Aircraft. The Equipment Notes issued in respect of the Owned Aircraft will be direct obligations of Continental. See "Description of the Equipment Notes -- General".

- (e) Section 1110  
Protection..... It is a condition to the Trustees' obligation to purchase Equipment Notes with respect to each Aircraft that outside counsel to Continental, which is expected to be Hughes Hubbard & Reed LLP, provide its opinion to the Trustees that (i) if such Aircraft is a Leased Aircraft, the Owner Trustee, as lessor under the Lease for such Aircraft, and the related Leased Aircraft Trustee, as assignee of such Owner Trustee's rights under such Lease pursuant to the related Leased Aircraft Indenture, will be entitled to the benefits of Section 1110 of the U.S. Bankruptcy Code with respect to the airframe and engines comprising such Aircraft or (ii) if such Aircraft is an Owned Aircraft, the Owned Aircraft Trustee will be entitled to the benefits of Section 1110 of the U.S. Bankruptcy Code with respect to the airframe and engines comprising such Aircraft. See "Description of the Equipment Notes -- Remedies" for a description of such required opinion and certain assumptions permitted to be contained therein.
- (f) Ranking..... Series B Equipment Notes issued in respect of any Aircraft will be subordinated in right of payment to Series A Equipment Notes issued in respect of such Aircraft, and Series C Equipment Notes issued in respect of such Aircraft will be subordinated in right of payment to such Series B Equipment Notes. On each Distribution Date, (i) payments of interest and principal due on Series A Equipment Notes issued in respect of any Aircraft will be made prior to payments of interest and principal due on Series B Equipment Notes issued in respect of such Aircraft and (ii) payments of interest and principal due on such Series B Equipment Notes will be made prior to payments of interest and principal due on Series C Equipment Notes issued in respect of such Aircraft.
- (g) Owner Participant.... Continental currently intends to lease all of the Aircraft. Continental has obtained commitments of certain companies to act as the owner participant ("Owner Participant") with respect to the leveraged leases for all of the Aircraft and, in certain cases, is seeking alternative commitments on more favorable terms. The existing commitments are subject to satisfaction of certain conditions with respect to each Aircraft and, in certain cases, Continental may elect to terminate such commitments with respect to certain Aircraft. Accordingly, Continental may select one or more other Owner Participants for some or all of such Aircraft or finance such Aircraft as Owned Aircraft rather than Leased Aircraft. Each Owner Participant will have the right to sell, assign or otherwise transfer its interests as Owner Participant in any of such leveraged leases, subject to the terms and conditions of the relevant Participation Agreement and related documents. See "Risk Factors -- Risk Factors Relating to the Certificates and the Offering -- Owner Participant; Revisions to Agreements".

Liquidity Facilities..... Each Liquidity Provider and the Subordination Agent have entered into a separate revolving credit agreement (each, a "Liquidity Facility") with respect to each of the Trusts. Under the Liquidity Facilities with respect to any Trust, the Liquidity Providers will, if necessary, make advances ("Interest Drawings") in an aggregate amount (the "Required Amount") sufficient to pay interest on the Certificates of such Trust on up to three successive semiannual Regular Distribution Dates (without regard to any future payments of principal on such Certificates) at the respective interest rates shown on the cover page of this Prospectus (plus an additional margin specified by the Registration Rights Agreement, if applicable) for such Certificates (the "Stated Interest Rates"), except that the Liquidity Facilities with respect to each Trust will not cover interest payable by the Depository on the Deposits relating to such Trust. Each of the two Liquidity Facilities with respect to each Trust cover 50% (the "Stated Portion") of the Required Amount for such Trust. The initial Required Amount under the Liquidity Facilities on April 1, 1998, the first Regular Distribution Date after the scheduled Delivery Period Termination Date, for the Class A Certificates, the Class B Certificates, the Class C-I Certificates and the Class C-II Certificates, assuming that Equipment Notes in the maximum principal amount with respect to all of the Aircraft are acquired by the Trusts and that all interest and principal due on or prior to April 1, 1998 is paid, will be \$48,564,521, \$16,426,917, \$12,155,173 and \$1,094,144, respectively. Interest Drawings under the relevant Liquidity Facilities will be made promptly after any Regular Distribution Date if, after giving effect to the subordination provisions of the Intercreditor Agreement, there are insufficient funds available to the Subordination Agent to pay interest on any Class A, B, C-I or C-II Certificates; provided, however, that on any date the maximum amount available under a Liquidity Facility with respect to any Trust to fund any shortfall in interest due on the Certificates of such Trust will not exceed an amount equal to the Stated Portion of the then Required Amount of such Liquidity Facility less the aggregate amount of each Interest Drawing outstanding under such Liquidity Facility at such time (the "Maximum Available Commitment"). The Liquidity Facilities for any Class of Certificates do not provide for drawings thereunder to pay for principal of or premium on the Certificates of such Class, any interest on the Certificates of such Class in excess of the Stated Interest Rates, or principal of or interest or premium on the Certificates of any other Class.

Upon each Interest Drawing under any Liquidity Facility, the Subordination Agent is obligated to reimburse (to the extent that the Subordination Agent has available funds therefor) the Liquidity Provider for the amount of such drawing. Such reimbursement obligation and any other amounts owing to the Liquidity Provider under each Liquidity Facility or certain other agreements (the "Liquidity Obligations") ranks pari passu with the Liquidity Obligations relating to all other Liquidity Facilities and ranks senior to the Certificates in right of payment. Upon reimbursement in full of the Interest Drawings, together with any accrued interest thereon, under any Liquidity Facility, the Maximum Available Commitment under such Liquidity Facility will be reinstated to the Stated Portion of the then Required

Amount of such Liquidity Facility; provided that the amount will not be so reinstated if (i) a Liquidity Event of Default shall have occurred and be continuing and (ii) less than 65% of the aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes.

"Performing Equipment Note" means an Equipment Note with respect to which no payment default has occurred and is continuing; provided that in the event of a bankruptcy proceeding involving Continental under the U.S. Bankruptcy Code, (i) any payment default existing during the 60-day period under Section 1110(a)(1)(A) of the U.S. Bankruptcy Code (or such longer period as may apply under Section 1110(b) of the U.S. Bankruptcy Code) (the "Section 1110 Period") shall not be taken into consideration, unless during the Section 1110 Period the trustee in such proceeding or Continental refuses to assume or agree to perform its obligations under the Lease related to such Equipment Note (in the case of a Leased Aircraft) or under the Owned Aircraft Indenture related to such Equipment Note (in the case of an Owned Aircraft), and (ii) any payment default occurring after the date of the order of relief in such proceeding shall not be taken into consideration if such payment default is cured under Section 1110(a)(1)(B) of the U.S. Bankruptcy Code before the later of 30 days after the date of such default or the expiration of the Section 1110 Period.

If at any time the short-term unsecured debt rating of any Liquidity Provider issued by either Rating Agency is lower than the Threshold Rating, each Liquidity Facility provided by such Liquidity Provider will be required to be replaced by a financial institution having such unsecured debt ratings issued by both Rating Agencies that are equal to or higher than the Threshold Rating. If any such Liquidity Facility is not replaced within 10 days after notice of the downgrading, such Liquidity Facility will be drawn in full up to the then Maximum Available Commitment (the "Downgrade Drawing") and the proceeds will be deposited into a cash collateral account (the "Cash Collateral Account") for the related Class of Certificates and used for the same purposes and under the same circumstances and subject to the same conditions as cash payments of Interest Drawings under such Liquidity Facility would be used. In addition, the Intercreditor Agreement provides for the replacement or extension of either Liquidity Facility for any Class of Certificates which is scheduled to expire prior to the date that is fifteen days after the Final Maturity Date for such Class. If such Liquidity Facility cannot be so replaced or extended by the date that is 25 days prior to the then scheduled expiration date of such Liquidity Facility, such Liquidity Facility will be drawn in full up to the then Maximum Available Commitment (the "Non-Extension Drawing") and the proceeds will be deposited in the Cash Collateral Account for the related Class of Certificates and used for the same purposes and under the same circumstances and subject to the same conditions as cash payments of Interest Drawings under such Liquidity Facility would be used. Each initial Liquidity Facility is scheduled to expire on the 364th day after the Issuance Date, subject to annual extensions by mutual agreement.

Upon receipt by the Subordination Agent of a Termination Notice with respect to any Liquidity Facility from the applicable Liquidity Provider (given as described in "Description of the Liquidity Facilities -- Liquidity Events of Default"), the Subordination Agent shall request a final drawing (the "Final Drawing") under such Liquidity Facility in an amount equal to the then Maximum Available Commitment thereunder and shall hold the proceeds thereof in the Cash Collateral Account for the related Trust to be used for the same purposes and under the same circumstances, and subject to the same conditions, as cash payments of Interest Drawings under such Liquidity Facility would be used. All amounts on deposit in the Cash Collateral Account for any Trust that are in excess of the Required Amount will be paid to the Liquidity Providers.

Continental may, at its option, with or without cause, arrange for a replacement facility to replace either Liquidity Facility for any Trust, subject to certain conditions. If such replacement facility is provided at any time after a Downgrade Drawing or Non-Extension Drawing under such Liquidity Facility, the funds on deposit with respect to such Liquidity Facility in the Cash Collateral Account for such Trust will be returned to the Liquidity Provider being replaced.

Notwithstanding the subordination provisions of the Intercreditor Agreement, the holders of the Certificates issued by each Trust will be entitled to receive and retain the proceeds of drawings under the Liquidity Facilities for such Trust. See "Description of the Liquidity Facilities".

#### Intercreditor Agreement

- (a) Subordination..... The Trustees, the Liquidity Providers and the Subordination Agent have entered into an agreement (the "Intercreditor Agreement") which provides as follows:
- (i) All payments made in respect of the Equipment Notes and certain other payments will be made to the Subordination Agent, which will distribute such payments in accordance with the provisions of paragraphs (ii) and (iii) below.
  - (ii) On any Regular Distribution Date or Special Distribution Date (each, a "Distribution Date"), so long as no Triggering Event shall have occurred (whether or not continuing), all payments received by the Subordination Agent in respect of the Equipment Notes and certain other payments shall be distributed in the following order: (1) payment of certain Liquidity Obligations; (2) payment of Expected Distributions to the holders of Class A Certificates; (3) payment of Expected Distributions to the holders of Class B Certificates; (4) payment of Expected Distributions to the holders of Class C Certificates; and (5) payment of certain fees and expenses of the Subordination Agent and the Trustees.

"Expected Distributions" means, with respect to the Certificates of any Trust on any Distribution Date (the "Current Distribution Date"), the sum of (x) accrued and unpaid interest on such Certificates (excluding interest, if any, payable with respect to the Deposits relating to such Trust) and (y) the difference between (A) the Pool Balance of such Certificates as of the immediately preceding Distribution Date

and (B) the Pool Balance of such Certificates as of the Current Distribution Date calculated on the basis that (i) the principal of the Equipment Notes held in such Trust has been paid when due (whether at stated maturity, upon redemption, prepayment or acceleration or otherwise) and such payments have been distributed to the holders of such Certificates and (ii) the principal of any Equipment Notes formerly held in such Trust that have been sold pursuant to the Intercreditor Agreement has been paid in full and such payments have been distributed to the holders of such Certificates, but without giving effect to any reduction in the Pool Balance as a result of any distribution attributable to Deposits.

(iii) Upon the occurrence of a Triggering Event and at all times thereafter, all payments received by the Subordination Agent in respect of the Equipment Notes and certain other payments shall be distributed in the following order: (1) to the Subordination Agent, the Trustees and certain other parties in payment of the Administration Expenses and to the Liquidity Providers in payment of the Liquidity Obligations; (2) to the holders of Class A Certificates in payment of Adjusted Expected Distributions; (3) to the holders of Class B Certificates in payment of Adjusted Expected Distributions; and (4) to the holders of Class C Certificates in payment of Adjusted Expected Distributions.

"Adjusted Expected Distributions" means, with respect to the Certificates of any Trust on any Distribution Date, the sum of (x) accrued and unpaid interest on such Certificates (excluding interest, if any, payable with respect to the Deposits relating to such Trust) and (y) the greater of:

- (A) the difference between (x) the Pool Balance of such Certificates as of the immediately preceding Distribution Date and (y) the Pool Balance of such Certificates as of the Current Distribution Date calculated on the basis that (i) the principal of the Equipment Notes other than Performing Equipment Notes (the "Non-Performing Equipment Notes") held in such Trust has been paid in full and such payments have been distributed to the holders of such Certificates, (ii) the principal of the Performing Equipment Notes held in such Trust has been paid when due (but without giving effect to any acceleration of Performing Equipment Notes) and such payments have been distributed to the holders of such Certificates and (iii) the principal of any Equipment Notes formerly held in such Trust that have been sold pursuant to the Intercreditor Agreement has been paid in full and such payments have been distributed to the holders of such Certificates, but without giving effect to any reduction in the Pool Balance as a result of any distribution attributable to Deposits, and
- (B) the amount of the excess, if any, of (i) the Pool Balance of such Class of Certificates as of the immediately preceding Distribution Date (less the amount of the Deposits for such Class of Certificates as of such preceding Distribution Date other than any portion of such Deposits thereafter used to acquire Equipment Notes pursuant to the Note Purchase Agreement), over (ii) the Aggregate LTV

Collateral Amount for such Class of  
Certificates for the Current Distribution Date;

provided that, until the date of the initial LTV  
Appraisals, clause (B) shall not apply.

For purposes of calculating Expected Distributions  
or Adjusted Expected Distributions with respect  
to the Certificates of any Trust, any premium  
paid on the Equipment Notes held in such Trust  
that has not been distributed to the  
Certificateholders of such Trust (other than such  
premium or a portion thereof applied to the  
payment of interest on the Certificates of such  
Trust or the reduction of the Pool Balance of  
such Trust) shall be added to the amount of  
Expected Distributions or Adjusted Expected  
Distributions.

"Aggregate LTV Collateral Amount" for any Class of  
Certificates for any Distribution Date means the  
sum of the applicable LTV Collateral Amounts for  
each Aircraft, minus the Pool Balance for each  
Class of Certificates, if any, senior to such  
Class, after giving effect to any distribution on  
such Distribution Date of principal of the  
Equipment Notes held by the Trust or Trusts of  
such senior Class or Classes.

"LTV Collateral Amount" of any Aircraft for any  
Class of Certificates means, as of any  
Distribution Date, the lesser of (i) the LTV  
Ratio for such Class of Certificates multiplied  
by the Appraised Current Market Value of such  
Aircraft (or with respect to any such Aircraft  
which has suffered an Event of Loss under and as  
defined in the relevant Lease, in the case of a  
Leased Aircraft, or Indenture, in the case of an  
Owned Aircraft, the amount of the insurance  
proceeds paid to the related Loan Trustee in  
respect thereof to the extent then held by such  
Loan Trustee in respect thereof) and (ii) the  
outstanding principal amount of the Equipment  
Notes secured by such Aircraft after giving  
effect to any principal payments of such  
Equipment Notes on or before such Distribution  
Date.

"LTV Ratio" means for the Class A Certificates  
40.36%, for the Class B Certificates 54.03% and  
for the Class C Certificates 65.19%.

"Appraised Current Market Value" of any Aircraft  
means the lower of the average and the median of  
the most recent three Appraisals of such  
Aircraft. After a Triggering Event occurs and any  
Equipment Note becomes a Non-Performing Equipment  
Note, the Subordination Agent shall obtain  
Appraisals for the Aircraft (the "LTV  
Appraisals") as soon as practicable and  
additional LTV Appraisals on or prior to each  
anniversary of the date of such initial LTV  
Appraisals; provided that if the Controlling  
Party reasonably objects to the appraised value  
of the Aircraft shown in such LTV Appraisals, the  
Controlling Party shall have the right to obtain  
or cause to be obtained substitute LTV Appraisals  
(including LTV Appraisals based upon physical  
inspection of the Aircraft).

(b) Deposits..... Payments in respect of the Deposits are not subject  
to the subordination provisions of the  
Intercreditor Agreement.

(c) Intercreditor  
Rights..... Pursuant to the Intercreditor Agreement, the  
Trustees and the Liquidity Providers have agreed  
that, with respect to any Indenture at any given  
time, the Loan Trustee will be directed (a) in  
taking, or refraining

from taking, any action thereunder or with respect to the Equipment Notes issued thereunder by the holders of at least a majority of the outstanding principal amount of such Equipment Notes as long as no Indenture Default has occurred and is continuing thereunder and (b) subject to certain conditions, in taking, or refraining from taking, any action thereunder (including exercising remedies thereunder, such as acceleration of such Equipment Notes or foreclosing the lien on the Aircraft securing such Equipment Notes) by the Controlling Party insofar as an Indenture Default thereunder has occurred and is continuing.

"Controlling Party" with respect to any Indenture means: (x) the Class A Trustee; (y) upon payment of Final Distributions to the holders of Class A Certificates, the Class B Trustee; and (z) upon payment of Final Distributions to the holders of Class B Certificates, the Class C-I Trustee and the Class C-II Trustee, who have agreed to act together. See "Description of the New Certificates -- Indenture Defaults and Certain Rights Upon an Indenture Default" for a description of the rights of the Certificateholders of each Trust to direct the respective Trustees. Notwithstanding the foregoing, at any time after 18 months from the earlier to occur of (x) the date on which the entire available amount under any Liquidity Facility shall have been drawn (for any reason other than a Downgrade Drawing or a Non-Extension Drawing) and remain unreimbursed and (y) the date on which all Equipment Notes shall have been accelerated (provided that prior to the Delivery Period Termination Date the aggregate principal amount thereof exceeds \$280 million), the Liquidity Providers with at least two-thirds of unreimbursed Liquidity Obligations shall have the right to become the Controlling Party with respect to such Indenture. For purposes of giving effect to the foregoing, the Trustees (other than the Controlling Party) have irrevocably agreed (and the Certificateholders (other than the Certificateholders represented by the Controlling Party) shall be deemed to agree by virtue of their acquisition of Certificates) to exercise their voting rights as directed by the Controlling Party. For a description of certain limitations on the Controlling Party's rights to exercise remedies, see "Description of the Equipment Notes -- Remedies".

"Final Distributions" means, with respect to the Certificates of any Trust on any Distribution Date, the sum of (x) accrued and unpaid interest on such Certificates (excluding interest payable on the Deposits relating to such Trust) and (y) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (less the amount of the Deposits for such Class of Certificates as of such preceding Distribution Date other than any portion of such Deposits thereafter used to acquire Equipment Notes pursuant to the Note Purchase Agreement).

- (i) Upon the occurrence and during the continuation of any Indenture Default under any Indenture, the Controlling Party may accelerate and sell all (but not less than all) of the Equipment Notes issued under such Indenture to any person, subject to the provisions of paragraph (ii) below. The proceeds of such sale will be distributed pursuant to the provisions of the Intercreditor Agreement.



- (ii) So long as any Certificates are outstanding, during nine months after the earlier of (x) the acceleration of the Equipment Notes under any Indenture or (y) the bankruptcy or insolvency of Continental, without the consent of each Trustee, (a) no Aircraft subject to the lien of such Indenture or such Equipment Notes may be sold, if the net proceeds from such sale would be less than the Minimum Sale Price for such Aircraft or such Equipment Notes, and (b) with respect to any Leased Aircraft, the amount and payment dates of rentals payable by Continental under the Lease for such Leased Aircraft may not be adjusted if, as a result of such adjustment, the discounted present value of all such rentals would be less than 75% of the discounted present value of the rentals payable by Continental under such Lease before giving effect to such adjustment, in each case, using the weighted average interest rate of the Equipment Notes issued under such Indenture as the discount rate.

"Minimum Sale Price" means, with respect to any Aircraft or the Equipment Notes issued in respect of such Aircraft, at any time, the lesser of (1) 75% of the Appraised Current Market Value of such Aircraft and (2) the aggregate outstanding principal amount of such Equipment Notes, plus accrued and unpaid interest thereon.

Certificates; Book-Entry

Registration..... The New Certificates of each Trust will be represented by one or more permanent global Certificates in definitive, fully registered form and registered in the name of Cede & Co. ("Cede"), as nominee of The Depository Trust Company ("DTC"). See "Description of the New Certificates -- Book Entry; Delivery and Form".

Method of Distribution.....

The persons in whose names the Certificates are registered will be treated as the owners of such Certificates for the purpose of receiving payments of principal of and interest on such Certificates, payments under the Escrow Agreements in respect of Deposits and for all other purposes whatsoever. Therefore, none of the Trustees, Continental, the Loan Trustees, the Liquidity Providers, the Subordination Agent, the Escrow Agents, the Paying Agents, the Owner Participants or the Owner Trustees has any direct responsibility or liability for distributions or payments to owners of beneficial interests in the Certificates (the "Certificate Owners"). Distributions by the Trustee and by the Paying Agent in respect of Certificates registered in the name of Cede, as nominee of DTC, including the final distribution of principal with respect to such Certificates of any Trust, will be made in same-day funds to DTC. DTC will in turn make distributions in same-day funds to those participants in DTC who are credited with ownership of such Certificates ("DTC Participants") in amounts proportionate to the amount of each such DTC Participant's respective holdings of beneficial interests in such Certificates. Corresponding payments by the DTC Participants to beneficial owners of such Certificates will be the responsibility of such DTC Participants, and Continental expects that they will be made in accordance with customary industry practices. The final distribution with respect to the Certificates of any Trust will be made only upon surrender and presentation thereof to the Trustee of such Trust. See "Description of the New Certificates--Book-Entry; Delivery and Form".

Federal Income Tax  
 Consequences..... The exchange of New Certificates for Old  
 Certificates will not be a sale or exchange or  
 otherwise a taxable event for Federal income tax  
 purposes.

ERISA Considerations..... In general, employee benefit plans subject to Title  
 I of the Employee Retirement Income Security Act  
 of 1974, as amended ("ERISA"), or Section 4975 of  
 the Internal Revenue Code of 1986, as amended  
 (the "Code") (or entities which may be deemed to  
 hold the assets of any such plan) will be  
 eligible to purchase the Class A Certificates  
 subject to the circumstances applicable to such  
 plans. Plans will not be eligible to purchase  
 Class B or Class C Certificates, except that such  
 Certificates may be acquired with the assets of  
 an insurance company general account that may be  
 deemed to constitute Plan assets if the  
 conditions of Prohibited Transaction Class  
 Exemption ("PTCE") 95-60 are satisfied. Holders  
 of Class B or Class C Certificates that tender  
 such Old Certificates in exchange for New  
 Certificates will be deemed to have represented  
 and warranted that either (i) no Plan assets have  
 been used to acquire and hold such Certificate or  
 (ii) the acquisition and holding of such  
 Certificate is exempt from the prohibited  
 transaction restrictions of ERISA and Section  
 4975 of the Code pursuant to PTCE 95-60. See  
 "ERISA Considerations". Each Plan fiduciary (and  
 each fiduciary for a governmental or church plan  
 subject to rules similar to those imposed on  
 Plans under ERISA) should consult with its legal  
 advisor concerning an investment in any of the  
 Certificates.

		MOODY'S -----	STANDARD & POOR'S -----
Rating of the Liquidity Providers:	Short Term		
	ABN AMRO.....	P-1	A-1+
	ING.....	P-1	A-1+
Threshold Rating:	Short Term.....	P-1	A-1+

## SELECTED FINANCIAL DATA

The following selected consolidated financial data for the years ended December 31, 1996, 1995 and 1994 is derived from the audited consolidated financial statements of the Company. The consolidated financial data of the Company for the three months ended March 31, 1997 and 1996 is derived from its unaudited consolidated financial statements, which include all adjustments (consisting solely of normal recurring accruals) that the Company considers necessary for the presentation of the financial position and results of operations for these periods. Operating results for the three months ended March 31, 1997 are not necessarily indicative of the results that may be expected for the year ending December 31, 1997. The Company's selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, the consolidated financial statements, including the notes thereto, incorporated by reference in this Prospectus.

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
(IN MILLIONS OF DOLLARS, EXCEPT PER SHARE DATA) (UNAUDITED)					
FINANCIAL DATA -- OPERATIONS:					
Operating Revenue:					
Passenger.....	\$1,564	\$1,375	\$5,871	\$5,302	\$ 5,036
Cargo, mail and other.....	134	114	489	523	634
	-----	-----	-----	-----	-----
	1,698	1,489	6,360	5,825	5,670
	-----	-----	-----	-----	-----
Operating Expenses:					
Wages, salaries and related costs.....	414	364	1,549	1,432(2)	1,532
Aircraft fuel.....	229	177	774	681	741
Commissions.....	138	126	510	489	439
Aircraft rentals.....	131	124	509	497	433
Maintenance, materials and repairs....	125	112	461	429	495
Other rentals and landing fees.....	97	84	350	356	392
Depreciation and amortization.....	60	65	254	253	258
Fleet disposition charge.....	--	--	128(1)	--	--
Other.....	358	317	1,300	1,303	1,391
	-----	-----	-----	-----	-----
	1,552	1,369	5,835	5,440	5,681
	-----	-----	-----	-----	-----
Operating Income (Loss).....	146	120	525	385	(11)
	-----	-----	-----	-----	-----
Nonoperating Income (Expense):					
Interest expense.....	(42)	(47)	(165)	(213)	(241)
Interest capitalized.....	6	1	5	6	17
Interest income.....	13	9	43	31	23
Other, net.....	1	12	20	101(3)	(439)(4)
	-----	-----	-----	-----	-----
	(22)	(25)	(97)	(75)	(640)
	-----	-----	-----	-----	-----
Income (Loss) before Income Taxes, Minority Interest and Extraordinary					
Loss.....	124	95	428	310	(651)
Net Income (Loss).....	\$ 74	\$ 88	\$ 319	\$ 224	\$ (613)
Earnings (Loss) per Common and Common					
Equivalent Share.....	\$ 1.13	\$ 1.35	\$ 4.87	\$ 3.60	\$(11.88)
	=====	=====	=====	=====	=====
Earnings (Loss) per Common Share					
Assuming Full Dilution.....	\$ 0.95	\$ 1.18	\$ 4.11	\$ 3.15	\$(11.88)
	=====	=====	=====	=====	=====

(See footnotes on the following page.)

	MARCH 31, 1997	DECEMBER 31, 1996
	-----	-----
	(IN MILLIONS OF DOLLARS)	
	(UNAUDITED)	

## FINANCIAL DATA -- BALANCE SHEET:

## Assets:

Cash and Cash Equivalents, including restricted cash and cash equivalents of \$79 and \$76, respectively(5).....	\$ 927	\$1,061
Other Current Assets.....	647	573
Total Property and Equipment, Net.....	1,754	1,596
Routes, Gates and Slots, Net.....	1,469	1,473
Other Assets, Net.....	504	503
	-----	-----
Total Assets.....	\$5,301	\$5,206
	=====	=====
Liabilities and Stockholders' Equity:		
Current Liabilities.....	\$2,160	\$2,104
Long-term Debt and Capital Leases.....	1,557	1,624
Deferred Credits and Other Long-term Liabilities.....	620	594
Minority Interest.....	16	15
Continental-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust holding solely Convertible Subordinated Debentures(6).....	242	242
Redeemable Preferred Stock.....	47	46
Common Stockholders' Equity.....	659	581
	-----	-----
Total Liabilities and Stockholders' Equity.....	\$5,301	\$5,206
	=====	=====

- (1) The \$128 million fleet disposition charge recorded in 1996 is associated primarily with the decision to accelerate the replacement of its DC-9-30, DC-10-10, 727-200, 737-100, and 737-200 aircraft. In connection with its decision to accelerate the replacement of such aircraft, the Company wrote down its Stage 2 aircraft inventory, that is not expected to be consumed through operations, to its estimated fair value and recorded a provision for costs associated with the return of leased aircraft at the end of their respective lease terms.
- (2) Includes a \$20 million cash payment in 1995 by the Company in connection with a 24-month collective bargaining agreement entered into by the Company and the Independent Association of Continental Pilots.
- (3) Includes a pre-tax gain of \$108 million (\$30 million after tax) on the series of transactions by which the Company and its subsidiary, Continental CRS Interests, Inc., transferred certain assets and liabilities relating to the computerized reservation business of such subsidiary to a newly-formed limited liability company and the remaining assets and liabilities were sold.
- (4) Includes a provision of \$447 million recorded in 1994 associated with the planned early retirement of certain aircraft and closed or underutilized airport and maintenance facilities and other assets.
- (5) Restricted cash and cash equivalents agreements relate primarily to workers' compensation claims and the terms of certain other agreements. In addition, CMI is required by its loan agreement to maintain certain minimum consolidated net worth and liquidity levels and is subject to restrictions on its ability to pay dividends to Continental, which effectively restrict the amount of cash available to Continental from CMI.
- (6) The sole assets of the Trust are Convertible Subordinated Debentures, with an aggregate principal amount of \$250 million, which bear interest at the rate of 8 1/2% per annum and mature on December 1, 2020. Upon repayment, the Continental-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust will be mandatorily redeemed.

## RISK FACTORS

Holders of Old Certificates should carefully consider the following risk factors, as well as other information set forth in this Prospectus, before tendering their Old Certificates in the Exchange Offer. The risk factors set forth below (other than "-- Risk Factors Relating to the Certificates and the Offering -- Consequences of Failure to Exchange") are generally applicable to the Old Certificates as well as the New Certificates.

## RISK FACTORS RELATING TO THE COMPANY

## Leverage and Liquidity

Continental has successfully negotiated a variety of agreements to increase its liquidity. Nevertheless, Continental remains more leveraged and has significantly less liquidity than certain of its competitors, several of whom have available lines of credit and/or significant unencumbered assets. Accordingly, Continental may be less able than certain of its competitors to withstand a prolonged recession in the airline industry.

As of March 31, 1997, Continental had approximately \$1.8 billion (including current maturities) of long-term debt and capital lease obligations and had approximately \$1.0 billion of minority interest, Continental-obligated mandatorily redeemable preferred securities of subsidiary trust, redeemable preferred stock and common stockholders' equity. Common stockholders' equity reflects the adjustment of the Company's balance sheet and the recording of assets and liabilities at fair market value as of April 27, 1993 in accordance with the American Institute of Certified Public Accountants' Statement of Position 90-7 -- "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" ("SOP 90-7").

During the first and second quarters of 1995, in connection with negotiations with various lenders and lessors, Continental ceased or reduced contractually required payments under various agreements, which produced a significant number of events of default under debt, capital lease and operating lease agreements. Through agreements reached with the various lenders and lessors, Continental cured all of these events of default. The last such agreement was put in place during the fourth quarter of 1995.

As of March 31, 1997, Continental had \$927 million of cash and cash equivalents, including restricted cash and cash equivalents of \$79 million. Continental does not have general lines of credit and has significant encumbered assets.

For 1997, Continental expects to incur cash expenditures under operating leases relating to aircraft of approximately \$624 million, compared to \$568 million for 1996 and approximately \$232 million relating to facilities and other rentals, compared to \$210 million in 1996. In addition, Continental has capital requirements relating to compliance with regulations that are discussed below. See "-- Risk Factors Relating to the Airline Industry -- Regulatory Matters".

As of March 31, 1997, Continental had firm commitments with The Boeing Company ("Boeing") to take delivery of a total of 126 jet aircraft during the years 1997 through 2003 with options for an additional 90 aircraft (exercisable subject to certain conditions). These new aircraft will replace older, less efficient Stage 2 aircraft and allow for growth of operations. The estimated aggregate cost of the Company's firm commitments for Boeing aircraft is approximately \$4.3 billion. The offering of the Old Certificates provides for the financing by the Company (either through leveraged leases or secured debt financings) of the debt portion of the acquisition cost of the 30 Aircraft (including two Aircraft delivered prior to the date of this Prospectus). In connection therewith, owner participants have committed to approximately \$160 million of equity financing underlying 22 of these aircraft (including two Aircraft delivered prior to the date of this Prospectus). Continental has additional firm commitments for approximately \$1.1 billion of backstop financing for its Boeing aircraft orders. Continental currently plans on financing the new Boeing aircraft with enhanced equipment trust certificates or similar financing, subject to availability and market conditions. However, further financing will be needed to satisfy Continental's capital commitments for other aircraft and other aircraft-related expenditures such as spare parts, simulators and related items (including for Express's new Embraer ("EMB") -145 aircraft described below). There can be no assurance that sufficient financing will be available for all aircraft and other capital expenditures not covered by firm financing commitments. Deliveries

of new Boeing aircraft are expected to increase aircraft rental, depreciation and interest costs while generating cost savings in the areas of maintenance, fuel and pilot training. Continental has also entered into agreements or letters of intent to lease two DC-10-30 aircraft and will take delivery of such aircraft in May 1997.

In September 1996, Express placed an order for 25 firm EMB-145 50-seat regional jets, with options for an additional 175 aircraft. Neither Express nor Continental will have any obligation to take such aircraft that are not financed by a third party and leased to the Company. However, if the Company fails to confirm the first tranche of 25 options by August 1997, the rent associated with the 25 firm aircraft will increase by an aggregate of \$33.6 million over the 16-year life of the leases. Express has taken delivery of six of the firm aircraft through the first quarter of 1997 and will take delivery of the remaining 19 firm aircraft through the second quarter of 1998. The Company expects to account for all of these aircraft as operating leases.

In July 1996, CMI consummated a \$320 million secured term loan financing with a group of banks and other financial institutions. The loan is secured by the stock of CMI and substantially all its unencumbered assets, consisting primarily of CMI's route authorities, and is guaranteed by Continental and AMI. The bank financing does not contain any restrictive covenants at the Continental parent level, and none of the assets of Continental Airlines, Inc. (other than its stock in AMI) is pledged in connection with the new financing.

As a result of the recent weakness of the yen against the dollar and increased fuel costs, CMI's operating earnings declined during the past three quarters as compared to similar periods in the prior year, and are not expected to improve materially absent a stronger yen or reduced fuel costs. The bank financing contains significant financial covenants relating to CMI, including maintenance of a minimum fixed charge coverage ratio, a minimum consolidated net worth and minimum liquidity, and covenants restricting CMI's leverage, its incurrence of certain indebtedness and its pledge of assets. The financial covenants also limit the ability of CMI to pay dividends to Continental. In January 1997, CMI elected to prepay \$25 million of principal amount of its bank financing rather than use such cash for other purposes. CMI may prepay additional amounts of its bank financing to remain in compliance with certain covenants contained in such financing.

In May 1997, Continental entered into a commitment letter with certain banks that contemplates the establishment of a \$500 million credit facility (the "\$500 Million Credit Facility"), of which \$275 million principal amount will be a term loan and \$225 million will be a revolving credit facility. The commitment letter contemplates that the proceeds of the term loan to Continental will be loaned to AMI, reloaned to CMI and used by CMI to repay its existing secured term loan described above. The new loan to CMI will be secured by substantially all of CMI's assets but will not contain any financial covenants relating to CMI other than covenants restricting CMI's incurrence of certain indebtedness and pledge of assets. AMI's rights with respect to its loan to CMI and Continental's rights with respect to its loan to AMI (as well as Continental's stock in AMI) will be pledged as collateral for Continental's loan under the \$500 Million Credit Facility. In addition, the \$500 Million Credit Facility will contain certain financial covenants applicable to Continental and will prohibit Continental from granting a security interest on certain of its international route authorities.

In April 1997 Continental entered into a \$160 million revolving credit facility with a group of banks (the "Predelivery Deposit Revolver") to finance predelivery deposits with respect to the acquisition of new Boeing 737 and 757 aircraft, which is secured by the purchase agreements with respect to such aircraft, including the Aircraft.

In February 1997, the Company began construction of a new hangar and improvements to a cargo facility at the Company's hub at Newark International Airport which is expected to be completed in the fourth quarter of 1997. The Company expects to finance these projects, which will cost approximately \$25 million, with tax-exempt bonds. In addition, the Company is also planning a facility expansion at Newark which would require, among other matters, agreements to be reached with the applicable airport authority.

In March 1997, the Company announced plans to expand its facilities at its Hopkins International Airport hub in Cleveland. The expansion, which will include a new jet concourse for the new regional jet service offered by Express, as well as other facility improvements, is expected to cost approximately \$120 million, which the Company expects will be funded principally by the issuance of a combination of tax-exempt special facilities revenue bonds and general airport revenue bonds by the City of Cleveland. In

connection therewith, the Company expects to enter into long-term leases with the City of Cleveland providing for the Company to make rental payments sufficient to service the tax-exempt bonds.

In April 1997, the Company announced plans to build a wide-body aircraft maintenance hangar in Honolulu, Hawaii at an estimated cost of \$24 million. Construction of the hangar, anticipated to be completed by the second quarter of 1998, is expected to be financed by tax-exempt special facilities revenue bonds issued by the State of Hawaii. In connection therewith, the Company expects to enter into long-term leases under which rental payments will be sufficient to service the related bonds.

In April 1997, the City of Houston (the "City") completed the offering of \$190 million aggregate principal amount of tax-exempt special facilities revenue bonds (the "IAH Bonds") payable solely from rentals paid by Continental under long-term lease agreements with the City. The IAH Bonds are unconditionally guaranteed by the Company. The proceeds from the IAH Bonds will be used to finance the acquisition, construction and installation of certain terminal and other airport facilities located at Continental's hub at George Bush Intercontinental Airport in Houston, including a new automated people mover system linking Terminals B and C and 20 aircraft gates in Terminal B into which Continental intends to expand its operations. The expansion project is expected to be completed by the summer of 1999.

In April 1997, Continental redeemed for cash all of the 460,247 outstanding shares of its Series A 12% Cumulative Preferred Stock held by an affiliate of Air Canada, a Canadian corporation, for \$100 per share plus accrued dividends thereon. The redemption price, including accrued dividends, totaled \$48 million.

#### Continental's History of Operating Losses

Although Continental recorded net income of \$74 million in the first quarter of 1997, \$319 million in 1996 and \$224 million in 1995, it had experienced significant operating losses in the previous eight years. In the long term, Continental's viability depends on its ability to sustain profitable results of operations.

#### Aircraft Fuel

Since fuel costs constitute a significant portion of Continental's operating costs (approximately 13.3% for the year ended December 31, 1996 and 14.8% for the three months ended March 31, 1997), significant changes in fuel costs would materially affect the Company's operating results. Jet fuel prices have increased significantly since December 31, 1995, although such prices have moderated recently. Fuel prices continue to be susceptible to international events, and the Company cannot predict near or longer-term fuel prices. The Company enters into petroleum option contracts to provide some short-term protection (generally three to six months) against a sharp increase in jet fuel prices. In the event of a fuel supply shortage resulting from a disruption of oil imports or otherwise, higher fuel prices or curtailment of scheduled service could result.

#### Labor Matters

The Company has recently begun collective bargaining agreement negotiations with its Continental Airlines and Express pilots whose contracts become amendable in July 1997 and October 1997, respectively. In addition, the Company's collective bargaining agreements with its CMI flight attendants and CMI mechanics and mechanic-related employees became amendable in September 1996 and March 1997, respectively. Negotiations are in progress to amend these two contracts. The Company believes that mutually acceptable agreements can be reached with all such employees, although the ultimate outcome of the negotiations is unknown at this time. The CMI agent-classification employees' collective bargaining agreement, which became amendable in March 1997, was ratified and approved in April 1997. The agreement, which becomes amendable in March 2001, provides for an 8.7% increase in wages over a four-year period.

#### Certain Tax Matters

The Company's United States federal income tax return for the year ended December 31, 1996 is expected to reflect net operating loss carryforwards ("NOLs") of \$2.3 billion that will expire through 2009 and federal investment tax credit carry forwards of \$45 million that will expire through 2001. For financial

reporting purposes, Continental began accruing tax expense on its income statement during the second quarter of 1996.

The Company had, as of December 31, 1996, deferred tax assets aggregating \$1.3 billion, including \$804 million of NOLs. The Company recorded a valuation allowance of \$694 million against such assets as of December 31, 1996. Realization of a substantial portion of the Company's remaining NOLs will require the completion by April 27, 1998 of transactions resulting in recognition of built-in gains for federal income tax purposes. The Company has consummated several such transactions and currently intends to consummate one or more additional transactions. If the Company were to determine in the future that such transactions will not be completed and if future income is not sufficient to recognize the benefit of previously completed transactions, an adjustment to the net deferred tax liability of up to \$85 million would be charged to income in the period such determination was made. In the event the Company recognizes additional tax benefits related to NOLs and investment tax credit carryforwards attributable to the Company's predecessor, Holdings, together with its operating subsidiaries, those benefits would be applied to reduce reorganizational value in excess of amounts allocable to identifiable assets and other intangibles to zero, and thereafter as an addition to paid-in capital.

As a result of NOLs, the Company will not pay United States federal income taxes (other than alternative minimum tax) until it has recorded approximately an additional \$1.1 billion of taxable income following December 31, 1996. Section 382 of the Internal Revenue Code ("Section 382") imposes limitations on a corporation's ability to utilize NOLs if it experiences an "ownership change." In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50 percentage points over a three-year period. In the event that an ownership change should occur, utilization of Continental's NOLs would be subject to an annual limitation under Section 382 determined by multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term tax-exempt rate (which is 5.64% for May 1997). Unused annual limitation may be carried over to later years, and the amount of the limitation may under certain circumstances be increased by the built-in gains in assets held by the Company at the time of the change that are recognized in the five-year period after the change. Under current conditions, if an ownership change were to occur, Continental's annual NOL utilization would be limited to approximately \$123 million per year.

#### Continental Micronesia

Because the majority of CMI's traffic originates in Japan, its results of operations are substantially affected by the Japanese economy and changes in the value of the yen as compared to the dollar. Appreciation of the yen against the dollar during 1994 and 1995 increased CMI's profitability while a decline of the yen against the dollar in 1996 reduced CMI's profitability. As a result of the recent weakness of the yen against the dollar and increased fuel costs, CMI's operating earnings declined during the past three quarters as compared to similar periods a year ago, and are not expected to improve materially absent a stronger yen or reduced fuel costs. The \$320 million financing consummated by CMI in July 1996 contains significant financial covenants relating to CMI, including maintenance of a minimum fixed charge coverage ratio, a minimum consolidated net worth and minimum liquidity, and covenants restricting CMI's leverage, its incurrence of certain indebtedness and its pledge of assets. The financial covenants also limit the ability of CMI to pay dividends to Continental. In January 1997, CMI elected to prepay \$25 million of principal amount of its bank financing rather than use such cash for other purposes. CMI may prepay additional amounts of its bank financing to remain in compliance with certain covenants contained in such financing. Continental has entered into a commitment letter that contemplates the establishment of a new credit facility under which CMI's existing bank financing will be repaid and financial covenants applicable to CMI eliminated. See "-- Risk Factors Relating to the Company -- Leverage and Liquidity".

To reduce the potential negative impact on CMI's dollar earnings, CMI, from time to time, purchases average rate options as a hedge against a portion of its expected net yen cash flow position. Any significant and sustained decrease in traffic or yields (including due to the value of the yen) to and from Japan could materially adversely affect Continental's consolidated profitability.



## Principal Stockholder

On November 21, 1996, Air Partners, L.P., a Texas limited partnership and major stockholder of the Company ("Air Partners"), exercised its right to sell to the Company, and the Company subsequently purchased, for \$50 million, warrants to purchase 2,614,379 shares of Class B common stock (representing a portion of the total warrants held by Air Partners) pursuant to an agreement entered into earlier in 1996 with the Company. As of April 30, 1997, Air Partners held approximately 9.5% of the common equity interest and 40.7% of the general voting power of the Company. If all the remaining warrants held by Air Partners had been exercised on April 30, 1997, approximately 19.6% of the common equity interest and 52.8% of the general voting power of the Company would have been held by Air Partners. Various provisions in the Company's Certificate of Incorporation and Bylaws currently provide Air Partners with the right to elect one-third of the directors in certain circumstances; these provisions could have the effect of delaying, deferring or preventing a change in the control of the Company.

## RISK FACTORS RELATING TO THE AIRLINE INDUSTRY

## Industry Conditions and Competition

The airline industry is highly competitive and susceptible to price discounting. The Company has in the past both responded to discounting actions taken by other carriers and initiated significant discounting actions itself. Continental's competitors include carriers with substantially greater financial resources (and in certain cases, lower cost structures), as well as smaller carriers with low cost structures. Airline profit levels are highly sensitive to, and during recent years have been severely impacted by, changes in fuel costs, fare levels (or "average yield") and passenger demand. Passenger demand and yields have been affected by, among other things, the general state of the economy, international events and actions taken by carriers with respect to fares. From 1990 to 1993, these factors contributed to the domestic airline industry's incurring unprecedented losses. Although fare levels have increased recently, fuel costs have also increased significantly. In addition, significant industry-wide discounts could be reimplemented at any time, and the introduction of broadly available, deeply discounted fares by a major United States airline would likely result in lower yields for the entire industry and could have a material adverse effect on the Company's operating results.

The airline industry has consolidated in past years as a result of mergers and liquidations and may further consolidate in the future. Among other effects, such consolidation has allowed certain of Continental's major competitors to expand (in particular) their international operations and increase their market strength. Furthermore, the emergence in recent years of several new carriers, typically with low cost structures, has further increased the competitive pressures on the major United States airlines. In many cases, the new entrants have initiated or triggered price discounting. Aircraft, skilled labor and gates at most airports continue to be readily available to start-up carriers. Competition with new carriers or other low cost competitors on Continental's routes could negatively impact Continental's operating results.

## Regulatory Matters

In the last several years, the United States Federal Aviation Administration (the "FAA") has issued a number of maintenance directives and other regulations relating to, among other things, retirement of older aircraft, security measures, collision avoidance systems, airborne windshear avoidance systems, noise abatement, commuter aircraft safety and increased inspections and maintenance procedures to be conducted on older aircraft. The Company expects to continue incurring expenses for the purpose of complying with the FAA's noise and aging aircraft regulations. In addition, several airports have recently sought to increase substantially the rates charged to airlines, and the ability of airlines to contest such increases has been restricted by federal legislation, DOT regulations and judicial decisions.

Management believes that the Company benefited in the first quarter of 1996 and 1997 from the expiration of the aviation trust fund tax (the "ticket tax"). The ticket tax was reinstated on March 7, 1997. Management believes that the ticket tax has a negative impact on the Company, although neither the amount of such negative impact directly resulting from the imposition of the ticket tax, nor the benefit realized by its expiration can be precisely determined.

Additional laws and regulations have been proposed from time to time that could significantly increase the cost of airline operations by imposing additional requirements or restrictions on operations. Laws and regulations have also been considered that would prohibit or restrict the ownership and/or transfer of airline routes or takeoff and landing slots. Also, the availability of international routes to United States carriers is regulated by treaties and related agreements between the United States and foreign governments that are amendable. Continental cannot predict what laws and regulations may be adopted or their impact, but there can be no assurance that laws or regulations currently proposed or enacted in the future will not adversely affect the Company.

#### Seasonal Nature of Airline Business

Due to the greater demand for air travel during the summer months, revenue in the airline industry in the third quarter of the year is generally significantly greater than revenue in the first quarter of the year and moderately greater than revenue in the second and fourth quarters of the year for the majority of air carriers. Continental's results of operations generally reflect this seasonality, but have also been impacted by numerous other factors that are not necessarily seasonal, including the extent and nature of competition from other airlines, fare wars, changing levels of operations, fuel prices, foreign currency exchange rates and general economic conditions.

#### RISK FACTORS RELATING TO THE CERTIFICATES AND THE OFFERING

##### Consequences of Failure to Exchange

Holders of Old Certificates who do not exchange their Old Certificates for New Certificates pursuant to the Exchange Offer will continue to be subject to the restrictions on transfer of such Old Certificates as set forth in the legend thereon as a consequence of the issuance of the Old Certificates pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, the Old Certificates may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. The Company does not currently anticipate that it will register the Old Certificates under the Securities Act. To the extent that Old Certificates are tendered and accepted in the Exchange Offer, the trading market for untendered and tendered but unaccepted Old Certificates could be adversely affected.

##### Appraisals and Realizable Value of Aircraft

Appraisals in respect of the Aircraft (without physical inspection thereof) have been prepared by AISI, BK and MBA, and such appraisals are based on varying assumptions and methodologies which differ among the Appraisers. The Appraisers have delivered letters summarizing their respective reports, copies of which are annexed to this Prospectus as Appendix II. See "Description of the Aircraft and the Appraisals -- The Appraisals". The appraised value of each Aircraft, and accordingly the initial aggregate Aircraft value as referred to herein, is based upon the lesser of the average and median value of such Aircraft as appraised by the Appraisers and projected as of the scheduled delivery month of such Aircraft. Such aggregate appraised values also assume depreciation of approximately 2% of the initial appraised value for Aircraft delivered more than one year prior to the scheduled Delivery Period Termination Date (although no assurance can be given as to the actual market value rate of depreciation, which may differ from 2% during such period). Appraisals that are based on different assumptions and methodologies may result in valuations that are materially different from those contained in the appraisals of the Appraisers. An appraisal is only an estimate of value, is not indicative of the price at which an Aircraft may be purchased from the manufacturer and should not in any event be relied upon as a measure of realizable value; the proceeds realized upon a sale of any Aircraft may be less than the appraised value thereof. In particular, the appraisals are estimates of values as of future delivery dates. The value of the Aircraft in the event of the exercise of remedies under the applicable Indenture will depend on market and economic conditions, the supply of aircraft, the availability of buyers, the condition of the Aircraft and other factors. Accordingly, there can be no assurance that the proceeds realized upon any such exercise with respect to the Equipment Notes and the Aircraft pursuant to the applicable Pass Through

Trust Agreement and the applicable Indenture would be sufficient to satisfy in full payments due on the Certificates.

#### Priority of Distributions; Subordination

Pursuant to the Intercreditor Agreement to which the Trustees, the Subordination Agent and the Liquidity Providers are parties, on each Distribution Date, so long as no Triggering Event shall have occurred, all payments in respect of Equipment Notes received by the Subordination Agent will be distributed in the following order: (1) payment of certain Liquidity Obligations to the Liquidity Providers; (2) payment of Expected Distributions to the holders of Class A Certificates; (3) payment of Expected Distributions to the holders of Class B Certificates; (4) payment of Expected Distributions to the holders of Class C Certificates; and (5) payment of certain fees and expenses of the Subordination Agent and the Trustees.

In addition, upon the occurrence of a Triggering Event and at all times thereafter, all payments received by the Subordination Agent in respect of the Equipment Notes and certain other payments will be distributed under the Intercreditor Agreement in the following order: (1) to the Subordination Agent, the Trustee and certain other parties in payment of the Administration Expenses and to the Liquidity Providers in payment of the Liquidity Obligations; (2) to the holders of Class A Certificates in payment of Adjusted Expected Distributions; (3) to the holders of Class B Certificates in payment of Adjusted Expected Distributions; and (4) to the holders of Class C Certificates in payment of Adjusted Expected Distributions.

The priority of distributions after a payment default under any Equipment Note will have the effect in certain circumstances of requiring the distribution to more senior Classes of Certificates of payments received in respect of one or more junior series of Equipment Notes. If this should occur, the interest accruing on the remaining Equipment Notes would in the aggregate be less than the interest accruing on the remaining Certificates because such Certificates include a relatively greater proportion of junior Classes with relatively higher interest rates. As a result of this possible interest shortfall, the holders of one or more junior Classes of Certificates may not receive the full amount due them after a payment default under any Equipment Note even if all Equipment Notes are eventually paid in full.

Payments in respect of the Deposits are not subject to the subordination provisions of the Intercreditor Agreement.

#### Control over Collateral; Sale of Collateral

Pursuant to the Intercreditor Agreement, the Trustees and the Liquidity Providers have agreed that, with respect to any Indenture at any given time, the Loan Trustee will be directed (a) in taking, or refraining from taking, any action thereunder by the holders of at least a majority of the outstanding principal amount of the Equipment Notes issued thereunder as long as no Indenture Default has occurred and is continuing thereunder and (b) subject to certain conditions, in exercising remedies thereunder (including acceleration of such Equipment Notes or foreclosing the lien on the Aircraft securing such Equipment Notes) insofar as an Indenture Default has occurred and is continuing by the Controlling Party. See "Description of the New Certificates -- Indenture Defaults and Certain Rights Upon an Indenture Default" for a description of the rights of the Certificateholders of each Trust to direct the respective Trustees. Notwithstanding the foregoing, at any time after 18 months from the earlier to occur of (x) the date on which the entire available amount under any Liquidity Facility shall have been drawn (for any reason other than a Downgrade Drawing or a Non-Extension Drawing) and remain unreimbursed and (y) the date on which all Equipment Notes shall have been accelerated (provided that prior to the Delivery Period Termination Date the aggregate principal amount thereof exceeds \$280 million), the Liquidity Providers with at least two-thirds of the unreimbursed Liquidity Obligations shall have the right to elect to become the Controlling Party with respect to such Indenture. For purposes of giving effect to the foregoing, the Trustees (other than the Controlling Party) shall irrevocably agree, and the Certificateholders (other than the Certificateholders represented by the Controlling Party) shall be deemed to agree by virtue of their purchase of Certificates, to exercise their voting rights as directed by the Controlling Party. For a description of certain limitations on the Controlling Party's rights to exercise remedies, see "Description of the Equipment Notes -- Remedies".

Upon the occurrence and during the continuation of any Indenture Default under any Indenture, the Controlling Party may accelerate and, subject to the provisions described in the last sentence of this paragraph, sell all (but not less than all) of the Equipment Notes issued under such Indenture to any person. The market for Equipment Notes at the time of the existence of any Indenture Default may be very limited, and there can be no assurance as to the price at which they could be sold. If the Controlling Party sells any such Equipment Notes for less than their outstanding principal amount, certain Certificateholders will receive a smaller amount of principal distributions than anticipated and will not have any claim for the shortfall against Continental, any Owner Trustee, any Owner Participant or any Trustee. So long as any Certificates are outstanding, during nine months after the earlier of (x) the acceleration of the Equipment Notes under any Indenture and (y) the bankruptcy or insolvency of Continental, without the consent of each Trustee, (a) no Aircraft subject to the lien of such Indenture or such Equipment Notes may be sold, if the net proceeds from such sale would be less than the Minimum Sale Price for such Aircraft or such Equipment Notes, and (b) with respect to any Leased Aircraft, the amount and payment dates of rentals payable by Continental under the Lease for such Leased Aircraft may not be adjusted, if, as a result of such adjustment, the discounted present value of all such rentals would be less than 75% of the discounted present value of the rentals payable by Continental under such Lease before giving effect to such adjustment, in each case, using the weighted average interest rate of the Equipment Notes issued under such Indenture as the discount rate.

The Equipment Notes are not cross-collateralized and, consequently, proceeds from the sale of an Aircraft in excess of the amounts due on Equipment Notes related to such Aircraft will not be available to cover losses, if any, on any other Equipment Notes.

#### Owner Participant; Revisions to Agreements

Continental has obtained commitments of certain companies to act as the Owner Participant with respect to the leveraged leases for all of the Aircraft and, in certain cases, is seeking alternative commitments on more favorable terms. The existing commitments are subject to satisfaction of certain conditions with respect to each Aircraft and, in certain cases, Continental may elect to terminate such commitments with respect to certain Aircraft. Accordingly, Continental may select one or more other Owner Participants for some or all of such Aircraft or finance such Aircraft as Owned Aircraft rather than Leased Aircraft. Such Owner Participants may request revisions to the forms of the Participation Agreement, the Lease and the Leased Aircraft Indenture that are contemplated by the Note Purchase Agreement, so that the terms of such agreements applicable to any particular Leased Aircraft may differ from the description of such agreements contained in this Prospectus. However, under the Note Purchase Agreement, the terms of such agreements are required to (i) contain the Mandatory Document Terms and (ii) not vary the Mandatory Economic Terms. In addition, Continental is obligated (i) to certify to the Trustee that any such modifications do not materially and adversely affect the Certificateholders and (ii) to obtain written confirmation from each Rating Agency that the use of versions of such agreements modified in any material respect will not result in a withdrawal, suspension or downgrading of the rating of any Class of Certificates. See "Description of the New Certificates -- Obligation to Purchase Equipment Notes".

Each Owner Participant will have the right to sell, assign or otherwise transfer its interests as Owner Participant in any of such leveraged leases, subject to the terms and conditions of the relevant Participation Agreement and related documents.

#### Unused Deposits

The Trustees' obligations to purchase the Equipment Notes issued with respect to each Aircraft are subject to satisfaction of certain conditions at the time of delivery, as set forth in the Note Purchase Agreement. See "Description of the New Certificates -- Obligation to Purchase Equipment Notes". Since the Aircraft are scheduled for delivery from time to time during the Delivery Period, no assurance can be given that all such conditions will be satisfied at the time of delivery for each Aircraft. Moreover, since the Aircraft will be newly manufactured, their delivery as scheduled is subject to delays in the manufacturing process and to the manufacturer's right to postpone deliveries under its agreement with Continental. See "Description of the Aircraft and Appraisals -- Deliveries of Aircraft". Depending on the circumstances of the financing of

each Aircraft, the maximum aggregate principal amount of Equipment Notes may not be issued. In addition, Continental's obligations to Boeing relating to the ordered aircraft and under the Predelivery Deposit Revolver are secured by Continental's purchase agreement with Boeing relating to the Aircraft. Accordingly, if Continental should breach its obligations secured thereby, the secured parties could exercise remedies and prevent delivery of Aircraft to Continental. If any funds remain as Deposits with respect to any Trust at the Delivery Period Termination Date, they will be withdrawn by the Escrow Agent and distributed, with accrued and unpaid interest thereon, plus a premium payable by Continental (i) in the case of the holders of the Certificates issued by the Class A Trust, the Class B Trust and the Class C-I Trust, equal to the Deposit Make-Whole Premium with respect to the aggregate amount of funds so distributed (excluding accrued interest) and (ii) in the case of the holders of the Certificates issued by the Class C-II Trust, equal to the Class C-II Premium with respect to such aggregate amount, to the Certificateholders of such Trust. See "Description of the Deposit Agreements -- Unused Deposits".

#### Special Distributions to Class C-II Certificateholders

The Deposits relating to the Class C-I Trust will be utilized to purchase Series C Equipment Notes prior to the utilization of Deposits relating to Class C-II Trust. If any funds remain as Deposits with respect to any Trust at the Delivery Period Termination Date, they will be withdrawn by the Escrow Agent and distributed, together with accrued and unpaid interest thereon and a premium, to the Certificateholders of such Trust. See "--Unused Deposits". As a result, there is a greater likelihood that a special distribution that will reduce the Pool Balance of the Class C-II Certificates will be required than with respect to the other Certificates. In addition, to the extent that the Class C-II Trust acquires Series C Equipment Notes, such Equipment Notes will relate to fewer Aircraft than the Equipment Notes held by the other Trusts. Accordingly, if Continental exercises its rights under a Lease or Owned Aircraft Indenture to cause the Series C Equipment Notes held by the Class C-II Trust to be redeemed, such as upon termination of the Lease for obsolescence, refunding of such Equipment Notes or payment of stipulated loss value upon the occurrence of an event of loss with respect to the Aircraft that secures such Equipment Notes, the resulting special distribution with respect to the Class C-II Certificates will reduce the Pool Balance of the Class C-II Trust by a greater percentage than the reduction that would be applicable to the other Trusts had such an event occurred with respect to the same number of Aircraft securing Equipment Notes held by the other Trusts. See "Description of the Equipment Notes -- Redemption".

#### Withholding Tax on Foreign Investors

Because of the possibility that the Original Trusts may be treated for United States federal income tax purposes as partnerships engaged in U.S. trades or businesses, tax will be withheld from distributions with respect to the Original Trusts and the Deposits to foreign persons who are beneficial owners of Certificates. Each foreign investor, by accepting an interest in a Certificate, will agree to indemnify the Original Trustee, the Original Trust, and the Paying Agent against any liability for improper failure to withhold tax. Although foreign investors can file United States federal income tax returns seeking refunds of any withheld taxes, there is no assurance that such refund claims will be successful. Even if such refund claims are successful, the refund process will result in a delay in the receipt of cash by foreign investors.

#### Absence of an Established Market

Prior to the Exchange Offer, there has been no public market for the Certificates and neither Continental nor any Trust intends to apply for listing of the Certificates on any national securities exchange or otherwise. Certain of the Initial Purchasers have previously made a market in the Old Certificates and Continental has been advised by the Initial Purchasers that one or more of them presently intend to make a market in the New Certificates, as permitted by applicable laws and regulations, after consummation of the Exchange Offer. None of the Initial Purchasers is obligated, however, to make a market in the Old Certificates or the New Certificates, and any such market making activity may be discontinued at any time without notice at the sole discretion of each Initial Purchaser. There can be no assurance as to the liquidity of the public market for the Certificates or that any active public market for the Certificates will develop or continue. If an active public

market does not develop or continue, the market price and liquidity of the Certificates may be adversely affected.

#### USE OF PROCEEDS

There will be no cash proceeds payable to Continental from the issuance of the New Certificates pursuant to the Exchange Offer. The proceeds from the sale of the Old Certificates issued by each Trust were deposited with the Depository on behalf of the Escrow Agent for the benefit of the Certificateholders of such Trust. Such proceeds will be used to purchase Equipment Notes during the Delivery Period issued, at Continental's election, either (i) by the Owner Trustees to finance the purchase of the Leased Aircraft or (ii) by Continental to finance the purchase of the Owned Aircraft. Prior to the date of this Prospectus, two Boeing 757-224 Aircraft have been delivered, and funds were withdrawn from the Deposits to purchase Equipment Notes in respect of such Aircraft in the aggregate principal amount of \$74.4 million.

#### RATIOS OF EARNINGS TO FIXED CHARGES

The following information for the year ended December 31, 1992 and for the period January 1, 1993 through April 27, 1993 relates to Continental's predecessor, Holdings. Information for the period April 28, 1993 through December 31, 1993, for the years ended December 31, 1994, 1995 and 1996 and for the three months ended March 31, 1996 and 1997 relates to Continental. The information as to Continental has not been prepared on a consistent basis of accounting with the information as to Holdings due to Continental's adoption, effective April 27, 1993, of fresh start reporting in accordance with the American Institute of Certified Public Accountants' Statement of Position 90-7 -- "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" ("SOP 90-7").

For the year ended December 31, 1992, for the periods January 1, 1993 through April 27, 1993 and April 28, 1993 through December 31, 1993 and for the year ended December 31, 1994, earnings were not sufficient to cover fixed charges. Additional earnings of \$131 million, \$979 million, \$60 million and \$667 million would have been required to achieve ratios of earnings to fixed charges of 1.0. The ratio of earnings to fixed charges for the years ended December 31, 1995 and December 31, 1996 was 1.53 and 1.81, respectively. The ratio of earnings to fixed charges for the three months ended March 31, 1996 and March 31, 1997 was 1.70 and 1.88, respectively. For purposes of calculating this ratio, earnings consist of earnings before taxes, minority interest and extraordinary items plus interest expense (net of capitalized interest), the portion of rental expense deemed representative of the interest expense and amortization of previously capitalized interest. Fixed charges consist of interest expense and the portion of rental expense representative of interest expense.

#### THE EXCHANGE OFFER

The summary herein of certain provisions of the Registration Rights Agreement does not purport to be complete and reference is made to the provisions of the Registration Rights Agreement, which has been filed as an exhibit to the Registration Statement and a copy of which is available as set forth under the heading "Available Information".

#### TERMS OF THE EXCHANGE OFFER

##### General

In connection with the issuance of the Old Certificates pursuant to a Purchase Agreement dated as of March 12, 1997, between the Company, the Trusts, the Depository and the Initial Purchasers, the Initial Purchasers and their respective assignees became entitled to the benefits of the Registration Rights Agreement.

Under the Registration Rights Agreement, the Company is obligated to use its best efforts to (i) file the Registration Statement of which this Prospectus is a part for a registered exchange offer with respect to an

issue of new certificates identical in all material respects to the Old Certificates within 120 days after March 21, 1997, the Issuance Date, (ii) cause the Registration Statement to become effective under the Securities Act within 180 days after the Issuance Date, (iii) cause the Registration Statement to remain effective until the closing of the Exchange Offer and (iv) consummate the Exchange Offer within 210 calendar days after the Issuance Date. The Company will keep the Exchange Offer open for a period of not less than 30 days. The Exchange Offer being made hereby, if commenced and consummated within the time periods described in this paragraph, will satisfy those requirements under the Registration Rights Agreement.

Upon the terms and subject to the conditions set forth in this Prospectus and in the Letter of Transmittal (which together constitute the Exchange Offer), all Old Certificates validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the Expiration Date will be accepted for exchange. New Certificates of the same class will be issued in exchange for an equal face amount of outstanding Old Certificates accepted in the Exchange Offer. Old Certificates may be tendered only in integral multiples of \$1,000. This Prospectus, together with the Letter of Transmittal, is being sent to all registered holders as of [ ]. The Exchange Offer is not conditioned upon any minimum principal amount of Old Certificates being tendered for exchange. However, the obligation to accept Old Certificates for exchange pursuant to the Exchange Offer is subject to certain conditions as set forth herein under "-- Conditions".

Old Certificates shall be deemed to have been accepted as validly tendered when, as and if the Trustee has given oral or written notice thereof to the Exchange Agent. The Exchange Agent will act as agent for the tendering holders of Old Certificates for the purposes of receiving the New Certificates and delivering New Certificates to such holders.

Based on interpretations by the staff of the Commission, as set forth in no-action letters issued to third parties, including the Exchange Offer No-Action Letters, the Company believes that the New Certificates issued pursuant to the Exchange Offer in exchange for Old Certificates may be offered for resale, resold or otherwise transferred by holders thereof (other than a broker-dealer who acquired such Old Certificates directly from the Trustee for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any holder that is an "affiliate" of the Company as defined under Rule 405 of the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Certificates are acquired in the ordinary course of such holders' business and such holders are not engaged in, and do not intend to engage in, a distribution of such New Certificates and have no arrangement with any person participate in a distribution of such New Certificates. By tendering the Old Certificates in exchange for New Certificates, each holder, other than a broker-dealer, will represent to the Company that: (i) it is not an affiliate of the Company (as defined under Rule 405 of the Securities Act) nor a broker-dealer tendering Old Certificates acquired directly from the Company for its own account; (ii) any New Certificates to be received by it will be acquired in the ordinary course of its business; and (iii) it is not engaged in, and does not intend to engage in, a distribution of such New Certificates and has no arrangement or understanding to participate in a distribution of the New Certificates. If a holder of Old Certificates is engaged in or intends to engage in a distribution of the New Certificates or has any arrangement or understanding with respect to the distribution of the New Certificates to be acquired pursuant to the Exchange Offer, such holder may not rely on the applicable interpretations of the staff of the Commission and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction. Each Participating Broker-Dealer that receives New Certificates for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Certificates. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a Participating Broker-Dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a Participating Broker-Dealer in connection with resales of New Certificates received in exchange for Old Certificates where such Old Certificates were acquired by such Participating Broker-Dealer as a result of market-making activities or other trading activities. The Company has agreed that, starting on the Expiration Date and ending on the close of business 180 days after the Expiration Date, it will make this Prospectus available to any Participating Broker-Dealer for use in connection with any such resale. See "Plan of Distribution."

In the event that any changes in law or the applicable interpretations of the staff of the Commission do not permit Continental to effect the Exchange Offer, if the Registration Statement is not declared effective within 180 calendar days after the Issuance Date under certain circumstances or the Exchange Offer is not consummated within 210 days after the Issuance Date under certain other circumstances, at the request of a holder not eligible to participate in the Exchange Offer or under certain other circumstances described in the Registration Rights Agreement, Continental will, in lieu of effecting the registration of the New Certificates pursuant to the Registration Statement and at no cost to the holders of Old Certificates, (a) as promptly as practicable file with the Commission a shelf registration statement (the "Shelf Registration Statement") covering resales of the Old Certificates, (b) use its best efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act by the 180th calendar day after the Issuance Date and (c) use its best efforts to keep effective the Shelf Registration Statement for a period of two years after its effective date (or for such shorter period as shall end when all of the Old Certificates covered by the Shelf Registration Statement have been sold pursuant thereto or may be freely sold pursuant to Rule 144 under the Securities Act).

In the event that neither the consummation of the Exchange Offer nor the declaration by the Commission of the Shelf Registration Statement to be effective (each a "Registration Event") occurs on or prior to the 210th calendar day following the Issuance Date, the interest rate per annum borne by the Equipment Notes and Deposits shall be increased by 0.50% from and including such 210th day to but excluding the earlier of (i) the date on which a Registration Event occurs and (ii) the date on which all of the Certificates otherwise become transferable by Certificateholders (other than affiliates or former affiliates of Continental) without further registration under the Securities Act. In the event that the Shelf Registration Statement ceases to be effective at any time during the period specified by the Registration Rights Agreement for more than 60 days, whether or not consecutive, during any 12-month period, the interest rate per annum borne by the Equipment Notes and the Deposits shall be increased by 0.50% from the 61st day of the applicable 12-month period such Shelf Registration Statement ceases to be effective until such time as the Shelf Registration Statement again becomes effective (or, if earlier, the end of such period specified by the Registration Rights Agreement).

Upon consummation of the Exchange Offer, subject to certain exceptions, holders of Old Certificates who do not exchange their Old Certificates for New Certificates in the Exchange Offer will no longer be entitled to registration rights and will not be able to offer or sell their Old Certificates, unless such Old Certificates are subsequently registered under the Securities Act (which, subject to certain limited exceptions, the Company will have no obligation to do), except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. See "Risk Factors -- Risk Factors Relating to the Certificates -- Consequences of Failure to Exchange".

#### Expiration Date; Extensions; Amendments; Termination

The term "Expiration Date" shall mean [ ] (30 calendar days following the commencement of the Exchange Offer), unless the Company, in its sole discretion, extends the Exchange Offer, in which case the term "Expiration Date" shall mean the latest date to which the Exchange Offer is extended. Notwithstanding any extension of the Exchange Offer, if the Exchange Offer is not consummated by October 17, 1997, the interest rate borne by the Equipment Notes and Deposits is subject to increase. See "-- General".

In order to extend the Expiration Date, the Company will notify the Exchange Agent of any extension by oral or written notice and will mail to the record holders of Old Certificates an announcement thereof, each prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Such announcement may state that the Company is extending the Exchange Offer for a specified period of time.

The Company reserves the right (i) to delay acceptance of any Old Certificates, to extend the Exchange Offer or to terminate the Exchange Offer and not permit acceptance of Old Certificates not previously accepted if any of the conditions set forth herein under "-- Conditions" shall have occurred and shall not have been waived by the Company, by giving oral or written notice of such delay, extension or termination to the



Exchange Agent, or (ii) to amend the terms of the Exchange Offer in any manner deemed by it to be advantageous to the holders of the Old Certificates. Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice thereof to the Exchange Agent. If the Exchange Offer is amended in a manner determined by the Company to constitute a material change, the Company will promptly disclose such amendment in a manner reasonably calculated to inform the holders of the Old Certificates of such amendment.

Without limiting the manner in which the Company may choose to make public announcement of any delay, extension, amendment or termination of the Exchange Offer, the Company shall have no obligation to publish, advertise, or otherwise communicate any such public announcement, other than by making a timely release to an appropriate news agency.

#### INTEREST ON THE NEW CERTIFICATES

The New Certificates will accrue interest at the applicable per annum rate for such Trust set forth on the cover page of this Prospectus, from the Issuance Date. Interest on the New Certificates is payable on April 1 and October 1 of each year commencing upon the consummation of the Exchange Offer, subject to the terms of the Intercreditor Agreement.

#### PROCEDURES FOR TENDERING

To tender in the Exchange Offer, a holder must complete, sign and date the Letter of Transmittal, or a facsimile thereof, have the signatures thereon guaranteed if required by the Letter of Transmittal and mail or otherwise deliver such Letter of Transmittal or such facsimile, together with any other required documents, to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date. In addition, either (i) certificates for such Old Certificates must be received by the Exchange Agent along with the Letter of Transmittal, (ii) a timely confirmation of a book-entry transfer (a "Book-Entry Confirmation") of such Old Certificates, if such procedure is available, into the Exchange Agent's account at The Depository Trust Company (the "Book-Entry Transfer Facility") pursuant to the procedure for book-entry transfer described below, must be received by the Exchange Agent prior to the Expiration Date or (iii) the holder must comply with the guaranteed delivery procedures described below. THE METHOD OF DELIVERY OF OLD CERTIFICATES, LETTERS OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE HOLDERS. IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT REGISTERED MAIL, PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED, BE USED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY. NO LETTERS OF TRANSMITTAL OR OLD CERTIFICATES SHOULD BE SENT TO THE COMPANY. Delivery of all documents must be made to the Exchange Agent at its address set forth below. Holders may also request their respective brokers, dealers, commercial banks, trust companies or nominees to effect such tender for such holders.

The tender by a holder of Old Certificates will constitute an agreement between such holder and the Company in accordance with the terms and subject to the conditions set forth herein and in the Letter of Transmittal.

Only a holder of Old Certificates may tender such Old Certificates in the Exchange Offer. The term "holder" with respect to the Exchange Offer means any person in whose name Old Certificates are registered on the books of the Company or any other person who has obtained a properly completed bond power from the registered holder.

Any beneficial owner whose Old Certificates are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact such registered holder promptly and instruct such registered holder to tender on his behalf. If such beneficial owner wishes to tender on his own behalf, such beneficial owner must, prior to completing and executing the Letter of Transmittal and delivering his Old Certificates, either make appropriate arrangements to register ownership of the Old Certificates in such owner's name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a Letter of Transmittal or a notice of withdrawal, as the case may be, must be guaranteed by any member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor" institution within the meaning of Rule 17Ad-15 under the Exchange Act (each an "Eligible Institution") unless the Old Certificates tendered pursuant thereto are tendered (i) by a registered holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the Letter of Transmittal or (ii) for the account of an Eligible Institution.

If the Letter of Transmittal is signed by a person other than the registered holder of any Old Certificates listed therein, such Old Certificates must be endorsed or accompanied by bond powers and a proxy which authorizes such person to tender the Old Certificates on behalf of the registered holder, in each case as the name of the registered holder or holders appears on the Old Certificates.

If the Letter of Transmittal or any Old Certificates or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and unless waived by the Company, evidence satisfactory to the Company of their authority to so act must be submitted with the Letter of Transmittal.

All questions as to the validity, form, eligibility (including time of receipt) and withdrawal of the tendered Old Certificates will be determined by the Company in its sole discretion, which determination will be final and binding. The Company reserves the absolute right to reject any and all Old Certificates not properly tendered or any Old Certificates the acceptance of which would, in the opinion of counsel for the Company, be unlawful. The Company also reserves the absolute right to waive any irregularities or conditions of tender as to particular Old Certificates. The Company's interpretation of the terms and conditions of the Exchange Offer (including the instructions in the Letter of Transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Old Certificates must be cured within such time as the Company shall determine. Neither the Company, the Exchange Agent nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of Old Certificates, nor shall any of them incur any liability for failure to give such notification. Tenders of Old Certificates will not be deemed to have been made until such irregularities have been cured or waived. Any Old Certificates received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned without cost to such holder by the Exchange Agent to the tendering holders of Old Certificates, unless otherwise provided in the Letter of Transmittal, as soon as practicable following the Expiration Date.

In addition, the Company reserves the right in its sole discretion, subject to the provisions of the Pass Through Trust Agreements, to (i) purchase or make offers for any Old Certificates that remain outstanding subsequent to the Expiration Date or, as set forth under "-- Conditions," to terminate the Exchange Offer in accordance with the terms of the Registration Rights Agreement and (ii) to the extent permitted by applicable law, purchase Old Certificates in the open market, in privately negotiated transactions or otherwise. The terms of any such purchases or offers could differ from the terms of the Exchange Offer.

#### ACCEPTANCE OF OLD CERTIFICATES FOR EXCHANGE; DELIVERY OF NEW CERTIFICATES

Upon satisfaction or waiver of all of the conditions to the Exchange Offer, all Old Certificates properly tendered will be accepted, promptly after the Expiration Date, and the New Certificates will be issued promptly after acceptance of the Old Certificates. See "-- Conditions" below. For purposes of the Exchange Offer, Old Certificates shall be deemed to have been accepted for exchange when, as and if the Company has given oral or written notice thereof to the Exchange Agent.

In all cases, issuance of New Certificates for Old Certificates that are accepted for exchange pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of certificates for such Old Certificates or a timely Book-Entry Confirmation of such Old Certificates into the Exchange Agent's account at the Book-Entry Transfer Facility, a properly completed and duly executed Letter of Transmittal and all other required documents. If any tendered Old Certificates are not accepted for any reason set forth in the

terms and conditions of the Exchange Offer or if Old Certificates are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or nonexchanged Old Certificates will be returned without expense to the tendering holder thereof (or, in the case of Old Certificates tendered by book-entry transfer procedures described below, such nonexchanged Old Certificates will be credited to an account maintained with such Book-Entry Transfer Facility) as promptly as practicable after the expiration or termination of the Exchange Offer.

#### BOOK-ENTRY TRANSFER

The Exchange Agent will make a request to establish an account with respect to the Old Certificates at the Book-Entry Transfer Facility for purposes of the Exchange Offer within two business days after the date of this Prospectus. Any financial institution that is a participant in the Book-Entry Transfer Facility's systems may make book-entry delivery of Old Certificates by causing the Book-Entry Transfer Facility to transfer such Old Certificates into the Exchange Agent's account at the Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures for transfer. However, although delivery of Old Certificates may be effected through book-entry transfer at the Book-Entry Transfer Facility, the Letter of Transmittal or facsimile thereof with any required signature guarantees and any other required documents must, in any case, be transmitted to and received by the Exchange Agent at one of the addresses set forth below under "-- Exchange Agent" on or prior to the Expiration Date or the guaranteed delivery procedures described below must be complied with.

#### GUARANTEED DELIVERY PROCEDURES

If a registered holder of the Old Certificates desires to tender such Old Certificates, and the Old Certificates are not immediately available, or time will not permit such holder's Old Certificates or other required documents to reach the Exchange Agent before the Expiration Date, or the procedures for book-entry transfer cannot be completed on a timely basis, a tender may be effected if (i) the tender is made through an Eligible Institution, (ii) prior to the Expiration Date, the Exchange Agent receives from such Eligible Institution a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) and Notice of Guaranteed Delivery, substantially in the form provided by the Company (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Old Certificates and the amount of Old Certificates tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange ("NYSE") trading days after the date of execution of the Notice of Guaranteed Delivery, the certificates for all physically tendered Old Certificates, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and any other documents required by the Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent and (iii) the certificates for all physically tendered Old Certificates, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and all other documents required by the Letter of Transmittal are received by the Exchange Agent within three NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

#### WITHDRAWAL OF TENDERS

Tenders of Old Certificates may be withdrawn at any time prior to 5:00 p.m., New York City time on the Expiration Date.

For a withdrawal to be effective, a written notice of withdrawal must be received by the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date at one of the addresses set forth below under "-- Exchange Agent". Any such notice of withdrawal must specify the name of the person having tendered the Old Certificates to be withdrawn, identify the Old Certificates to be withdrawn (including the principal amount of such Old Certificates) and (where certificates for Old Certificates have been transmitted) specify the name in which such Old Certificates are registered, if different from that of the withdrawing holder. If certificates for Old Certificates have been delivered or otherwise identified to the Exchange Agent, then, prior to the release of such certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an Eligible Institution unless such holder is an Eligible Institution. If Old Certificates have been tendered pursuant to the

procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Old Certificates and otherwise comply with the procedures of such facility. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Company, whose determination shall be final and binding on all parties. Any Old Certificates so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer. Any Old Certificates which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of Old Certificates tendered by book-entry transfer into the Exchange Agent's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures described above, such Old Certificates will be credited to an account maintained with such Book-Entry Transfer Facility for the Old Certificates) as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly withdrawn Old Certificates may be retendered by following one of the procedures described under "-- Procedures for Tendering" and "-- Book-Entry Transfer" above at any time on or prior to the Expiration Date.

#### CONDITIONS

Notwithstanding any other term of the Exchange Offer, Old Certificates will not be required to be accepted for exchange, nor will New Certificates be issued in exchange for, any Old Certificates, and the Company may terminate or amend the Exchange Offer as provided herein before the acceptance of such Old Certificates, if because of any change in law, or applicable interpretations thereof by the Commission, the Company determines that it is not permitted to effect the Exchange Offer, and the Company has no obligation to, and will not knowingly, permit acceptance of tenders of Old Certificates from affiliates of the Company (within the meaning of Rule 405 under the Securities Act) or from any other holder or holders who are not eligible to participate in the Exchange Offer under applicable law or interpretations thereof by the Commission, or if the New Certificates to be received by such holder or holders of Old Certificates in the Exchange Offer, upon receipt, will not be tradable by such holder without restriction under the Securities Act and the Exchange Act and without material restrictions under the "blue sky" or securities laws of substantially all of the states of the United States.

#### EXCHANGE AGENT

Wilmington Trust Company has been appointed as Exchange Agent for the Exchange Offer. Questions and requests for assistance and requests for additional copies of this Prospectus or of the Letter of Transmittal should be directed to the Exchange Agent addressed as follows:

By Mail or Overnight Delivery:  
 Wilmington Trust Company  
 1100 North Market Street  
 Wilmington, Delaware 19890-0001  
 Attention: Jill Rylee

By Hand:  
 Wilmington Trust Company  
 1105 North Market Street, 1st Floor  
 Wilmington, Delaware 19890  
 Attention: Corporate Trust Operations

Facsimile Transmission:  
 (302) 651-1079

Confirm by Telephone:  
 (302) 651-8869  
 Jill Rylee

#### FEES AND EXPENSES

The expenses of soliciting tenders pursuant to the Exchange Offer will be borne by the Company. The principal solicitation for tenders pursuant to the Exchange Offer is being made by mail; however, additional solicitations may be made by telegraph, telephone, teletype, electronic mail or in person by officers and regular employees of the Company.

The Company will not make any payments to brokers, dealers or other persons soliciting acceptances of the Exchange Offer. The Company, however, will pay the Exchange Agent reasonable and customary fees for its services and will reimburse the Exchange Agent for its reasonable out-of-pocket expenses in connection therewith. The Company may also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of the Prospectus and related documents to the beneficial owners of the Old Certificates, and in handling or forwarding tenders for exchange.

The expenses to be incurred in connection with the Exchange Offer will be paid by the Company, including fees and expenses of the Exchange Agent and Trustee and accounting, legal, printing and related fees and expenses.

The Company will pay all transfer taxes, if any, applicable to the exchange of Old Certificates pursuant to the Exchange Offer. If, however, certificates representing New Certificates or Old Certificates for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Old Certificates tendered, or if tendered Old Certificates are registered in the name of any person other than the person signing the Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Old Certificates pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

#### DESCRIPTION OF THE NEW CERTIFICATES

The New Certificates will be issued pursuant to four separate Pass Through Trust Agreements. The following summary describes certain terms of the Certificates, the Deposits and the Pass Through Trust Agreements. The summary does not purport to be complete, and reference is made to all of the provisions of the Pass Through Trust Agreements, the Deposit Agreements, the Escrow Agreements and the Intercreditor Agreement, which have been filed as exhibits to the Registration Statement and copies of which are available as set forth under the heading "Available Information". Except as otherwise indicated, the following summary relates to each of the Trusts and the Certificates issued by each Trust. The terms and conditions governing each of the Trusts are substantially the same, except as described under "-- Subordination" below and except that the principal amount and scheduled principal repayments of the Equipment Notes held by each Trust and the interest rate and maturity date of the Equipment Notes held by each of the Class A Trust, the Class B Trust and the Class C Trusts will differ. The references to Sections in parentheses in the following summary are to the relevant Sections of the Pass Through Trust Agreements unless otherwise indicated.

#### GENERAL

The New Certificates of each Trust will be issued in fully registered form only and will be subject to the provisions described below under "-- Book Entry; Delivery and Form". (Section 3.01) Each New Certificate will represent a fractional undivided interest in the Trust created by the Pass Through Trust Agreement pursuant to which such Certificate is issued. (Section 3.01) The Trust Property of each Trust consists of (i) the rights of such Trust to acquire Equipment Notes under the Note Purchase Agreement issued, at Continental's election in connection with the delivery of each Aircraft during the Delivery Period, either (a) on a nonrecourse basis by an Owner Trustee in each separate leveraged lease transaction with respect to each Leased Aircraft to finance the purchase of such Leased Aircraft by the Owner Trustee, in which case the applicable Leased Aircraft will be leased to Continental, or (b) on a recourse basis by Continental in connection with each separate secured loan transaction with respect to each Owned Aircraft, if any, to finance the purchase of such Owned Aircraft by Continental, (ii) Equipment Notes acquired under the Note Purchase Agreement (consisting, as of the date of this Prospectus, of \$74.4 million principal amount issued with respect to two Boeing 757-224 Aircraft in leveraged lease transactions), (iii) the rights of such Trust under the applicable Escrow Agreement (including the right to request the Escrow Agent to withdraw from

the Depositary funds sufficient to enable such Trust to purchase Equipment Notes on the delivery of each Aircraft during the Delivery Period), (iv) the rights of such Trust under the Intercreditor Agreement (including all monies receivable in respect of such rights), (v) all monies receivable under the Liquidity Facility for such Trust and (vi) funds from time to time deposited with the Trustee in accounts relating to such Trust. The New Certificates represent pro rata shares of the Equipment Notes and other property held in the related Trust and will be issued only in minimum denominations of \$1,000 and integral multiples thereof. (Section 3.01).

On the Transfer Date, each of the Original Trusts will transfer and assign all of its assets and rights to a substantially identical Successor Trust, and the New Trustee will assume the obligations of the related Original Trustee under each transaction document to which such Original Trustee was a party. Upon the effectiveness of such transfer, assignment and assumption, each of the Original Trusts will be liquidated and each of the Certificates will represent the same interest in the Successor Trust as it represented in the Original Trust immediately prior to such transfer, assignment and assumption. Unless the context otherwise requires, all references in this Prospectus to the Trusts, the Trustees, the Pass Through Trust Agreements and similar terms shall be applicable to the Original Trusts until the effectiveness of such transfer, assignment and assumption and thereafter shall be applicable with respect to the Successor Trusts. See "-- Liquidation of Original Trusts".

The Certificates represent interests in the respective Trusts, and all payments and distributions thereon will be made only from the Trust Property of the related Trust. (Section 3.11) The Certificates do not represent an interest in or obligation of Continental, the Trustees, any of the Loan Trustees or Owner Trustees in their individual capacities, any Owner Participant, or any affiliate of any thereof.

Pursuant to the Escrow Agreement applicable to each Trust, the Certificateholders of such Trust as holders of the Escrow Receipts affixed to each Certificate are entitled to certain rights with respect to the Deposits relating to such Trust. Accordingly, any transfer of a Certificate will have the effect of transferring the corresponding rights with respect to the Deposits, and rights with respect to the Deposits may not be separately transferred by Certificateholders. Rights with respect to the Deposits and the Escrow Agreement relating to a Trust, except for the right to request withdrawals for the purchase of Equipment Notes, do not constitute Trust Property of such Trust.

#### SUBORDINATION

Pursuant to the Intercreditor Agreement to which the Trustees, the Subordination Agent and the Liquidity Providers are parties, on each Distribution Date, so long as no Triggering Event shall have occurred (whether or not continuing), all payments received by the Subordination Agent in respect of Equipment Notes and certain other payments will be distributed under the Intercreditor Agreement in the following order: (1) payment of certain Liquidity Obligations to the Liquidity Providers; (2) payment of Expected Distributions to the holders of Class A Certificates; (3) payment of Expected Distributions to the holders of Class B Certificates; (4) payment of Expected Distributions to the holders of Class C Certificates; and (5) payment of certain fees and expenses of the Subordination Agent and the Trustees.

In addition, upon the occurrence of a Triggering Event and at all times thereafter, all payments received by the Subordination Agent in respect of the Equipment Notes and certain other payments will be distributed under the Intercreditor Agreement in the following order: (1) to reimburse the Subordination Agent, the Trustees and certain other parties for the payment of the Administration Expenses and to the Liquidity Providers in payment of the Liquidity Obligations; (2) to the holders of Class A Certificates in payment of Adjusted Expected Distributions; (3) to the holders of Class B Certificates in payment of Adjusted Expected Distributions; and (4) to the holders of Class C Certificates in payment of Adjusted Expected Distributions.

The priority of distributions after a Triggering Event will have the effect in certain circumstances of requiring the distribution to more senior Classes of Certificates of payments received in respect of one or more junior series of Equipment Notes. If this should occur, the interest accruing on the remaining Equipment Notes would in the aggregate be less than the interest accruing on the remaining Certificates because such Certificates include a relatively greater proportion of junior Classes with relatively higher interest rates. As a

result of such possible interest shortfalls, the holders of one or more junior Classes of Certificates may not receive the full amount due them after a Triggering Event even if all Equipment Notes are eventually paid in full.

Payments in respect of the Deposits relating to a Trust are not subject to the subordination provisions of the Intercreditor Agreement.

#### PAYMENTS AND DISTRIBUTIONS

Payments of interest on the Deposits with respect to each Trust and payments of principal, premium (if any) and interest on the Equipment Notes or with respect to other Trust Property held in each Trust will be distributed by the Paying Agent (in the case of the Deposits) or by the Trustee (in the case of Trust Property of such Trust) to Certificateholders of such Trust on the date receipt of such payment is confirmed, except in the case of certain types of Special Payments.

The Deposits held with respect to each Trust and the Equipment Notes held in each Trust will accrue interest at the applicable rate per annum for Certificates to be issued by such Trust set forth on the cover page of this Prospectus, payable on April 1 and October 1 of each year, commencing on October 1, 1997 (or, in the case of Equipment Notes issued after such date, commencing with the first such date to occur after initial issuance thereof). Such interest payments will be distributed to Certificateholders of such Trust on each such date until the final Distribution Date for such Trust, subject in the case of payments on the Equipment Notes to the Intercreditor Agreement. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months. The interest rates for the Deposits and the Equipment Notes are subject to change under certain circumstances. See "The Exchange Offer -- Terms of the Exchange Offer -- General". Payments of interest applicable to the Certificates issued by each of the Trusts are supported by two separate Liquidity Facilities provided by the Liquidity Providers for the benefit of the holders of such Certificates in an aggregate amount sufficient to pay interest thereon at the Stated Interest Rate for such Trust on up to three successive Regular Distribution Dates (without regard to any future payments of principal on such Certificates), except that the Liquidity Facilities with respect to such Trust do not cover interest payable by the Depositary on the Deposits relating to such Trust. The Liquidity Facilities for any Class of Certificates do not provide for drawings thereunder to pay for principal of or premium on the Certificates of such Class, any interest on the Certificates of such Class in excess of the Stated Interest Rates, or, notwithstanding the subordination provisions of the Intercreditor Agreement, principal of or interest or premium on the Certificates of any other Class. Therefore, only the holders of the Certificates to be issued by a particular Trust will be entitled to receive and retain the proceeds of drawings under the Liquidity Facilities for such Trust. See "Description of the Liquidity Facilities".

Payments of principal of the Equipment Notes held in each Trust are scheduled to be received by the Trustee on April 1 and October 1 in certain years depending upon the terms of the Equipment Notes held in such Trust, commencing April 1, 1998. Scheduled payments of interest on the Deposits and of interest or principal on the Equipment Notes are herein referred to as "Scheduled Payments", and April 1 and October 1 of each year are herein referred to as "Regular Distribution Dates". See "Description of the Equipment Notes -- Principal and Interest Payments". The "Final Maturity Date" for the Class A Certificates is October 1, 2016, for the Class B Certificates is October 1, 2014 and for the Class C Certificates is October 1, 2008.

The Paying Agent with respect to each Escrow Agreement will distribute on each Regular Distribution Date to the Certificateholders of the Trust to which such Escrow Agreement relates all Scheduled Payments received in respect of the related Deposits, the receipt of which is confirmed by the Paying Agent on such Regular Distribution Date. The Trustee of each Trust will distribute, subject to the Intercreditor Agreement, on each Regular Distribution Date to the Certificateholders of such Trust all Scheduled Payments received in respect of Equipment Notes held on behalf of such Trust, the receipt of which is confirmed by the Trustee on such Regular Distribution Date. Each Certificateholder of each Trust will be entitled to receive a pro rata share of any distribution in respect of Scheduled Payments of interest on the Deposits relating to such Trust and, subject to the Intercreditor Agreement, of principal or interest on Equipment Notes held on behalf of

such Trust. Each such distribution of Scheduled Payments will be made by the applicable Paying Agent or Trustee to the Certificateholders of record of the relevant Trust on the Record Date applicable to such Scheduled Payment subject to certain exceptions. (Sections 4.01 and 4.02, and Section 2.03 of the Escrow Agreement) If a Scheduled Payment is not received by the applicable Paying Agent or Trustee on a Regular Distribution Date but is received within five days thereafter, it will be distributed to such holders of record on the date received. If it is received after such five-day period, it will be treated as a Special Payment and distributed as described below.

Any payment in respect of, or any proceeds of, any Equipment Note or the Trust Indenture Estate under (and as defined in) each Indenture other than a Scheduled Payment (each, a "Special Payment") will be scheduled to be distributed on, in the case of an early redemption or a purchase of the Equipment Notes relating to one or more Aircraft, the date of such early redemption or purchase (which shall be a Business Day), and otherwise on the Business Day specified for distribution of such Special Payment pursuant to a notice delivered by each Trustee as soon as practicable after the Trustee has received funds for such Special Payment (each a "Special Distribution Date"), subject to the Intercreditor Agreement. Any unused Deposits to be distributed after the Delivery Period Termination Date or the occurrence of a Triggering Event, together with accrued and unpaid interest thereon and the premium payable by Continental (each, also a "Special Payment"), will be scheduled to be distributed on a date 35 days after the Paying Agent has received notice of the event requiring such distribution (also a "Special Distribution Date") unless such date is within 10 days before or after a Regular Distribution Date, in which case such Special Payment shall be made on such Regular Distribution Date. Each Paying Agent, in the case of the Deposits, and each Trustee, in the case of Trust Property or the premium payable by Continental in connection with certain distributions of unused Deposits, will mail a notice to the Certificateholders of the applicable Trust stating the scheduled Special Distribution Date, the related Record Date, the amount of the Special Payment and the reason for the Special Payment. In the case of a redemption or purchase of the Equipment Notes held in the related Trust or any distribution of unused Deposits after the Delivery Period Termination Date or the occurrence of a Triggering Event, such notice will be mailed not less than 20 days prior to the date such Special Payment is scheduled to be distributed, and in the case of any other Special Payment, such notice will be mailed as soon as practicable after the Trustee has confirmed that it has received funds for such Special Payment. (Section 4.02(c) and Section 2.03 of the Escrow Agreement) Each distribution of a Special Payment, other than a final distribution, on a Special Distribution Date for any Trust will be made by the Paying Agent or the Trustee, as applicable, to the Certificateholders of record of such Trust on the Record Date applicable to such Special Payment. (Section 4.02(b) and Section 2.03 of the Escrow Agreement) See "-- Indenture Defaults and Certain Rights Upon an Indenture Default" and "Description of the Equipment Notes -- Redemption".

Each Pass Through Trust Agreement requires that the Trustee establish and maintain, for the related Trust and for the benefit of the Certificateholders of such Trust, one or more accounts (the "Certificate Account") for the deposit of payments representing Scheduled Payments received by such Trustee. Each Pass Through Trust Agreement also requires that the Trustee establish and maintain, for the related Trust and for the benefit of the Certificateholders of such Trust, one or more accounts (the "Special Payments Account") for the deposit of payments representing Special Payments received by such Trustee, which shall be non-interest bearing except in certain circumstances where the Trustee may invest amounts in such account in certain permitted investments. Pursuant to the terms of each Pass Through Trust Agreement, the Trustee is required to deposit any Scheduled Payments relating to the applicable Trust received by it in the Certificate Account of such Trust and to deposit any Special Payments so received by it in the Special Payments Account of such Trust. (Section 4.01) All amounts so deposited will be distributed by the Trustee on a Regular Distribution Date or a Special Distribution Date, as appropriate. (Section 4.02)

Each Escrow Agreement requires that the Paying Agent establish and maintain, for the benefit of the Receiptholders, one or more accounts (the "Paying Agent Account"), which shall be non-interest bearing. Pursuant to the terms of the Escrow Agreement, the Paying Agent is required to deposit interest on Deposits relating to such Trust and any unused Deposits withdrawn by the Escrow Agent in the Paying Agent Account. All amounts so deposited will be distributed by the Paying Agent on a Regular Distribution Date or Special Distribution Date, as appropriate.



The final distribution for each Trust will be made only upon presentation and surrender of the Certificates for such Trust at the office or agency of the Trustee specified in the notice given by the Trustee of such final distribution. The Trustee will mail such notice of the final distribution to the Certificateholders of such Trust, specifying the date set for such final distribution and the amount of such distribution. (Section 11.01) See "-- Termination of the Trusts" below. Distributions in respect of Certificates issued in global form will be made as described in "-- Book Entry; Delivery and Form" below.

If any Regular Distribution Date or Special Distribution Date is a Saturday, Sunday or other day on which commercial banks are authorized or required to close in New York, New York, Houston, Texas, Wilmington, Delaware, or Salt Lake City, Utah (any other day being a "Business Day"), distributions scheduled to be made on such Regular Distribution Date or Special Distribution Date will be made on the next succeeding Business Day without additional interest.

#### POOL FACTORS

The "Pool Balance" for each Trust or for the Certificates issued by any Trust indicates, as of any date, the original aggregate face amount of the Certificates of such Trust less the aggregate amount of all payments made in respect of the Certificates of such Trust or in respect of Deposits relating to such Trust other than payments made in respect of interest or premium thereon or reimbursement of any costs and expenses in connection therewith. The Pool Balance for each Trust or for the Certificates issued by any Trust as of any Regular Distribution Date or Special Distribution Date shall be computed after giving effect to any special distribution with respect to unused Deposits, payment of principal of the Equipment Notes or payment with respect to other Trust Property held in such Trust and the distribution thereof to be made on that date. (Section 1.01)

The "Pool Factor" for each Trust as of any Regular Distribution Date or Special Distribution Date is the quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance by (ii) the original aggregate face amount of the Certificates of such Trust. The Pool Factor for each Trust or for the Certificates issued by any Trust as of any Regular Distribution Date or Special Distribution Date shall be computed after giving effect to any special distribution with respect to unused Deposits, payment of principal of the Equipment Notes or payment with respect to other Trust Property held in such Trust and the distribution thereof to be made on that date. (Section 1.01) The Pool Factor for each Trust was 1.0000000 on the Issuance Date, and will decline as described herein to reflect reductions in the Pool Balance of such Trust. The amount of a Certificateholder's pro rata share of the Pool Balance of a Trust can be determined by multiplying the par value of the holder's Certificate of such Trust by the Pool Factor for such Trust as of the applicable Regular Distribution Date or Special Distribution Date. Notice of the Pool Factor and the Pool Balance for each Trust will be mailed to Certificateholders of such Trust on each Regular Distribution Date and Special Distribution Date. (Section 4.03)

The Mandatory Economic Terms require that, assuming each Aircraft is delivered in the month scheduled for its delivery (see "Description of the Aircraft and the Appraisals -- The Appraisals" for the delivery schedule) and that Equipment Notes in the maximum principal amount in respect of all of the Aircraft are purchased by the Trusts, the scheduled aggregate payments of principal of the Equipment Notes held in each Trust as of each Regular Distribution Date be as set forth in the applicable column below (the "Assumed Amortization Schedule"). In addition, assuming that no early redemption or purchase, or default in the payment of principal, in respect of any Equipment Notes shall occur, the Pool Factors for each Trust after taking into account each such Scheduled Payment will be as set forth below:

DATE	1997-1A TRUST		1997-1B TRUST		1997-1C-I TRUST	
	EQUIPMENT NOTES SCHEDULED PAYMENTS OF PRINCIPAL	1997-1A TRUST EXPECTED POOL FACTOR	EQUIPMENT NOTES SCHEDULED PAYMENTS OF PRINCIPAL	1997-1B TRUST EXPECTED POOL FACTOR	EQUIPMENT NOTES SCHEDULED PAYMENTS OF PRINCIPAL	1997-1C-I TRUST EXPECTED POOL FACTOR
March 21, 1997	\$ 0.00	1.0000000	\$ 0.00	1.0000000	\$ 0.00	1.0000000
October 1, 1997	0.00	1.0000000	0.00	1.0000000	0.00	1.0000000
April 1, 1998	3,934,879.12	0.9910137	1,552,705.03	0.9895323	1,882,103.25	0.9895323
October 1, 1998	1,681,582.29	0.9871734	66,785.83	0.9890821	0.00	0.9890821
April 1, 1999	5,222,970.99	0.9752454	1,129,105.40	0.9814701	1,138,727.15	0.9814701
October 1, 1999	1,785,140.00	0.9711686	304,080.00	0.9794201	229,980.50	0.9794201
April 1, 2000	8,598,044.60	0.9515328	1,752,510.54	0.9676054	5,327,605.14	0.9676054
October 1, 2000	3,208,002.92	0.9442065	304,080.00	0.9655554	12,443.50	0.9655554
April 1, 2001	10,559,336.19	0.9200916	1,934,649.19	0.9525128	11,673,393.02	0.9525128
October 1, 2001	1,785,140.00	0.9160148	609,560.00	0.9484034	4,845,496.82	0.9484034
April 1, 2002	16,672,796.22	0.8779383	2,214,649.16	0.9334732	17,842,891.27	0.9334732
October 1, 2002	2,613,116.99	0.8719706	859,499.57	0.9276788	7,003,522.61	0.9276788
April 1, 2003	7,485,290.53	0.8548760	3,977,291.36	0.9008655	21,300,149.75	0.9008655
October 1, 2003	1,785,140.00	0.8507992	609,560.00	0.8967561	2,640,287.94	0.8967561
April 1, 2004	7,556,409.30	0.8335423	9,438,941.06	0.8331227	18,622,511.38	0.8331227
October 1, 2004	1,785,140.00	0.8294654	609,560.00	0.8290133	4,873,236.58	0.8290133
April 1, 2005	4,169,719.26	0.8199428	17,874,572.95	0.7085102	10,440,888.52	0.7085102
October 1, 2005	1,785,140.00	0.8158660	609,560.00	0.7044008	0.00	0.7044008
April 1, 2006	4,081,965.16	0.8065438	12,148,154.28	0.6225030	2,370,247.10	0.6225030
October 1, 2006	6,009,321.43	0.7928200	4,482,202.42	0.5922858	0.00	0.5922858
April 1, 2007	9,892,990.06	0.7702269	16,738,430.54	0.4794422	889,515.48	0.4794422
October 1, 2007	4,397,087.96	0.7601850	3,826,001.10	0.4536489	0.00	0.4536489
April 1, 2008	13,716,127.67	0.7288608	20,295,722.81	0.3168235	0.00	0.3168235
October 1, 2008	3,671,847.23	0.7204752	400,701.24	0.3141221	0.00	0.3141221
April 1, 2009	16,318,218.06	0.6832085	18,630,088.20	0.1885257	0.00	0.1885257
October 1, 2009	2,445,509.15	0.6776235	2,166,372.54	0.1739210	0.00	0.1739210
April 1, 2010	43,451,307.24	0.5783915	9,711,448.30	0.1084504	0.00	0.1084504
October 1, 2010	185,691.30	0.5779675	0.00	0.1084504	0.00	0.1084504
April 1, 2011	37,047,170.31	0.4933609	7,998,172.64	0.0545300	0.00	0.0545300
October 1, 2011	6,646,530.16	0.4781819	0.00	0.0545300	0.00	0.0545300
April 1, 2012	56,076,129.35	0.3501180	7,751,645.54	0.0022716	0.00	0.0022716
October 1, 2012	0.00	0.3501180	323,595.36	0.0000900	0.00	0.0000900
April 1, 2013	77,092,583.73	0.1740577	13,354.94	0.0000000	0.00	0.0000000
October 1, 2013	1,274,987.73	0.1711459	0.00	0.0000000	0.00	0.0000000
April 1, 2014	43,773,295.63	0.0711786	0.00	0.0000000	0.00	0.0000000
October 1, 2014	10,042,845.35	0.0482432	0.00	0.0000000	0.00	0.0000000
April 1, 2015	21,124,544.06	0.0000000	0.00	0.0000000	0.00	0.0000000

DATE	1997-1C-I TRUST		1997-1C-II TRUST	
	1997-1C-I TRUST EXPECTED POOL FACTOR	EQUIPMENT NOTES SCHEDULED PAYMENTS OF PRINCIPAL	1997-1C-II TRUST EXPECTED POOL FACTOR	EQUIPMENT NOTES SCHEDULED PAYMENTS OF PRINCIPAL
March 21, 1997	1.0000000	\$ 0.00	1.0000000	1.0000000
October 1, 1997	1.0000000	0.00	1.0000000	1.0000000
April 1, 1998	0.9830583	169,416.91	0.9830583	0.9830583
October 1, 1998	0.9830583	0.00	0.9830583	0.9830583
April 1, 1999	0.9728081	102,502.15	0.9728081	0.9728081
October 1, 1999	0.9707379	20,701.62	0.9707379	0.9707379
April 1, 2000	0.9227817	479,562.63	0.9227817	0.9227817
October 1, 2000	0.9226697	1,120.10	0.9226697	0.9226697
April 1, 2001	0.8175920	1,050,776.65	0.8175920	0.8175920
October 1, 2001	0.7739754	436,165.81	0.7739754	0.7739754
April 1, 2002	0.6133632	1,606,122.01	0.6133632	0.6133632
October 1, 2002	0.5503212	630,419.79	0.5503212	0.5503212
April 1, 2003	0.3585886	1,917,326.00	0.3585886	0.3585886
October 1, 2003	0.3348222	237,664.65	0.3348222	0.3348222
April 1, 2004	0.1671922	1,676,299.26	0.1671922	0.1671922
October 1, 2004	0.1233260	438,662.79	0.1233260	0.1233260
April 1, 2005	0.0293426	939,833.16	0.0293426	0.0293426
October 1, 2005	0.0293426	0.00	0.0293426	0.0293426
April 1, 2006	0.0080069	213,357.02	0.0080069	0.0080069
October 1, 2006	0.0080069	0.00	0.0080069	0.0080069
April 1, 2007	0.0000000	80,069.44	0.0000000	0.0000000

October 1, 2007	0.0000000	0.00	0.0000000
April 1, 2008	0.0000000	0.00	0.0000000
October 1, 2008	0.0000000	0.00	0.0000000
April 1, 2009	0.0000000	0.00	0.0000000
October 1, 2009	0.0000000	0.00	0.0000000
April 1, 2010	0.0000000	0.00	0.0000000
October 1, 2010	0.0000000	0.00	0.0000000
April 1, 2011	0.0000000	0.00	0.0000000
October 1, 2011	0.0000000	0.00	0.0000000
April 1, 2012	0.0000000	0.00	0.0000000
October 1, 2012	0.0000000	0.00	0.0000000
April 1, 2013	0.0000000	0.00	0.0000000
October 1, 2013	0.0000000	0.00	0.0000000
April 1, 2014	0.0000000	0.00	0.0000000
October 1, 2014	0.0000000	0.00	0.0000000
April 1, 2015	0.0000000	0.00	0.0000000

The final schedule of principal payments and the resulting schedule of Pool Balances and Pool Factors may change from that set forth above if, among other things, the aggregate principal amount of the Equipment Notes acquired by the Trusts is less than the maximum permitted by the Mandatory Economic Terms, Equipment Notes with respect to any Aircraft are purchased by the Trusts in other than the month currently scheduled for delivery of such Aircraft or Equipment Notes as to which the projected LTVs are lower than other Equipment Notes are not acquired by the Trusts. In addition, the Pool Factor and Pool Balance of each Trust will be recomputed if there has been an early redemption, purchase, or a default in the payment of principal or interest in respect of one or more issues of the Equipment Notes held in a Trust, as described in "-- Indenture Defaults and Certain Rights Upon an Indenture Default" and "Description of the Equipment Notes -- Redemption", or a special distribution attributable to unused Deposits after the Delivery Period Termination Date or the occurrence of a Triggering Event, as described in "Description of the Deposit

Agreements". In the event of (i) any such change in the scheduled repayments or (ii) any such redemption, purchase, default or special distribution, the Pool Factors and the Pool Balances of each Trust so affected will be recomputed after giving effect thereto and notice thereof will be mailed to the Certificateholders of such Trust promptly after the Delivery Period Termination Date in the case of clause (i) and promptly after the occurrence of any event described in clause (ii).

#### REPORTS TO CERTIFICATEHOLDERS

On each Distribution Date, the applicable Paying Agent and Trustee will include with each distribution by it of a Scheduled Payment or Special Payment to Certificateholders of the related Trust a statement, giving effect to such distribution to be made on such Distribution Date, setting forth the following information (per \$1,000 aggregate principal amount of Certificate for such Trust, as to (ii), (iii), (iv) and (v) below):

(i) the aggregate amount of such funds distributed on such Distribution Date under the Pass Through Trust Agreement and the Escrow Agreement, indicating the amount allocable to each source;

(ii) the amount of such distribution under the Pass Through Trust Agreement allocable to principal and the amount allocable to premium (including any premium paid by Continental with respect to unused Deposits), if any;

(iii) the amount of such distribution under the Pass Through Trust Agreement allocable to interest;

(iv) the amount of such distribution under the Escrow Agreement allocable to interest;

(v) the amount of such distribution under the Escrow Agreement allocable to unused Deposits (if any); and

(vi) the Pool Balance and the Pool Factor for such Trust. (Section 4.03)

With respect to the Certificates registered in the name of Cede, as nominee for DTC, on the Record Date prior to each Distribution Date, the applicable Trustee will request from DTC a securities position listing setting forth the names of all DTC Participants reflected on DTC's books as holding interests in the Certificates on such record date. On each Distribution Date, the applicable Paying Agent and Trustee will mail to each such DTC Participant the statement described above and will make available additional copies as requested by such DTC Participant for forwarding to holders of Certificates. (Section 4.03(a))

In addition, after the end of each calendar year, the applicable Trustee and Paying Agent will furnish to each Certificateholder of each Trust at any time during the preceding calendar year a report containing the sum of the amounts determined pursuant to clauses (i), (ii), (iii), (iv) and (v) above with respect to the Trust for such calendar year or, in the event such person was a Certificateholder during only a portion of such calendar year, for the applicable portion of such calendar year, and such other items as are readily available to such Trustee and which a Certificateholder shall reasonably request as necessary for the purpose of such Certificateholder's preparation of its U.S. federal income tax returns. (Section 4.03(b)) With respect to Certificates registered in the name of Cede, as nominee for DTC, such report and such other items shall be prepared on the basis of information supplied to the applicable Trustee by the DTC Participants and shall be delivered by such Trustee to such DTC Participants to be available for forwarding by such DTC Participants to Certificate Owners in the manner described above. (Section 4.03(b))

With respect to the Certificates issued in definitive form, the applicable Paying Agent and Trustee will prepare and deliver the information described above to each Certificateholder of record of each Trust as the name of such Certificateholder appears on the records of the registrar of the Certificates.

#### INDENTURE DEFAULTS AND CERTAIN RIGHTS UPON AN INDENTURE DEFAULT

An event of default under an Indenture (an "Indenture Default") will, with respect to the Leased Aircraft Indentures, include an event of default under the related Lease (a "Lease Event of Default"). See "Description of Equipment Notes-Indenture Default; Notice and Waiver". Since the Equipment Notes issued under an Indenture may be held in more than one Trust, a continuing Indenture Default under such Indenture

would affect the Equipment Notes held by each such Trust. There are no cross-default provisions in the Indentures or in the Leases (unless, in the case of a Lease, otherwise agreed between an Owner Participant and Continental). Consequently, events resulting in an Indenture Default under any particular Indenture may or may not result in an Indenture Default under any other Indenture, and a Lease Event of Default under any particular Lease may or may not constitute a Lease Event of Default under any other Lease. If an Indenture Default occurs in fewer than all of the Indentures, notwithstanding the treatment of Equipment Notes issued under any Indenture under which an Indenture Default has occurred, payments of principal and interest on the Equipment Notes issued pursuant to Indentures with respect to which an Indenture Default has not occurred will continue to be distributed to the holders of the Certificates as originally scheduled, subject to the Intercreditor Agreement. See "Description of the Intercreditor Agreement -- Priority of Distributions".

With respect to each Leased Aircraft, the applicable Owner Trustee and Owner Participant will, under the related Leased Aircraft Indenture, have the right under certain circumstances to cure Indenture Defaults that result from the occurrence of a Lease Event of Default under the related Lease. If the Owner Trustee or the Owner Participant exercises any such cure right, the Indenture Default will be deemed to have been cured.

In the event that the same institution acts as Trustee of multiple Trusts, in the absence of instructions from the Certificateholders of any such Trust, such Trustee could be faced with a potential conflict of interest upon an Indenture Default. In such event, each Trustee has indicated that it would resign as Trustee of one or all such Trusts, and a successor trustee would be appointed in accordance with the terms of the applicable Pass Through Trust Agreement. Wilmington Trust Company is the initial Trustee under each Trust.

Upon the occurrence and continuation of any Indenture Default under any Indenture, the Controlling Party will direct the Indenture Trustee under such Indenture in the exercise of remedies thereunder and may accelerate and sell all (but not less than all) of the Equipment Notes issued under such Indenture to any person, subject to certain limitations. See "Description of Intercreditor Agreement-Sale of Equipment Notes and Aircraft". The proceeds of such sale will be distributed pursuant to the provisions of the Intercreditor Agreement. Any such proceeds so distributed to any Trustee upon any such sale shall be deposited in the applicable Special Payments Account and shall be distributed to the Certificateholders of such Trust on a Special Distribution Date. (Sections 4.01 and 4.02) The market for Equipment Notes at the time of the existence of any Indenture Default may be very limited and there can be no assurance as to the price at which they could be sold. If any such Equipment Notes are sold for less than their outstanding principal amount, certain Certificateholders will receive a smaller amount of principal distributions than anticipated and will not have any claim for the shortfall against Continental, any Liquidity Provider, any Owner Trustee, any Owner Participant or any Trustee.

Any amount, other than Scheduled Payments received on a Regular Distribution Date, distributed to the Trustee of any Trust by the Subordination Agent on account of any Equipment Note or Trust Indenture Estate (as defined in each Indenture) held in such Trust following an Indenture Default under any Indenture will be deposited in the Special Payments Account for such Trust and will be distributed to the Certificateholders of such Trust on a Special Distribution Date. (Sections 4.01 and 4.02) In addition, if, following an Indenture Default under any Leased Aircraft Indenture relating to a Leased Aircraft, the applicable Owner Participant or Owner Trustee exercises its option to redeem or purchase the outstanding Equipment Notes issued under such Leased Aircraft Indenture, the price paid by such Owner Participant or Owner Trustee for the Equipment Notes issued under such Leased Aircraft Indenture and distributed to such Trust by the Subordination Agent will be deposited in the Special Payments Account for such Trust and will be distributed to the Certificateholders of such Trust on a Special Distribution Date. (Sections 4.01 and 4.02)

Any funds representing payments received with respect to any defaulted Equipment Notes, or the proceeds from the sale of any Equipment Notes, held by the Trustee in the Special Payments Account for such Trust will, to the extent practicable, be invested and reinvested by such Trustee in certain permitted investments pending the distribution of such funds on a Special Distribution Date. (Section 4.04) Such permitted investments are defined as obligations of the United States or agencies or instrumentalities thereof for the payment of which the full faith and credit of the United States is pledged and which mature in not

more than 60 days or such lesser time as is required for the distribution of any such funds on a Special Distribution Date. (Section 1.01)

Each Pass Through Trust Agreement provides that the Trustee of the related Trust will, within 90 days after the occurrence of any default, give to the Certificateholders of such Trust notice, transmitted by mail, of all uncured or unwaived defaults with respect to such Trust known to it, provided that, except in the case of default in a payment of principal, premium, if any, or interest on any of the Equipment Notes held in such Trust, the applicable Trustee will be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of such Certificateholders. (Section 7.02) The term "default" as used in this paragraph only with respect to any Trust means the occurrence of an Indenture Default under any Indenture pursuant to which Equipment Notes held by such Trust were issued, as described above, except that in determining whether any such Indenture Default has occurred, any grace period or notice in connection therewith will be disregarded.

Each Pass Through Trust Agreement contains a provision entitling the Trustee of the related Trust, subject to the duty of such Trustee during a default to act with the required standard of care, to be offered reasonable security or indemnity by the holders of the Certificates of such Trust before proceeding to exercise any right or power under such Pass Through Trust Agreement at the request of such Certificateholders. (Section 7.03(e))

Subject to certain qualifications set forth in the Pass Through Trust Agreements and to the Intercreditor Agreement, the Certificateholders of each Trust holding Certificates evidencing fractional undivided interests aggregating not less than a majority in interest in such Trust shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to such Trust or pursuant to the terms of the Intercreditor Agreement, or exercising any trust or power conferred on such Trustee under such Pass Through Trust Agreement or the Intercreditor Agreement, including any right of such Trustee as Controlling Party under the Intercreditor Agreement or as holder of the Equipment Note. (Section 6.04)

In certain cases, the holders of the Certificates of a Trust evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust may on behalf of the holders of all the Certificates of such Trust waive any past Indenture Default under any Indenture pursuant to which Equipment Notes held by such Trust were issued or, if the Trustee of such Trust is the Controlling Party, may direct the Trustee to instruct the applicable Loan Trustee to waive any past Indenture Default and thereby annul any direction given by such holders or Trustee to such Loan Trustee with respect thereto, except (i) a default in the deposit of any Scheduled Payment or Special Payment or in the distribution thereof, (ii) a default in payment of the principal, premium, if any, or interest with respect to any of the Equipment Notes and (iii) a default in respect of any covenant or provision of the related Pass Through Trust Agreement that cannot be modified or amended without the consent of each Certificateholder of such Trust affected thereby. (Section 6.05) Each Indenture provides that, with certain exceptions, the holders of the majority in aggregate unpaid principal amount of the Equipment Notes issued thereunder may on behalf of all such holders waive any past default or Indenture Default thereunder. Notwithstanding such provisions of the Indentures, pursuant to the Intercreditor Agreement only the Controlling Party will be entitled to waive any such past default or Indenture Default.

#### PURCHASE RIGHTS OF CERTIFICATEHOLDERS

Upon the occurrence and during the continuation of a Triggering Event, with ten days' written notice to the Trustee and each Certificateholder of the same Class (i) the Class B Certificateholders will have the right to purchase all, but not less than all, of the Class A Certificates and (ii) the Class C Certificateholders will have the right to purchase all, but not less than all, of the Class A Certificates and the Class B Certificates, in each case at a purchase price equal to the Pool Balance of the relevant Class or Classes of Certificates plus accrued and unpaid interest thereon to the date of purchase without premium but including any other amounts due to the Certificateholders of such Class or Classes. In each case, if prior to the end of the ten-day period, any other Certificateholder of the same Class notifies the purchasing Certificateholder that the other

Certificateholder wants to participate in such purchase, then such other Certificateholder may join with the purchasing Certificateholder to purchase the Certificates pro rata based on the interest in the Trust held by each Certificateholder. (Section 6.01(b))

#### PTC EVENT OF DEFAULT

A PTC Event of Default is defined under each Pass Through Trust Agreement as the failure to pay within 10 Business Days of the due date thereof: (i) the outstanding Pool Balance of the applicable Class of Certificates on the Final Maturity Date for such Class or (ii) interest due on such Class of Certificates on any Distribution Date (unless, in the case of the Class A, B, C-I or C-II Certificates, the Subordination Agent shall have made Interest Drawings, or drawings on the Cash Collateral Account for such Class of Certificates, with respect thereto in an aggregate amount sufficient to pay such interest and shall have distributed such amount to the Trustee entitled thereto). Any failure to make expected principal distributions on any Class of Certificates on any Regular Distribution Date (other than the Final Maturity Date) will not constitute a PTC Event of Default with respect to such Certificates. A PTC Event of Default with respect to the most senior outstanding Class of Certificates resulting from an Indenture Default under all Indentures will constitute a Triggering Event.

#### MERGER, CONSOLIDATION AND TRANSFER OF ASSETS

Continental is prohibited from consolidating with or merging into any other corporation or transferring substantially all of its assets as an entirety to any other corporation unless (i) the surviving successor or transferee corporation shall (a) be a "citizen of the United States" as defined in Title 49 of the United States Code, as amended, relating to aviation (the "Transportation Code"), (b) be a United States certificated air carrier and (c) expressly assume all of the obligations of Continental contained in the Pass Through Trust Agreements, the Note Purchase Agreement, the Indentures, the Participation Agreements and the Leases; and (ii) Continental shall have delivered a certificate and an opinion or opinions of counsel indicating that such transaction complies with such conditions. (Section 5.02) Additionally, after giving effect to such transaction, no Lease Event of Default, in the case of a Leased Aircraft, or Indenture Event of Default, in the case of an Owned Aircraft, shall have occurred and be continuing. (Leases, Section 13.02; Owned Aircraft Indenture, Section 4.09)

The Pass Through Trust Agreements, the Note Purchase Agreement, the Indentures, the Participation Agreements and the Leases do not contain any covenants or provisions which may afford the applicable Trustee or Certificateholders protection in the event of a highly leveraged transaction, including transactions effected by management or affiliates, which may or may not result in a change in control of Continental.

#### MODIFICATIONS OF THE PASS THROUGH TRUST AGREEMENTS AND CERTAIN OTHER AGREEMENTS

Each Pass Through Trust Agreement contains provisions permitting, at the request of the Company, the execution of amendments or supplements to such Pass Through Trust Agreement or, if applicable, to the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility, without the consent of the holders of any of the Certificates of such Trust, (i) to evidence the succession of another corporation to Continental and the assumption by such corporation of Continental's obligations under such Pass Through Trust Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility, (ii) to add to the covenants of Continental for the benefit of holders of such Certificates or to surrender any right or power conferred upon Continental in such Pass Through Trust Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility, (iii) to correct or supplement any provision of such Pass Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility which may be defective or inconsistent with any other provision in such Pass Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility, as applicable, or to cure any ambiguity, correct any mistake or to modify any other provisions with respect to matters or questions arising under such Pass

Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility, provided such action shall not materially adversely affect the interests of the holders of such Certificates, (iv) to comply with any requirement of the Commission, any applicable law, rules or regulations of any exchange or quotation system on which the Certificates are listed, any regulatory body or the Registration Rights Agreement to effectuate the Exchange Offer, (v) to add to such Pass Through Trust Agreement such other provisions as may be expressly permitted by the Trust Indenture Act and (vi) to provide for a successor Trustee or to add to or change any provision of such Pass Through Trust Agreement as shall be necessary to facilitate the administration of the Trust thereunder by more than one Trustee, provided that in each case, such modification or supplement does not adversely affect the status of the Trust as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Code for U.S. federal income tax purposes. (Section 9.01)

Each Pass Through Trust Agreement also contains provisions permitting the execution, with the consent of the holders of the Certificates of the related Trust evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust, and with the consent of the applicable Owner Trustee (such consent not to be unreasonably withheld), of amendments or supplements for the purposes of adding any provisions to or changing or eliminating any of the provisions of such Pass Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility or of modifying the rights and obligations of the Certificateholders, except that no such amendment or supplement may, without the consent of the holder of each Certificate so affected thereby, (a) reduce in any manner the amount of, or delay the timing of, any receipt by the Trustee (or, with respect to the Deposits, the Certificateholders) of payments with respect to the Deposits, the Equipment Notes or other Trust Property held in such Trust or distributions in respect of any Certificate related to such Trust, or change the date or place of any payment in respect of any Certificate, or make distributions payable in coin or currency other than that provided for in such Certificates, or impair the right of any Certificateholder of such Trust to institute suit for the enforcement of any such payment when due, (b) permit the disposition of any Equipment Note held in such Trust, except as provided in such Pass Through Trust Agreement, or otherwise deprive any Certificateholder of the benefit of the ownership of the applicable Equipment Notes, (c) alter the priority of distributions specified in the Intercreditor Agreement in a manner adverse to the Certificateholders, (d) reduce the percentage of the aggregate fractional undivided interests of the Trust provided for in such Pass Through Trust Agreement, the consent of the holders of which is required for any such supplemental trust agreement or for any waiver provided for in such Pass Through Trust Agreement, (e) modify any of the provisions relating to the rights of the Certificateholders in respect of the waiver of events of default or receipt of payment or (f) adversely affect the status of the Trust as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Code for U.S. federal income tax purposes. (Section 9.02)

In the event that a Trustee, as holder (or beneficial owner through the Subordination Agent) of any Equipment Note in trust for the benefit of the Certificateholders of the relevant Trust or as Controlling Party under the Intercreditor Agreement, receives (directly or indirectly through the Subordination Agent) a request for a consent to any amendment, modification, waiver or supplement under any Indenture, any Participation Agreement, any Lease, any Equipment Note or any other related document, the Trustee shall forthwith send a notice of such proposed amendment, modification, waiver or supplement to each Certificateholder of the relevant Trust as of the date of such notice. The Trustee shall request from the Certificateholders a direction as to (a) whether or not to take or refrain from taking (or direct the Subordination Agent to take or refrain from taking) any action which a holder of such Equipment Note or the Controlling Party has the option to take, (b) whether or not to give or execute (or direct the Subordination Agent to give or execute) any waivers, consents, amendments, modifications or supplements as a holder of such Equipment Note or as Controlling Party and (c) how to vote (or direct the Subordination Agent to vote) any Equipment Note if a vote has been called for with respect thereto. Provided such a request for Certificateholder direction shall have been made, in directing any action or casting any vote or giving any consent as the holder of any Equipment Note (or in directing the Subordination Agent in any of the foregoing), (i) other than as Controlling Party, the Trustee shall vote for or give consent to any such action with respect to such Equipment Note in the same



proportion as that of (x) the aggregate face amounts of all Certificates actually voted in favor of or for giving consent to such action by such direction of certificateholders to (y) the aggregate face amount of all outstanding Certificates of the relevant Trust and (ii) as the Controlling Party, the Trustee shall vote as directed in such Certificateholder direction by the Certificateholders evidencing fractional undivided interests aggregating not less than a majority in interest in the relevant Trust (or, in the event that the Trustees of the Class C Trusts jointly are the Controlling Party, as such Trustees, considered in the aggregate, are directed in their respective Certificateholder directions by the Certificateholders of such Trusts evidencing fractional undivided interests aggregating not less than a majority in interest in the Class C Trusts, taken together). For purposes of the immediately preceding sentence, a Certificate shall have been "actually voted" if the Holder of such Certificate has delivered to the Trustee an instrument evidencing such Holder's consent to such direction prior to two Business Days before the Trustee directs such action or casts such vote or gives such consent. Notwithstanding the foregoing, but subject to certain rights of the Certificateholders under the relevant Pass Through Trust Agreement and subject to the Intercreditor Agreement, the Trustee may, in its own discretion and at its own direction, consent and notify the relevant Loan Trustee of such consent (or direct the Subordination Agent to consent and notify the relevant Loan Trustee of such consent) to any amendment, modification, waiver or supplement under the relevant Indenture, Participation Agreement or Lease, any relevant Equipment Note or any other related document, if an Indenture Default under any Indenture shall have occurred and be continuing, or if such amendment, modification, waiver or supplement will not materially adversely affect the interests of the Certificateholders. (Section 10.01)

#### OBLIGATION TO PURCHASE EQUIPMENT NOTES

The Trustees are obligated to purchase the Equipment Notes issued with respect to the Aircraft during the Delivery Period, subject to the terms and conditions of the Note Purchase Agreement. Under the Note Purchase Agreement, Continental has agreed to finance each Aircraft in the manner provided therein and in connection therewith will have the option of entering into a leverage lease financing or a secured debt financing with respect to each Aircraft. The Note Purchase Agreement provides for the relevant parties to enter into (i) with respect to each Leased Aircraft, a Participation Agreement, a Lease and a Leased Aircraft Indenture relating to the financing of such Leased Aircraft and (ii) with respect to each Owned Aircraft, a Participation Agreement and an Owned Aircraft Indenture relating to the financing of such Owned Aircraft. The description of such agreements in this Prospectus is based on the forms of such agreements contemplated by the Note Purchase Agreement. In the case of a Leased Aircraft, the terms of the agreements actually entered into may differ from the forms of such agreements and, consequently, may differ from the description of such agreements contained in this Prospectus. See "Risk Factors -- Risk Factors Relating to the Certificates and the Offering -- Owner Participant; Revisions to Agreements". However, under the Note Purchase Agreement, the terms of such agreements are required to (i) contain the Mandatory Document Terms and (ii) not vary the Mandatory Economic Terms. In addition, Continental is obligated (i) to certify to the Trustees that any such modifications do not materially and adversely affect the Certificateholders and (ii) to obtain written confirmation from each Rating Agency that the use of versions of such agreements modified in any material respect will not result in a withdrawal, suspension or downgrading of the rating of any Class of Certificates. Further, under the Note Purchase Agreement, it is a condition precedent to the obligation of each Trustee to purchase the Equipment Notes related to the financing of an Aircraft that no Triggering Event shall have occurred. The Trustees will have no right or obligation to purchase Equipment Notes after the Delivery Period Termination Date.

The "Mandatory Economic Terms", as defined in the Note Purchase Agreement, require, among other things, that (i) the maximum principal amount of all the Equipment Notes issued with respect to an Aircraft not exceed \$37,600,000 for each Boeing 757-224 Aircraft, \$18,400,000 for each Boeing 737-524 Aircraft and \$24,400,000 for each Boeing 737-724 Aircraft, (ii) the initial loan to aircraft value with respect to an Aircraft (with the value of any Aircraft for these purposes to equal the value for such Aircraft set forth in "Prospectus Summary -- Terms of Certificates -- Equipment Notes and the Aircraft" under the column "Appraised Value"), not exceed 41% in the case of Series A Equipment Notes, 55% in the case of Series B Equipment Notes and 69.99% for Boeing 757-224 Aircraft, 66.19% for Boeing 737-524 Aircraft and 66.25% for Boeing 737-724 Aircraft in the case of Series C Equipment Notes, (iii) the initial average life of the Series A

Equipment Notes not be less than 11.75 nor more than 12.60 years in the case of the 757-224 Aircraft, less than 11.00 nor more than 12.55 years in the case of the 737-524 Aircraft and less than 12.25 nor more than 12.55 years in the case of the 737-724 Aircraft, of the Series B Equipment Notes not be less than 9.00 nor more than 9.75 years in the case of the 757-224 Aircraft, less than 6.90 nor more than 10.52 years in the case of the 737-524 Aircraft and less than 9.75 nor more than 10.05 years in the case of the 737-724 Aircraft and of the Series C Equipment Notes not be less than 4.50 nor more than 5.55 years in the case of the 757-224 Aircraft, less than 3.50 nor more than 7.60 years in the case of the 737-524 Aircraft and less than 5.25 nor more than 5.55 years in the case of the 737-724 Aircraft, (iv) the amortization schedules for each Series of Equipment Notes, assuming the maximum amount thereof in respect of all of the Aircraft are purchased by the Trusts and all Aircraft are delivered as currently scheduled, shall be as set forth in the table under "Description of the New Certificates -- Pool Factors", (v) as of the Delivery Period Termination Date (or if earlier, the date of the occurrence of a Triggering Event), the average life of the Class A Certificates, the Class B Certificates, the Class C-I Certificates and the Class C-II Certificates shall not exceed, respectively, 12.91 years, 10.15 years, 6.00 years and 6.00 years (computed without regard to the acceleration of any Equipment Notes and after giving effect to any special distribution on the Certificates thereafter required in respect of unused Deposits), (vi) the final maturity date of (a) the Series A Equipment Notes not be in excess of 18.025 years after the Issuance Date, (b) the Series B Equipment Notes not be in excess of 16.025 years after the Issuance Date and (c) the Series C Equipment Notes not be in excess of 10.025 years after the Issuance Date, (vii) the original aggregate principal amount of all of the Equipment Notes of each Series shall not exceed the original aggregate face amount of the Certificates issued by the corresponding Trust, (viii) the maximum aggregate principal amount of the Equipment Notes issued with respect to all Boeing 757-224 Aircraft shall not exceed \$300,800,000, all Boeing 737-524 Aircraft shall not exceed \$331,200,000 and all Boeing 737-724 Aircraft shall not exceed \$97,600,000, (ix) the interest rate applicable to each Series of Equipment Notes must be equal to the rate applicable to the Certificates issued by the corresponding Trust, (x) the payment dates for the Equipment Notes and basic rent under the Leases must be April 1 and October 1, (xi) basic rent, stipulated loss values and termination values under the Leases must be sufficient to pay amounts due with respect to the related Equipment Notes, (xii) the amounts payable under the all-risk aircraft hull insurance maintained with respect to each Aircraft must be sufficient to pay the applicable stipulated loss value, subject to certain rights of self-insurance and (xiii) (a) the past due rate in the Indentures and the Leases, (b) the Make-Whole Premium payable under the Indentures, (c) the provisions relating to the redemption and purchase of Equipment Notes in the Indentures, (d) the minimum liability insurance amount on Aircraft in the Leases, (e) the interest rate payable with respect to stipulated loss value in the Leases, and (f) the indemnification of the Loan Trustees, Subordination Agent, Liquidity Providers, Trustees, Escrow Agents and registered holders of the Equipment Notes (in such capacity, the "Note Holders") with respect to certain taxes and expenses, in each case be provided as set forth in the form of Participation Agreements, Lease and Indentures (collectively, the "Aircraft Operative Agreements").

The "Mandatory Document Terms" prohibit modifications in any material adverse respect to certain specified provisions of the Aircraft Operative Agreements contemplated by the Note Purchase Agreement. In the case of the Indentures, such modifications are prohibited (i) to the Granting Clause of the Indentures so as to deprive the Note Holders of a first priority security interest in the Aircraft, certain of Continental's rights under its purchase agreement with the related manufacturer and, in the case of a Leased Aircraft, the Lease or to eliminate the obligations intended to be secured thereby, (ii) to certain provisions relating to the issuance, redemption, purchase, payments, and ranking of the Equipment Notes (including the obligation to pay the Make-Whole Premium in certain circumstances), (iii) to certain provisions regarding Indenture Defaults, remedies relating thereto and rights of the Owner Trustee and Owner Participant in such circumstances, (iv) to certain provisions relating to any replaced airframe or engines with respect to an Aircraft and (v) to the provision that New York law will govern the Indentures. In the case of the Lease, such modifications are prohibited to certain provisions regarding the obligation of Continental (i) to pay basic rent, stipulated loss value and termination value to the Leased Aircraft Trustee, (ii) to record the Leased Aircraft Indenture with the Federal Aviation Administration and to maintain such Indenture as a first-priority perfected mortgage on the related Aircraft, (iii) to furnish certain opinions with respect to a replacement airframe and (iv) to consent to the assignment of the Lease by the Owner Trustee as collateral under the Leased Aircraft

Indenture, as well as modifications which would either alter the provision that New York law will govern the Lease or would deprive the Loan Trustee of rights expressly granted to it under the Leases. In the case of the Participation Agreement, such modifications are prohibited (i) to certain conditions to the obligations of the Trustees to purchase the Equipment Notes issued with respect to an Aircraft involving good title to such Aircraft, obtaining a certificate of airworthiness with respect to such Aircraft, entitlement to the benefits of Section 1110 with respect to such Aircraft and filings of certain documents with the Federal Aviation Administration, (ii) to the provisions restricting the Note Holder's ability to transfer such Equipment Notes, (iii) to certain provisions requiring the delivery of legal opinions and (iv) to the provision that New York law will govern the Participation Agreement. In the case of all of the Aircraft Operative Agreements, modifications are prohibited in any material adverse respect as regards the interest of the Note Holders, the Subordination Agent, the Liquidity Providers or the Loan Trustee in the definition of "Make-Whole Premium". Notwithstanding the foregoing, any such Mandatory Document Term may be modified to correct or supplement any such provision which may be defective or to cure any ambiguity or correct any mistake, provided that any such action shall not materially adversely affect the interests of the Note Holders, the Subordination Agent, the Liquidity Providers, the Mortgagee or the Certificateholders.

#### LIQUIDATION OF ORIGINAL TRUSTS

At the Transfer Date, each of the Original Trusts will transfer and assign all of its assets and rights to a Successor Trust with substantially identical terms, except that (i) the Successor Trusts will not have the right to purchase new Equipment Notes and (ii) Delaware law will govern the Original Trusts and New York law will govern the Successor Trusts. The Trustee of each of the Original Trusts will also act as Trustee of the corresponding Successor Trust, and each New Trustee will assume the obligations of the Original Trustee under each transaction document to which such Original Trustee was a party. Upon effectiveness of such transfer, assignment and assumption, each of the Original Trusts will be liquidated and each of the Certificates will represent the same interest in the Successor Trust as it represented in the Original Trust immediately prior to such transfer and assignment. Unless the context otherwise requires, all references in this Prospectus to the Trusts, the Trustees, the Pass Through Trust Agreements and similar terms shall be applicable with respect to the Original Trusts until the effectiveness of such transfer, assignment and assumption and thereafter shall be applicable with respect to the Successor Trusts. If for any reason such transfer, assignment and assumption cannot be effected to any Successor Trust, the related Original Trust will continue in existence until it is effected.

#### TERMINATION OF THE TRUSTS

The obligations of Continental and the applicable Trustee with respect to a Trust will terminate upon the distribution to Certificateholders of such Trust of all amounts required to be distributed to them pursuant to the applicable Pass Through Trust Agreement and the disposition of all property held in such Trust. The applicable Trustee will send to each Certificateholder of such Trust notice of the termination of such Trust, the amount of the proposed final payment and the proposed date for the distribution of such final payment for such Trust. The final distribution to any Certificateholder of such Trust will be made only upon surrender of such Certificateholder's Certificates at the office or agency of the applicable Trustee specified in such notice of termination. (Section 11.01)

#### THE TRUSTEES

The Trustee for each Trust is Wilmington Trust Company. With certain exceptions, the Trustees make no representations as to the validity or sufficiency of the Pass Through Trust Agreements, the Certificates, the Intercreditor Agreement, the Equipment Notes, the Deposit Agreements, the Escrow Agreements, the Indentures, the Participation Agreements, the Leases or other related documents. (Sections 7.04 and 7.15) The Trustee of any Trust shall not be liable, with respect to the Certificates of such Trust, for any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of Certificates of such Trust evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust. Subject to certain provisions, the Trustees shall be under no obligation to exercise any of their rights or powers

under any Pass Through Trust Agreement at the request of any holders of Certificates issued thereunder unless there shall have been offered to the Trustees reasonable security and indemnity. (Section 7.03(e)) Each Pass Through Trust Agreement provides that the Trustees in their individual or any other capacity may acquire and hold Certificates issued thereunder and, subject to certain conditions, may otherwise deal with Continental, with any Owner Trustee or with any Loan Trustee with the same rights they would have if they were not the Trustees. (Section 7.05)

Any Trustee may resign with respect to any or all of the Trusts of which it is the Trustee at any time, in which event Continental will be obligated to appoint a successor trustee. If any Trustee ceases to be eligible to continue as Trustee with respect to a Trust or becomes incapable of acting as Trustee or becomes insolvent, Continental may, with the consent of the Owner Participants for the Leased Aircraft (which consent shall not be unreasonably withheld), remove such Trustee, or any holder of the Certificates of such Trust for at least six months may, on behalf of such holder and all others similarly situated, petition any court of competent jurisdiction for the removal of such Trustee and the appointment of a successor trustee. Any resignation or removal of the Trustee with respect to a Trust and appointment of a successor trustee for such Trust does not become effective until acceptance of the appointment by the successor trustee. (Sections 7.09 and 7.10) Pursuant to such resignation and successor trustee provisions, it is possible that a different trustee could be appointed to act as the successor trustee with respect to each Trust. All references in this Prospectus to the Trustee should be read to take into account the possibility that the Trusts could have different successor trustees in the event of such a resignation or removal.

Each Pass Through Trust Agreement provides that Continental will pay or cause to be paid the applicable Trustee's fees and expenses. (Section 7.07)

#### BOOK-ENTRY; DELIVERY AND FORM

The New Certificates of each Trust will be represented by one or more permanent global Certificates, in definitive, fully registered form without interest coupons (the "Global Certificates"), to be deposited with the Trustee as custodian for DTC and registered in the name of Cede, as nominee for DTC.

DTC has advised Continental as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provision of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly ("indirect participants").

Ownership of beneficial interests in Global Certificates is limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in the Global Certificates is shown on, and the transfer of that ownership is effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). The laws of some states require that certain purchasers of securities take physical delivery of such securities. Such limits and such laws may limit the market for beneficial interests in the Global Certificates.

So long as DTC or its nominee is the registered owner or holder of the Global Certificates, DTC or such nominee, as the case may be, will be considered the sole record owner or holder of the Certificates represented by such Global Certificates for all purposes under the related Pass Through Trust Agreements. No beneficial owners of an interest in the Global Certificates will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Pass Through Trust Agreements and, if applicable, Euroclear or Cedel.

Payments of the principal of, premium, if any, and interest on the Global Certificates will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither Continental, the Trustee, nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Continental expects that DTC or its nominee, upon receipt of any payment of principal, premium, if any, or interest in respect of the Global Certificates will credit participants' accounts with payments in amounts proportionate to their respective beneficial ownership interests in the principal amount of such Global Certificates, as shown on the records of DTC or its nominee. Continental also expects that payments by participants to owners of beneficial interests in such Global Certificates held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Neither Continental nor the Trustee has any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depository for the Global Certificates and a successor depository is not appointed by within 90 days, the Trusts will issue certificates in definitive, fully registered form in exchange for the Global Certificates.

#### DESCRIPTION OF THE DEPOSIT AGREEMENTS

The following summary describes certain terms of the Deposit Agreements. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Deposit Agreements which have been filed as exhibits to the Registration Statement and copies of which are available as set forth under the heading "Available Information". The provisions of the Deposit Agreements are substantially identical except as otherwise indicated.

#### GENERAL

Under the Escrow Agreements, the Escrow Agent with respect to each Trust has entered into a separate Deposit Agreement with the Depository pursuant to which the Depository has established separate accounts into which the proceeds of the initial sale of the Old Certificates of such Trust were deposited on behalf of such Escrow Agent, from which the Escrow Agent, upon request from the Trustee of such Trust, will make withdrawals and into which such Trustee will make re-deposits during the Delivery Period. Pursuant to the Deposit Agreement with respect to each Trust, on each Regular Distribution Date the Depository will pay to the Paying Agent on behalf of the applicable Escrow Agent, for distribution to the Certificateholders of such Trust, an amount equal to interest accrued on the Deposits relating to such Trust during the relevant interest period at a rate per annum equal to the interest rate applicable to the Certificates issued by such Trust. The interest rates payable on the Deposits are subject to change under certain circumstances described in "The Exchange Offer -- Terms of the Exchange Offer--General". Upon each delivery of an Aircraft during the Delivery Period, the Trustees for the Class A Trust, the Class B Trust and the Class C-I Trust (or, if the Deposits relating to the Class C-I Trust have been fully withdrawn, the Class C-II Trust) will request the Escrow Agent relating to such Trust to withdraw from the Deposits relating to such Trust funds sufficient to enable the Trustee of such Trust to purchase the Equipment Note of the series applicable to such Trust issued with respect to such Aircraft. Accrued but unpaid interest on all such Deposits withdrawn will be paid on the next Regular Distribution Date. Any portion of any Deposit withdrawn which is not used to purchase such Equipment Note will be re-deposited by each Trustee into an account relating to the applicable Trust. Prior to the date of this Prospectus, two Boeing 757-224 Aircraft have been delivered and funds were withdrawn from the Deposits to purchase Equipment Notes in respect of such Aircraft in the aggregate principal amount of \$74.4 million in leveraged lease transactions. The Deposits relating to each Trust and interest paid thereon are

not subject to the subordination provisions of the Intercreditor Agreement and will not be available to pay any other amount in respect to the Certificates.

#### UNUSED DEPOSITS

The Trustees' obligations to purchase the Equipment Notes issued with respect to each Aircraft are subject to satisfaction of certain conditions at the time of delivery, as set forth in the Note Purchase Agreement. See "Description of the New Certificates -- Obligation to Purchase Equipment Notes". Since the Aircraft are scheduled for delivery from time to time during the Delivery Period, no assurance can be given that all such conditions will be satisfied at the time of delivery for each Aircraft. Moreover, since the Aircraft will be newly manufactured, their delivery as scheduled is subject to delays in the manufacturing process and to the manufacturer's right to postpone deliveries under its agreement with Continental. See "Description of the Aircraft and Appraisals -- Deliveries of Aircraft". Depending on the circumstances of the financing of each Aircraft, the maximum aggregate principal amount of Equipment Notes may not be issued. In addition, Continental's obligations to Boeing relating to ordered aircraft and the Predelivery Deposit Revolver are secured by Continental's purchase agreements with Boeing relating to the Aircraft. Accordingly, if Continental should breach its obligations secured thereby, the secured parties could exercise remedies and prevent delivery of Aircraft to Continental. If any funds remain as Deposits with respect to any Trust at the Delivery Period Termination Date, they will be withdrawn by the Escrow Agent and distributed, with accrued and unpaid interest thereon, plus a premium payable by Continental (i) in the case of the holders of Certificates issued by the Class A Trust, the Class B Trust and the Class C-I Trust, equal to the Deposit Make-Whole Premium with respect to the aggregate amount of funds so distributed (excluding accrued interest) and (ii) in the case of the holders of Certificates issued by the Class C-II Trust, equal to the Class C-II Premium with respect to such aggregate amount, to the Certificateholders of such Trust after at least 20 days' prior written notice.

"Deposit Make-Whole Premium" means, with respect to the distribution of unused Deposits to holders of any Class of Certificates, as of any date of determination, an amount equal to the excess, if any, of (a) the present value of the excess of (i) the scheduled payment of principal and interest to maturity of the Equipment Notes, assuming the maximum principal amount thereof were issued, on each remaining Regular Distribution Date for such Class under the Assumed Amortization Schedule over (ii) the scheduled payment of principal and interest to maturity of the Equipment Notes actually acquired by the Trustee for such Class on each such Regular Distribution Date, such present value computed by discounting such excess on a semiannual basis on each Regular Distribution Date (assuming a 360-day year of twelve 30-day months) using a discount rate equal to the Treasury Yield over (b) the amount of such unused Deposits to be distributed to the holders of such Certificates plus accrued and unpaid interest to but excluding the date of determination from and including the preceding Regular Distribution Date (or if such date of determination precedes the first Regular Distribution Date, the date of issuance of the Old Certificates).

"Class C-II Premium" means, as of any date of determination, with respect to the distribution of unused Deposits to holders of Class C-II Certificates, (a) if Equipment Notes with respect to all of the Aircraft (or Substitute Aircraft in lieu thereof) have been purchased by the Trusts prior to the date of determination, an amount equal to the excess, if any, of (i) the present value of the excess of (x) the scheduled payment of principal and interest to maturity of the Equipment Notes on each remaining Regular Distribution Date for the Class C-II Certificates under the Assumed Amortization Schedule over (y) the scheduled payment of principal and interest to maturity of the Equipment Notes actually acquired by the Trustee for such Class on each such Regular Distribution Date, such present value computed by discounting such excess on a semiannual basis on each Regular Distribution Date (assuming a 360-day year of twelve 30-day months) using a discount rate equal to the "Adjusted Treasury Yield" (meaning the Treasury Yield plus 42 basis points) over (ii) the amount of such unused Deposits to be distributed to the holders of such Certificates plus accrued and unpaid interest to but excluding the date of determination from and including the preceding Regular Distribution Date (or if such date of determination precedes the first Regular Distribution Date, the date of issuance of the Old Certificates) or (b) in any other case, an amount equal to the sum of (i) a premium calculated pursuant to the preceding clause (a) determined with respect to the portion of such

unused Deposits that would have remained unused had the maximum principal amount of Series C Equipment Notes been purchased with respect to each of the Aircraft as to which Equipment Notes were not actually purchased by any of the Trusts and as to which no replacement by a Substitute Aircraft was made and (ii) the Deposit Make-Whole Premium determined with respect to the balance of such unused Deposits.

#### DISTRIBUTION UPON OCCURRENCE OF TRIGGERING EVENT

If a Triggering Event shall occur prior to the Delivery Period Termination Date, the Escrow Agent for each Trust will withdraw any funds then held as Deposits with respect to such Trust and cause such funds, with accrued and unpaid interest thereon but without any premium, to be distributed to the Certificateholders of such Trust by the Paying Agent on behalf of the Escrow Agent, after at least 20 days' prior written notice. Accordingly, if a Triggering Event occurs prior to the Delivery Period Termination Date, the Trusts will not acquire Equipment Notes issued with respect to Aircraft delivered after the occurrence of such Triggering Event.

#### DEPOSITARY

The Depositary is Credit Suisse First Boston, New York Branch. Credit Suisse First Boston is a Swiss Bank and is one of the largest banking institutions in the world, with total consolidated assets of approximately Sfr 412 billion (\$307 billion) and total consolidated shareholders' equity of approximately Sfr 9.7 billion (\$7.2 billion), in each case as of December 31, 1996, on a pro forma basis. As a "universal bank" (engaged in both commercial and investment banking activities), Credit Suisse First Boston provides a full range of banking and financial services from locations around the globe to corporate, institutional and public sector clients. Credit Suisse, the predecessor to Credit Suisse First Boston, was founded in 1856 in Zurich and is the oldest of Switzerland's three principal banks. Banking operations of Credit Suisse in the United States began in 1940 and are currently conducted through branches of Credit Suisse First Boston in New York and Los Angeles and a representative office in Chicago.

Effective January 1, 1997, Credit Suisse First Boston became the successor to the institutional asset management business and the global corporate and investment banking business of Credit Suisse Group (formerly CS Holding) and its principal international banking subsidiary, Credit Suisse. The global corporate and investment banking business is largely conducted through Credit Suisse First Boston and its subsidiaries (together, the "CSFB Business Unit"), including Credit Suisse First Boston Corporation, a U.S. registered broker-dealer, which acted as an Initial Purchaser of the Old Certificates. The CSFB Business Unit has four core business divisions: (i) the corporate and investment banking division, (ii) the trading division, (iii) Credit Suisse Financial Products and (iv) the private equity division.

Credit Suisse Group (formerly CS Holding) is the parent of Credit Suisse First Boston. Credit Suisse Group is also the parent of Credit Suisse, a Swiss bank which effective January 1, 1997 became the successor to the Swiss domestic banking operations and global private banking operations of the former Credit Suisse and its affiliate Swiss Volksbank.

Credit Suisse First Boston is subject to regulation by the Swiss Federal Banking Commission and the Swiss National Bank. Under Swiss banking law, a bank is subject to inspection and supervision by an independent auditing firm and is required to maintain an adequate relationship between its equity resources and its total liabilities. The New York Branch of Credit Suisse First Boston is licensed and subject to supervision and regulation by the Superintendent of Banks of the State of New York. It is examined by the New York State Banking Department and is subject to banking laws and regulations applicable to a foreign bank that operates a New York branch. It is also subject to review and supervision by the Federal Reserve Bank.

Credit Suisse First Boston has long-term unsecured debt ratings of Aa3 from Moody's and AA from Standard & Poor's and short-term unsecured debt ratings of P-1 from Moody's and A-1+ from Standard & Poor's.

Credit Suisse First Boston's principal office is at Uetlihof, Uetlibergstrasse 231, CH-8045, Zurich, Switzerland, and its New York Branch has executive offices at Eleven Madison Avenue, New York, New York 10010, (212) 325-9000. A copy of the Annual Report of Credit Suisse for the year ended December 31, 1996 may be obtained from Credit Suisse First Boston by delivery of a written request to its New York Branch, Attention: Corporate Affairs.

#### DESCRIPTION OF THE ESCROW AGREEMENTS

The following summary describes certain terms of the Escrow Agreements, which have been filed as exhibits to the Registration Statement and copies of which are available as set forth under the heading "Available Information". The summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Escrow Agreements.

Each Escrow Agent, each Paying Agent, each Trustee and the Initial Purchasers have entered into a separate Escrow Agreement for the benefit of the Certificateholders of each Trust as holders of the Escrow Receipts affixed thereto (in such capacity, a "Receiptholder"). The cash proceeds of the initial sale of Old Certificates of each Trust have been deposited on behalf of the Escrow Agent (for the benefit of Receiptholders) with the Depositary as Deposits relating to such Trust. The Escrow Agent of each Trust has been given irrevocable instructions (i) to permit the Trustee of such Trust to cause funds to be withdrawn from such Deposits on or prior to the Delivery Period Termination Date for the purpose of enabling such Trustee to purchase Equipment Notes on and subject to the terms and conditions of the Note Purchase Agreement and (ii) to direct the Depositary to pay interest on the Deposits accrued in accordance with the Deposit Agreement to the Paying Agent for distribution to the Receiptholders.

Each Escrow Agreement requires that the Paying Agent establish and maintain, for the benefit of the related Receiptholders, one or more Paying Agent Account(s), which shall be non-interest-bearing. Pursuant to the terms of the Escrow Agreement, the Paying Agent is required to deposit interest on Deposits relating to each Trust and any unused Deposits withdrawn by the Escrow Agent in the Paying Agent Account. All amounts so deposited will be distributed by the Paying Agent on a Regular Distribution Date or Special Distribution Date, as appropriate.

Upon receipt by the Depositary on behalf of the Escrow Agent of the cash proceeds from the Old Certificates as described above, the Escrow Agent issued Escrow Receipts which were affixed by the relevant Trustee to each Old Certificate. Each Escrow Receipt evidences a fractional undivided interest in amounts from time to time deposited into the Paying Agent Account and is limited in recourse to amounts deposited into such Account. An Escrow Receipt may not be assigned or transferred except in connection with the assignment or transfer of the Certificate to which it is affixed. Each Escrow Receipt will be registered by the Escrow Agent in the same name and manner as the Certificate to which it is affixed. Escrow Receipts will be affixed to New Certificates issued pursuant to the Exchange Offer.

#### DESCRIPTION OF THE LIQUIDITY FACILITIES

The following summary describes certain terms of the Liquidity Facilities and certain provisions of the Intercreditor Agreement relating to the Liquidity Facilities. The summary does not purport to be complete and reference is made to all of the provisions of the Liquidity Facilities and certain provisions of the Intercreditor Agreement, each of which has been filed as an exhibit to the Registration Statement and copies of which are available as set forth under the heading "Available Information". The provisions of the Liquidity Facilities are substantially identical except as otherwise indicated.

#### GENERAL

Each Liquidity Provider will enter into a separate Liquidity Facility with the Subordination Agent with respect to the Certificates of each of the Trusts pursuant to which the Liquidity Providers will make one or more advances to the Subordination Agent to pay interest on such Certificates subject to certain limitations. The Liquidity Facilities for each Trust are intended to enhance the likelihood of timely receipt by the



Certificateholders of such Trust of the interest payable on the Certificates of such Trust at the Stated Interest Rate therefor on up to three consecutive semiannual Regular Distribution Dates. If interest payment defaults occur which exceed the amount covered by or available under the Liquidity Facilities for any Trust, the Certificateholders of such Trust will bear their allocable share of the deficiencies to the extent that there are no other sources of funds. Although ABN AMRO and ING are the initial Liquidity Providers for each of the Trusts, ABN AMRO and ING each may be replaced by one or more other entities with respect to the Trusts under certain circumstances. Therefore, the Liquidity Providers for each Trust may differ.

#### DRAWINGS

The initial amount available under the Liquidity Facilities for the Class A Trust, the Class B Trust, the Class C-I Trust and the Class C-II Trust at April 1, 1998, the first Regular Distribution Date after the scheduled Delivery Period Termination Date, assuming that Equipment Notes in the maximum principal amount with respect to all Aircraft are acquired by the Trusts and that all interest and principal due on or prior to April 1, 1998 is paid, will be \$48,564,521, \$16,426,917, \$12,155,173 and \$1,094,144, respectively. Except as otherwise provided below, the Liquidity Facilities for each Trust will enable the Subordination Agent to make Interest Drawings thereunder promptly after any Regular Distribution Date to pay interest then due and payable on the Certificates of such Trust at the Stated Interest Rate for such Trust to the extent that the amount, if any, available to the Subordination Agent on such Regular Distribution Date is not sufficient to pay such interest; provided, however, that the maximum amount available to be drawn under a Liquidity Facility with respect to any Trust on any Regular Distribution Date to fund any shortfall of interest on Certificates of such Trust will not exceed the then Maximum Available Commitment under such Liquidity Facility. The Liquidity Facilities for any Trust do not provide for drawings thereunder to pay for principal of or premium on the Certificates of such Trust or any interest on the Certificates of such Trust in excess of the Stated Interest Rate for such Trust or more than three semiannual installments of interest thereon or principal of or interest or premium on the Certificates of any other Trust. (Liquidity Facilities, Section 2.02; Intercreditor Agreement, Section 3.6) In addition, the Liquidity Facilities with respect to each Trust will not cover interest payable by the Depository on the Deposits relating to such Trust.

Each payment by the Liquidity Provider under each Liquidity Facility reduces pro tanto the Maximum Available Commitment under such Liquidity Facility, subject to reinstatement as hereinafter described. With respect to any Interest Drawings under either Liquidity Facility for any Trust, upon reimbursement of the relevant Liquidity Provider in full for the amount of such Interest Drawings plus interest thereon, the Maximum Available Commitment under such Liquidity Facility in respect of interest on the Certificates of such Trust will be reinstated to an amount not to exceed the Stated Portion of the then Required Amount of such Liquidity Facility; provided, however, that such Liquidity Facility will not be so reinstated at any time after (i) a Liquidity Event of Default shall have occurred and be continuing and (ii) less than 65% of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes. With respect to any other drawings under such Liquidity Facility, amounts available to be drawn thereunder are not subject to reinstatement. The Required Amount of the Liquidity Facilities for any Trust will be automatically increased or reduced from time to time to an amount equal to the next three successive interest payments due on the Certificates of such Trust (without regard to expected future payment of principal of such Certificates) at the Stated Interest Rate for such Trust, but excluding interest payable by the Depository as described above. (Liquidity Facilities, Section 2.04(a); Intercreditor Agreement, Section 3.6(j))

If at any time the short-term unsecured debt rating of a Liquidity Provider for any Trust then issued by either Rating Agency is lower than the Threshold Rating, the Liquidity Facility provided by such Liquidity Provider for the related Class of Certificates will be required to be replaced. In the event that such Liquidity Facility is not replaced within 10 days after notice of the downgrading and as otherwise provided in the Intercreditor Agreement, the Subordination Agent will request the Downgrade Drawing in an amount equal to the then Maximum Available Commitment thereunder and will hold the proceeds thereof in the Cash Collateral Account for such Trust as cash collateral to be used for the same purposes and under the same circumstances as cash payments of Interest Drawings under such Liquidity Facility would be used. (Liquidity Facilities, Section 2.02(c); Intercreditor Agreement, Section 3.6(c))

A "Replacement Facility" for any Liquidity Facility means an irrevocable liquidity facility in substantially the form of the replaced Liquidity Facility, including reinstatement provisions, or in such other form (which may include a letter of credit) as shall permit the Rating Agencies to confirm in writing their respective ratings then in effect for the Certificates (before downgrading of such ratings, if any, as a result of the downgrading of the applicable Liquidity Provider), in a face amount equal to the Stated Portion of the amount of interest payable on the Certificates of such Trust (at the Stated Interest Rate for such Trust, and without regard to expected future principal payments) on the three Regular Distribution Dates following the date of replacement of such Liquidity Facility (which will not cover scheduled interest payments with respect to the Deposits relating to such Trust) and issued by a Person having unsecured short-term debt ratings issued by both Rating Agencies which are equal to or higher than the Threshold Rating. (Intercreditor Agreement, Section 1.1)

"Threshold Rating" means the short-term unsecured debt rating of P-1 by Moody's and A-1+ by Standard & Poor's.

Each Liquidity Facility for each Trust provides that the relevant Liquidity Provider's obligations thereunder will expire on the earliest of (i) 364 days after the Issuance Date; (ii) the date on which the Subordination Agent delivers to such Liquidity Provider a certification that all of the Certificates of such Trust have been paid in full; (iii) the date on which the Subordination Agent delivers to such Liquidity Provider a certification that a Replacement Facility has been substituted for such Liquidity Facility; (iv) the fifth Business Day following receipt by the Subordination Agent of a Termination Notice from such Liquidity Provider (see "-- Liquidity Events of Default"); and (v) the date on which no amount is or may (by reason of reinstatement) become available for drawing under such Liquidity Facility. Each Liquidity Facility provides that the scheduled expiration date thereof may be extended for additional 364-day periods by mutual agreement. The Intercreditor Agreement will provide for the replacement of any Liquidity Facility for any Trust (other than a Liquidity Facility which expires no earlier than 15 days later than the final maturity date) in the event that such Liquidity Facility is not extended at least 25 days prior to its then scheduled expiration date. In the event such Liquidity Facility is not so extended or replaced by the 25th day prior to its then scheduled expiration date, the Subordination Agent shall request the Non-Extension Drawing in an amount equal to the then Maximum Available Commitment thereunder and hold the proceeds thereof in the Cash Collateral Account for such Trust as cash collateral to be used for the same purposes and under the same circumstances, and subject to the same conditions, as cash payments of Interest Drawings under such Liquidity Facility would be used. (Liquidity Facilities, Section 2.02(b))

Continental may, at its option, arrange for a Replacement Facility at any time to replace either Liquidity Facility for any Trust (including without limitation any Replacement Facility described in the following sentence). In addition, if any Liquidity Provider shall determine not to extend its Liquidity Facility, then such Liquidity Provider may, at its option, arrange for a Replacement Facility to replace such Liquidity Facility during the period no earlier than 40 days and no later than 25 days prior to the then scheduled expiration date of such Liquidity Facility. If any Replacement Facility is provided at any time after the Downgrade Drawing or a Non-Extension Drawing under such Liquidity Facility, the funds with respect to the relevant Liquidity Facility on deposit in the Cash Collateral Account for such Trust will be returned to the Liquidity Provider being replaced. (Intercreditor Agreement, Section 3.6(e))

The Intercreditor Agreement provides that, upon receipt by the Subordination Agent of a Termination Notice with respect to any Liquidity Facility from the relevant Liquidity Provider (given as described in "-- Liquidity Events of Default"), the Subordination Agent will request a Final Drawing under such Liquidity Facility in an amount equal to the then Maximum Available Commitment thereunder and will hold the proceeds thereof in the Cash Collateral Account for the related Trust as cash collateral to be used for the same purposes and under the same circumstances, and subject to the same conditions, as cash payments of Interest Drawings under such Liquidity Facility would be used. (Liquidity Facilities, Section 2.02(d); Intercreditor Agreement, Section 3.6(i))

Drawings under any Liquidity Facility will be made by delivery by the Subordination Agent of a certificate in the form required by such Liquidity Facility. Upon receipt of such a certificate, the relevant

Liquidity Provider is obligated to make payment of the drawing requested thereby in immediately available funds. Upon payment by any Liquidity Provider of the amount specified in any drawing under any Liquidity Facility, such Liquidity Provider will be fully discharged of its obligations under such Liquidity Facility with respect to such drawing and will not thereafter be obligated to make any further payments under such Liquidity Facility in respect of such drawing to the Subordination Agent or any other person.

#### REIMBURSEMENT OF DRAWINGS

Amounts drawn under any Liquidity Facility by reason of an Interest Drawing or the Final Drawing will be immediately due and payable, together with interest on the amount of such drawing, with respect to the period from the date of its borrowing to (but excluding) the third business day following the applicable Liquidity Provider's receipt of the notice of such Interest Drawing, at the Base Rate plus 1.75% per annum, and thereafter, at LIBOR for the applicable Interest Period plus 1.75% per annum, provided that, in the case of a Final Drawing, the Subordination Agent may convert the Final Drawing into a Drawing bearing interest at the Base Rate plus 1.75% per annum on the last day of an Interest Period for such Drawing; provided, further, that the Subordination Agent will be obligated to reimburse such amounts only to the extent that the Subordination Agent has funds available therefor.

The amount drawn under any Liquidity Facility for any Trust by reason of a Downgrade Drawing or a Non-Extension Drawing will be treated as follows: (i) such amount will be released on any Distribution Date to the relevant Liquidity Provider to the extent that such amount exceeds the Stated Portion of the Required Amount; (ii) any portion of such amount withdrawn from the Cash Collateral Account for such Certificates to pay interest on such Certificates will be treated in the same way as Interest Drawings; and (iii) the balance of such amount will be invested in Eligible Investments. The Downgrade Drawing under any Liquidity Facility (other than any portion thereof applied to the payment of interest on the Certificates) will bear interest (i) during the period from the date of its borrowing to (but excluding) the stated expiry date of such Liquidity Facility, in an amount equal to the investment earnings on amounts deposited in the relevant Cash Collateral Account attributable to such Liquidity Facility plus .35% per annum on the amount of such Downgrade Drawing and (ii) thereafter, at a rate equal to LIBOR for the applicable Interest Period plus .40% per annum, and a Non-Extension Drawing (other than any portion thereof applied to the payment of interest on the Certificates) will bear interest with respect to the period from the date of borrowing to (but excluding) the third Business Day following the applicable Liquidity Provider's receipt of the notice of such Non-Extension Drawing, at the Base Rate plus .40% per annum, and thereafter at LIBOR for the applicable Interest Period plus .40% per annum; provided that the Subordination Agent will be obligated to pay such amount only to the extent that the Subordination Agent has funds available therefor. (Liquidity Facilities, Section 2.06)

#### LIQUIDITY EVENTS OF DEFAULT

Events of Default under each Liquidity Facility (each, a "Liquidity Event of Default") will consist of: (i) the acceleration of all the Equipment Notes (provided, that during the Delivery Period the aggregate principal amount thereof exceeds \$280 million) and (ii) certain bankruptcy or similar events involving Continental. (Liquidity Facilities, Section 1.01)

If (i) any Liquidity Event of Default under any Liquidity Facility has occurred and is continuing and (ii) less than 65% of the aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes, the applicable Liquidity Provider may, in its discretion, give a notice of termination of the related Liquidity Facility (a "Termination Notice") the effect of which will be to cause (i) such Liquidity Facility to expire on the fifth Business Day after the date on which such Termination Notice is received by the Subordination Agent, (ii) the Subordination Agent to promptly request, and the Liquidity Provider to make, a Final Drawing thereunder in an amount equal to the then Maximum Available Commitment thereunder, (iii) any Drawing remaining unreimbursed as of the date of termination to be automatically converted into a Final Drawing under such Liquidity Facility, and (iv) all amounts owing to such Liquidity Provider automatically to become accelerated. Notwithstanding the foregoing, the Subordination Agent will be obligated to pay amounts owing to the Liquidity Providers only to the extent of funds available therefor after giving effect to the payments in accordance with the provisions set forth under "Description of the

Intercreditor Agreement -- Priority of Distributions". (Liquidity Facilities, Section 6.01) Upon the circumstances described below under "Description of the Intercreditor Agreement -- Intercreditor Rights", a Liquidity Provider may become the Controlling Party with respect to the exercise of remedies under the Indentures. (Intercreditor Agreement, Section 2.6(c))

#### LIQUIDITY PROVIDERS

The initial Liquidity Providers for each Trust are ABN AMRO and ING, each of which is a bank organized under the laws of the Netherlands. ABN AMRO has short term debt ratings of P-1 from Moody's and A-1+ from Standard & Poor's. ING has short term debt ratings of P-1 from Moody's and A-1+ from Standard & Poor's.

#### DESCRIPTION OF THE INTERCREDITOR AGREEMENT

The following summary describes certain provisions of the Intercreditor Agreement. The summary does not purport to be complete and reference is made to all of the provisions of the Intercreditor Agreement, which has been filed as an exhibit to the Registration Statement and is available as set forth under the heading "Available Information".

#### INTERCREDITOR RIGHTS

##### Controlling Party

Pursuant to the Intercreditor Agreement, the Trustees and each Liquidity Provider has agreed that, with respect to any Indenture at any given time, the Loan Trustee will be directed (a) in taking, or refraining from taking, any action thereunder or with respect to the Equipment Notes issued thereunder, by the holders of at least a majority of the outstanding principal amount of the Equipment Notes issued thereunder (provided that, for so long as the Subordination Agent is the registered holder of the Equipment Notes, the Subordination Agent will act with respect to this clause (a) in accordance with the directions of the Trustees (in the case of each such Trustee, with respect to the Equipment Notes issued under such Indenture and held as Trust Property of such Trust) constituting, in the aggregate, directions with respect to such principal amount of Equipment Notes), so long as no Indenture Default (which, with respect to Leased Aircraft, has not been cured by the applicable Owner Trustee or Owner Participant) shall have occurred and be continuing thereunder, and (b) after the occurrence and during the continuance of an Indenture Default thereunder (which, with respect to Leased Aircraft, has not been cured by the applicable Owner Trustee or Owner Participant), in taking, or refraining from taking, any action thereunder or with respect to the Equipment Notes issued thereunder, including exercising remedies thereunder or with respect to such Equipment Notes (including acceleration of such Equipment Notes or foreclosing the lien on the Aircraft securing such Equipment Notes), by the Controlling Party, subject to the limitations described below. See "Description of the New Certificates -- Indenture Defaults and Certain Rights Upon an Indenture Default" for a description of the rights of the Certificateholders of each Trust to direct the respective Trustees. Notwithstanding the foregoing, at any time after 18 months from the earlier to occur of (x) the date on which the entire available amount under any Liquidity Facility shall have been drawn (for any reason other than a Downgrade Drawing or a Non-Extension Drawing) and remain unreimbursed and (y) the date on which all Equipment Notes shall have been accelerated (provided, that prior to the Delivery Period Termination Date the aggregate outstanding principal amount thereof exceeds \$280 million), the Liquidity Providers with at least two-thirds of unreimbursed Liquidity Obligations will have the right to elect to become the Controlling Party with respect to any Indenture. For purposes of giving effect to the foregoing, the Trustees (other than the Controlling Party) will irrevocably agree, and the Certificateholders (other than the Certificateholders represented by the Controlling Party) will be deemed to agree by virtue of their purchase of Certificates, that the Subordination Agent, as record holder of the Equipment Notes, shall exercise its voting rights in respect of the Equipment Notes as directed by the Controlling Party. (Intercreditor Agreement, Section 2.6) For a description of certain limitations on the Controlling Party's rights to exercise remedies, see "Description of the Equipment Notes -- Remedies".

## Sale of Equipment Notes or Aircraft

Upon the occurrence and during the continuation of any Indenture Default under any Indenture, the Controlling Party may accelerate and, subject to the provisions of the immediately following sentence, sell all (but not less than all) of the Equipment Notes issued under such Indenture to any person. So long as any Certificates are outstanding, during nine months after the earlier of (x) the acceleration of the Equipment Notes under any Indenture and (y) the bankruptcy or insolvency of Continental, without the consent of each Trustee, (a) no Aircraft subject to the lien of such Indenture or such Equipment Notes may be sold, if the net proceeds from such sale would be less than the Minimum Sale Price for such Aircraft or such Equipment Notes, and (b) with respect to any Leased Aircraft, the amount and payment dates of rentals payable by Continental under the Lease for such Leased Aircraft may not be adjusted, if, as a result of such adjustment, the discounted present value of all such rentals would be less than 75% of the discounted present value of the rentals payable by Continental under such Lease before giving effect to such adjustment, in each case, using the weighted average interest rate of the Equipment Notes issued under such Indenture as the discount rate.

The Subordination Agent may from time to time during the continuance of an Indenture Default (and before the occurrence of a Triggering Event) commission Appraisals with respect to an Aircraft at the request of the Controlling Party. (Intercreditor Agreement, Section 4.1(a)(iii))

## PRIORITY OF DISTRIBUTIONS

So long as no Triggering Event shall have occurred, the payments in respect of the Equipment Notes and certain other payments received on any Distribution Date will be promptly distributed by the Subordination Agent on such Distribution Date in the following order of priority:

(i) to pay the Liquidity Obligations (other than any interest accrued thereon or the principal amount of any Drawing) (the "Liquidity Expenses") to the Liquidity Providers;

(ii) to pay interest accrued on the Liquidity Obligations to the Liquidity Providers;

(iii) to pay or reimburse the Liquidity Providers for the Liquidity Obligations (other than amounts payable pursuant to clauses (i) and (ii) above) and/or, if applicable, to replenish each Cash Collateral Account up to the Required Amount;

(iv) to pay Expected Distributions to the holders of Class A Certificates;

(v) to pay Expected Distributions to the holders of Class B Certificates;

(vi) to pay Expected Distributions to the holders of Class C Certificates; and

(vii) to pay certain fees and expenses of the Subordination Agent and the Trustees.

"Expected Distributions" means, with respect to the Certificates of any Trust on any Current Distribution Date, the sum of (x) accrued and unpaid interest on such Certificates (excluding interest, if any, payable with respect to the Deposits relating to such Trust) and (y) the difference between (A) the Pool Balance of such Certificates as of the immediately preceding Distribution Date and (B) the Pool Balance of such Certificates as of the Current Distribution Date, calculated on the basis that (i) the principal of the Equipment Notes held in such Trust has been paid when due (whether at stated maturity, upon redemption, prepayment or acceleration or otherwise) and such payments have been distributed to the holders of such Certificates and (ii) the principal of any Equipment Notes formerly held in such Trust that have been sold pursuant to the Intercreditor Agreement has been paid in full and such payments have been distributed to the holders of such Certificates, but without giving effect to any reduction in the Pool Balance as a result of any distribution attributable to Deposits.

Subject to the terms of the Intercreditor Agreement, upon the occurrence of a Triggering Event and at all times thereafter, all funds received by the Subordination Agent in respect of the Equipment Notes and certain other payments will be promptly distributed by the Subordination Agent in the following order of priority:

(i) to pay certain out-of-pocket costs and expenses actually incurred by the Subordination Agent or any Trustee or to reimburse any Certificateholder or the Liquidity Providers in respect of payments made to the Subordination Agent or any Trustee in connection with the protection or realization of the value of the Equipment Notes or any Trust Indenture Estate (the "Administration Expenses");

(ii) to the Liquidity Providers, to pay the Liquidity Expenses;

(iii) to the Liquidity Providers, to pay interest accrued on the Liquidity Obligations;

(iv) to the Liquidity Providers, to pay the outstanding amount of all Liquidity Obligations and/or, if applicable, with respect to any particular Liquidity Facility, unless (x) less than 65% of the aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes and a Liquidity Event of Default shall have occurred and be continuing under such Liquidity Facility or (y) a Final Drawing shall have occurred under such Liquidity Facility, to replenish the Cash Collateral Account with respect to such Liquidity Facility up to the Stated Portion of the Required Amount for the related Class of Certificates (less the amount of any repayments of Interest Drawings under such Liquidity Facility while sub-clause (x) is applicable);

(v) to pay certain fees, taxes, charges and other amounts payable to the Subordination Agent, any Trustee or any Certificateholder;

(vi) to pay Adjusted Expected Distributions to the holders of Class A Certificates;

(vii) to pay Adjusted Expected Distributions to the holders of Class B Certificates; and

(viii) to pay Adjusted Expected Distributions to the holders of Class C Certificates.

"Adjusted Expected Distributions" means, with respect to the Certificates of any Trust on any Current Distribution Date, the sum of (x) accrued and unpaid interest on such Certificates (excluding interest, if any, payable with respect to the Deposits relating to such Trust) and (y) the greater of:

(A) the difference between (x) the Pool Balance of such Certificates as of the immediately preceding Distribution Date and (y) the Pool Balance of such Certificates as of the Current Distribution Date calculated on the basis that (i) the principal of the Non-Performing Equipment Notes held in such Trust has been paid in full and such payments have been distributed to the holders of such Certificates, (ii) the principal of the Performing Equipment Notes held in such Trust has been paid when due (but without giving effect to any unpaid acceleration of Performing Equipment Notes) and such payments have been distributed to the holders of such Certificates and (iii) the principal of any Equipment Notes formerly held in such Trust that have been sold pursuant to the Intercreditor Agreement has been paid in full and such payments have been distributed to the holders of such Certificates, but without giving effect to any reduction in the Pool Balance as a result of any distribution attributable to Deposits, and

(B) the amount of the excess, if any, of (i) the Pool Balance of such Class of Certificates as of the immediately preceding Distribution Date (less the amount of the Deposits for such Class of Certificates as of such preceding Distribution Date other than any portion of such Deposits thereafter used to acquire Equipment Notes pursuant to the Note Purchase Agreement), over (ii) the Aggregate LTV Collateral Amount for such Class of Certificates for the Current Distribution Date;

provided that, until the date of the initial LTV Appraisals, clause (B) shall not apply.

For purposes of calculating Expected Distributions or Adjusted Expected Distributions with respect to the Certificates of any Trust, any premium paid on the Equipment Notes held in such Trust that has not been distributed to the Certificateholders of such Trust (other than such premium or a portion thereof applied to the payment of interest on the Certificates of such Trust or the reduction of the Pool Balance of such Trust) shall be added to the amount of Expected Distributions or Adjusted Expected Distributions.

"Aggregate LTV Collateral Amount" for any Class of Certificates for any Distribution Date means the sum of the applicable LTV Collateral Amounts for each Aircraft, minus the Pool Balance for each Class of Certificates, if any, senior to such Class, after giving effect to any distribution on such Distribution Date of principal of the Equipment Notes held by the Trust or Trusts of such senior Class or Classes.

"LTV Collateral Amount" of any Aircraft for any Class of Certificates means, as of any Distribution Date, the lesser of (i) the LTV Ratio for such Class of Certificates multiplied by the Appraised Current Market Value of such Aircraft (or with respect to any such Aircraft that has suffered an Event or Loss under and as defined in any Lease or Indenture, the amount of the insurance proceeds paid to the related Loan Trustee in respect thereof to the extent then held by such Loan Trustee (and/or on deposit in the Special Payments Account) or payable to such Loan Trustee in respect thereof) and (ii) the outstanding principal amount of the Equipment Notes secured by such Aircraft after giving effect to any principal payments of such Equipment Notes on or before such Distribution Date.

"LTV Ratio" means for the Class A Certificates 40.36%, for the Class B Certificates 54.03% and for the Class C Certificates 65.19%.

"Appraised Current Market Value" of any Aircraft means the lower of the average and the median of the most recent three Appraisals of such Aircraft. After a Triggering Event occurs and any Equipment Note becomes a Non-Performing Equipment Note, the Subordination Agent shall obtain LTV Appraisals for the Aircraft as soon as practicable and additional LTV Appraisals on or prior to each anniversary of the date of such initial LTV Appraisals; provided that if the Controlling Party reasonably objects to the appraised value of the Aircraft shown in such Appraisals, the Controlling Party shall have the right to obtain or cause to be obtained substitute LTV Appraisals (including LTV Appraisals based upon physical inspection of the Aircraft).

"Appraisal" means a fair market value appraisal (which may be a "desktop" appraisal) performed by any Appraiser or any other nationally recognized appraiser on the basis of an arm's-length transaction between an informed and willing purchaser under no compulsion to buy and an informed and willing seller under no compulsion to sell and both having knowledge of all relevant facts.

In the case of Leased Aircraft Indentures relating to transactions in which Boeing or an affiliate of Boeing is the Owner Participant, certain amounts payable to the Trustees, the Subordination Agent and the Liquidity Providers, including fees and expenses of the Trustees and the Subordination Agent and indemnification obligations of Continental, will not be entitled to the benefits of the lien of the Indentures. Consequently, if a default occurs in the payment of any such amounts, and to the extent that such amounts are distributed to any such party in accordance with the priorities of distribution described above, the holders of one or more junior Classes of Certificates may not receive the full amount due them even if all Equipment Notes are eventually paid in full, and any unpaid amounts will be unsecured claims against Continental.

Interest Drawings under the Liquidity Facility and withdrawals from the Cash Collateral Account, in each case in respect of interest on the Certificates of any Trust, will be distributed to the Trustee for such Trust, notwithstanding the priority of distributions set forth in the Intercreditor Agreement and otherwise described herein. All amounts on deposit in the Cash Collateral Account for any Trust that are in excess of the Required Amount will be paid to the applicable Liquidity Provider.

#### VOTING OF EQUIPMENT NOTES

In the event that the Subordination Agent, as the registered holder of any Equipment Note, receives a request for its consent to any amendment, modification, consent or waiver under such Equipment Note or the related Indenture (or, if applicable, the Lease, the Participation Agreement or other related document), (i) if no Indenture Default shall have occurred and be continuing with respect to such Indenture, the Subordination Agent shall request instructions from the Trustees and shall vote or consent in accordance with the directions of the Trustees (in the case of each such Trustee, with respect to the Equipment Notes held in such Trust) constituting, in the aggregate, directions with respect to the requisite principal amount of Equipment Notes under such Indenture and (ii) if any Indenture Default shall have occurred and be continuing with respect to

such Indenture, the Subordination Agent will exercise its voting rights as directed by the Controlling Party, subject to certain limitations; provided that no such amendment, modification, consent or waiver shall, without the consent of each Liquidity Provider, reduce the amount of rent, supplemental rent or stipulated loss values payable by Continental under any Lease or reduce the amount of principal or interest payable by Continental under any Equipment Note issued under any Owned Aircraft Indenture. (Intercreditor Agreement, Section 9.1)

#### THE SUBORDINATION AGENT

Wilmington Trust Company is the Subordination Agent under the Intercreditor Agreement. Continental and its affiliates may from time to time enter into banking and trustee relationships with the Subordination Agent and its affiliates. The Subordination Agent's address is Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attention: Corporate Trust Administration.

The Subordination Agent may resign at any time, in which event a successor Subordination Agent will be appointed as provided in the Intercreditor Agreement. The Controlling Party may remove the Subordination Agent for cause as provided in the Intercreditor Agreement. In such circumstances, a successor Subordination Agent will be appointed as provided in the Intercreditor Agreement. Any resignation or removal of the Subordination Agent and appointment of a successor Subordination Agent does not become effective until acceptance of the appointment by the successor Subordination Agent. (Intercreditor Agreement, Section 8.1)

#### DESCRIPTION OF THE AIRCRAFT AND THE APPRAISALS

##### THE AIRCRAFT

The Aircraft consist of eight Boeing 757-224 aircraft, eighteen Boeing 737-524 and four Boeing 737-724 aircraft, all of which will be newly delivered by the manufacturer at the time that the Equipment Notes relating thereto are issued. The Aircraft have been designed to be in compliance with Stage 3 noise level standards, which are the most restrictive regulatory standards currently in effect in the United States for aircraft noise abatement.

##### Boeing 757-200 Aircraft

The Boeing 757-200 aircraft is a medium-range aircraft with a seating capacity of approximately 183 passengers. The engine type utilized on Continental's 757-224 is anticipated to be the Rolls Royce RB211-535E4B.

##### Boeing 737-500 Aircraft

The Boeing 737-500 aircraft is a medium-range aircraft with a seating capacity of approximately 104 passengers. The engine type utilized on Continental's 737-524 is anticipated to be the CFM International CFM56-3-B2.

##### Boeing 737-700 Aircraft

The Boeing 737-700 aircraft is a medium-range aircraft with a seating capacity of approximately 124 passengers. The Boeing 737-700 has not yet entered commercial airline service, and the initial delivery of such model is scheduled for November 1997. The engine type utilized on Continental's 737-724 is anticipated to be the CFM International CFM 56-7B24. Deliveries of the Boeing 737-724 aircraft to Continental are subject to Boeing obtaining certain approvals of the U.S. Federal Aviation Administration with respect to such model. See "-- Deliveries of Aircraft".



## THE APPRAISALS

The table below sets forth the appraised values and certain additional information regarding the Aircraft.

AIRCRAFT TYPE	AIRCRAFT TAIL NUMBER	MANUFACTURER'S SERIAL NUMBER	DELIVERY MONTH*	APPRAISED VALUE		
				AISI	BK	MBA
(IN MILLIONS OF DOLLARS)						
757-224	118	27560	March 1997	\$53.72	\$53.25	\$59.43
757-224	119	27561	May 1997	53.80	53.25	59.68
757-224	120	27562	June 1997	53.97	53.25	60.18
757-224	121	27563	July 1997	54.05	53.75	60.43
757-224	122	27564	August 1997	54.13	53.75	60.68
757-224	126	28966	December 1997	54.47	54.00	61.69
757-224	123	27565	January 1998	54.55	54.25	61.94
757-224	127	28967	January 1998	54.55	54.25	61.94
737-524	638	28899	July 1997	31.09	27.80	27.61
737-524	639	28900	July 1997	31.09	27.80	27.61
737-524	640	28901	August 1997	31.14	27.80	27.72
737-524	641	28902	August 1997	31.14	27.80	27.72
737-524	642	28903	August 1997	31.14	27.80	27.72
737-524	643	28904	September 1997	31.19	27.80	27.83
737-524	644	28905	September 1997	31.19	27.80	27.83
737-524	645	28906	October 1997	31.24	27.80	27.93
737-524	646	28907	October 1997	31.24	27.80	27.93
737-524	647	28908	November 1997	31.29	28.00	28.04
737-524	648	28909	November 1997	31.29	28.00	28.04
737-524	649	28910	December 1997	31.34	28.00	28.15
737-524	650	28911	December 1997	31.34	28.00	28.15
737-524	651	28912	December 1997	31.34	28.00	28.15
737-524	652	28913	January 1998	31.39	28.25	28.26
737-524	653	28914	January 1998	31.39	28.25	28.26
737-524	654	28915	February 1998	31.43	28.25	28.36
737-524	655	28916	February 1998	31.43	28.25	28.36
737-724	701	28762	January 1998	36.83	37.75	36.49
737-724	702	28763	January 1998	36.83	37.75	36.49
737-724	703	28764	February 1998	36.89	37.75	36.57
737-724	704	28765	February 1998	36.89	37.75	36.57

\* Reflects the scheduled delivery month under Continental's purchase agreement with the manufacturer. Aircraft 118 and 119 were delivered in March and May 1997, respectively. The actual delivery date for the other Aircraft may be subject to delay. See "-- Deliveries of Aircraft".

The appraised values set forth in the foregoing chart were determined by the following three independent aircraft appraisal and consulting firms: AISI, BK and MBA. Each Appraiser provided its opinion as to the appraised value of each Aircraft as of February 25, 1997, January 8, 1997 and February 21, 1997, respectively, and projected as of the scheduled delivery month of each such Aircraft. As part of this process, all three Appraisers performed "desk-top" appraisals without any physical inspection of the Aircraft. The appraisals are based on various assumptions and methodologies, which vary among the appraisals. The Appraisers have delivered letters summarizing their respective appraisals, copies of which are annexed to this Prospectus as Appendix II. For a discussion of the assumptions and methodologies used in each of the appraisals, reference is hereby made to such summaries.

An appraisal is only an estimate of value, is not indicative of the price at which an aircraft may be purchased from the manufacturer and should not be relied upon as a measure of realizable value; the proceeds

realized upon a sale of any Aircraft may be less than the appraised value thereof. The value of the Aircraft in the event of the exercise of remedies under the applicable Indenture will depend on market and economic conditions, the availability of buyers, the condition of the Aircraft and other similar factors. Accordingly, there can be no assurance that the proceeds realized upon any such exercise with respect to the Equipment Notes and the Aircraft pursuant to the applicable Indenture would be as appraised or sufficient to satisfy in full payments due on the Equipment Notes issued thereunder or the Certificates.

#### DELIVERIES OF AIRCRAFT

The Aircraft are scheduled for delivery under Continental's purchase agreement with Boeing from March 1997 to February 1998. See the table under "-- The Appraisals" for the scheduled month of delivery of each Aircraft. Under such purchase agreement, delivery of an Aircraft may be delayed due to "Excusable Delay", which is defined to include, among other things, acts of God, governmental acts or failures to act, strikes or other labor troubles, inability to procure materials, or any other cause beyond Boeing's control or not occasioned by Boeing's fault or negligence. In addition, the Boeing 737-700 aircraft model has not yet received the necessary U.S. Federal Aviation Administration approvals, which Boeing is required to obtain under its purchase agreement with Continental. Boeing has advised Continental that it expects to receive such approvals by no later than October 1997, although no assurance can be given that this will occur. The first of the four Boeing 737-724 aircraft included in the Aircraft is scheduled for delivery in January 1998.

The Note Purchase Agreement provides that the Delivery Period will expire on March 31, 1998, subject to extension, in the event that the Equipment Notes relating to all of the Aircraft (or Substitute Aircraft in lieu thereof) have not been purchased by the Trustees on or prior to such date due to any reason beyond the control of Continental and not occasioned by Continental's fault or negligence, to the earlier of (i) the purchase by the Trustees of Equipment Notes relating to the last Aircraft (or a Substitute Aircraft in lieu thereof) and (ii) June 30, 1998.

If delivery of any Aircraft is delayed by more than 30 days after the month scheduled for delivery or beyond June 30, 1998, Continental has the right to replace such Aircraft with a Substitute Aircraft, subject to certain conditions. See "-- Substitute Aircraft". If delivery of any Aircraft is delayed beyond the Delivery Period Termination Date and Continental does not exercise its right to replace such Aircraft with a Substitute Aircraft, there will be unused Deposits that will be distributed to Certificateholders together with accrued and unpaid interest thereon and a premium. See "Description of the Deposit Agreements -- Unused Deposits".

#### SUBSTITUTE AIRCRAFT

If the delivery date for any Aircraft is delayed (i) more than 30 days after the month scheduled for delivery or (ii) beyond June 30, 1998, Continental may identify for delivery a Substitute Aircraft therefor meeting the following conditions: (i) a Substitute Aircraft must be a Boeing 757-200, 737-500 or 737-700 aircraft manufactured after the Issuance Date, (ii) one or more Substitute Aircraft of the same or different types may be substituted for one or more Aircraft of the same or different types so long as after giving effect thereto the maximum principal amount of Equipment Notes of each Series issued in respect of the Substitute Aircraft under the Mandatory Economic Terms would not exceed the maximum principal amount of the Equipment Notes of each Series that could have been issued under the Mandatory Economic Terms in respect of the replaced Aircraft and (iii) Continental will be obligated to obtain written confirmation from each Rating Agency that substituting such Substitute Aircraft for the replaced Aircraft will not result in a withdrawal, suspension or downgrading of the ratings of any Class of Certificates.

#### DESCRIPTION OF THE EQUIPMENT NOTES

The statements under this caption are summaries and do not purport to be complete. The summaries make use of terms defined in and reference is made to all of the provisions of the Equipment Notes, the Indentures, the Leases, the Participation Agreements, the Trust Agreements and the Note Purchase Agreement. Except as otherwise indicated, the following summaries relate to the Equipment Notes, the Indenture, the Lease, the Participation Agreement, and the Trust Agreement that may be applicable to each

Aircraft, forms of which are filed as exhibits to the Registration Statement and are available as set forth under the heading "Available Information".

Under the Note Purchase Agreement, Continental will have the option of entering into a leveraged lease financing or a debt financing with respect to each Aircraft. The Note Purchase Agreement provides for the relevant parties to enter into either (i) with respect to each Leased Aircraft, a Participation Agreement, a Lease and an Indenture (among other documents) relating to the financing of such Aircraft and (ii) with respect to each Owned Aircraft, a Participation Agreement and an Owned Aircraft Indenture relating to the financing of such Owned Aircraft. The description of such agreements in this Offering Circular is based on the forms of such agreements annexed to the Note Purchase Agreement. Requests for the Note Purchase Agreement, including the forms of such agreements annexed thereto, should be addressed to the Trustees.

Continental has obtained commitments of certain companies to act as the Owner Participant with respect to the leveraged leases for all of the Aircraft and, in certain cases, is seeking alternative commitments on more favorable terms. The existing commitments are subject to satisfaction of certain conditions with respect to each Aircraft and, in certain cases, Continental may elect to terminate such commitments with respect to certain Aircraft. Accordingly, Continental may select one or more other Owner Participants for some or all of such Aircraft or finance such Aircraft as Owned Aircraft rather than Leased Aircraft. Such Owner Participants may request revisions to the forms of the Participation Agreement, the Lease and the Leased Aircraft Indenture that are contemplated by the Note Purchase Agreement, so that the terms of such agreements applicable to any particular Leased Aircraft may differ from the description of such agreements contained in this Prospectus. However, under the Note Purchase Agreement, the terms of such agreements are required to (i) contain the Mandatory Documents Terms and (ii) not vary the Mandatory Economic Terms. In addition, Continental will be obligated (i) to certify to the Trustees that any such modifications do not materially and adversely affect the Certificateholders and (ii) to obtain written confirmation from each Rating Agency that the use of versions of such agreements modified in any material respect would not result in a withdrawal, suspension or downgrading of the ratings of any Class of Certificates. See "Description of the New Certificates -- Obligation to Purchase Equipment Notes". Each Owner Participant will be required to satisfy certain requirements, including having a minimum combined capital and surplus or net worth.

#### GENERAL

The Equipment Notes will be issued in three series with respect to each Aircraft. The Equipment Notes with respect to each Leased Aircraft will be issued under a separate Leased Aircraft Indenture between First Security Bank, National Association, as Owner Trustee of a trust for the benefit of the Owner Participant who will be the beneficial owner of such Aircraft, and Wilmington Trust Company, as Leased Aircraft Trustee. The Equipment Notes with respect to each Owned Aircraft will be issued under a separate Owned Aircraft Indenture between Continental and Wilmington Trust Company, as Owned Aircraft Trustee.

The related Owner Trustee will lease each Leased Aircraft to Continental pursuant to a separate Lease between such Owner Trustee and Continental with respect to such Leased Aircraft. Under each Lease, Continental will be obligated to make or cause to be made rental and other payments to the related Leased Aircraft Trustee on behalf of the related Owner Trustee, which rental and other payments will be at least sufficient to pay in full when due all payments required to be made on the Equipment Notes issued with respect to such Leased Aircraft. The Equipment Notes issued with respect to the Leased Aircraft will not, however, be direct obligations of, or guaranteed by, Continental. Continental's rental obligations under each Lease and Continental's obligations under the Equipment Notes issued with respect to each Owned Aircraft will be general obligations of Continental.

#### SUBORDINATION

Series B Equipment Notes issued in respect of any Aircraft will be subordinated in right of payment to Series A Equipment Notes issued in respect of such Aircraft and Series C Equipment Notes issued in respect of such Aircraft will be subordinated in right of payment to such Series B Equipment Notes. On each Equipment Note payment date, (i) payments of interest and principal due on Series A Equipment Notes

issued in respect of any Aircraft will be made prior to payments of interest and principal due on Series B Equipment Notes issued in respect of such Aircraft and (ii) payments of interest and principal due on Series B Equipment Notes issued in respect of any Aircraft will be made prior to payments of interest and principal due on Series C Equipment Notes issued in respect of such Aircraft.

#### PRINCIPAL AND INTEREST PAYMENTS

Subject to the provisions of the Intercreditor Agreement, interest paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust on the dates and at the rate per annum set forth on the cover page of this Prospectus with respect to Certificates issued by such Trust (subject to change as provided in the Registration Rights Agreement) until the final expected Regular Distribution Date for such Trust. Subject to the provisions of the Intercreditor Agreement, principal paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust in scheduled amounts on the dates set forth herein until the final expected Regular Distribution Date for such Trust.

Interest is payable on the unpaid principal amount of each Equipment Note at the rate applicable to such Equipment Note on April 1 and October 1 in each year, commencing on October 1, 1997, or, if later, the first such date to occur after initial issuance thereof. Such interest is computed on the basis of a 360-day year of twelve 30-day months. Under certain circumstances described in "The Exchange Offer -- Terms of the Exchange Offer-General", the interest rates for the Equipment Notes may be increased to the extent described therein.

Scheduled principal payments on the Equipment Notes will be made on April 1 and October 1 in certain years, commencing April 1, 1998. See "Description of the New Certificates -- Pool Factors" for a discussion of the scheduled payments of principal of the Equipment Notes and possible revisions thereto.

If any date scheduled for any payment of principal, premium (if any) or interest with respect to the Equipment Notes is not a Business Day, such payment will be made on the next succeeding Business Day without any additional interest.

#### REDEMPTION

If an Event of Loss occurs with respect to any Aircraft and such Aircraft is not replaced by Continental under the related Lease (in the case of a Leased Aircraft) or under the related Owned Aircraft Indenture (in the case of an Owned Aircraft), the Equipment Notes issued with respect to such Aircraft will be redeemed, in whole, in each case at a price equal to the aggregate unpaid principal amount thereof, together with accrued interest thereon to, but not including, the date of redemption, but without premium, on a Special Distribution Date. (Indentures, Section 2.10(a))

If Continental exercises its right to terminate a Lease under Section 9 of such Lease, the Equipment Notes relating to the applicable Leased Aircraft will be redeemed, in whole, on a Special Distribution Date at a price equal to the aggregate unpaid principal amount thereof, together with accrued interest thereon to, but not including, the date of redemption, plus, in the case of any series of Equipment Notes, if such redemption is made prior to the Premium Termination Date applicable to such Series, a Make-Whole Premium. (Leased Aircraft Indentures, Section 2.10(b)). See "-- The Leases -- Lease Termination".

All of the Equipment Notes issued with respect to a Leased Aircraft may be redeemed prior to maturity as part of a refunding or refinancing thereof under Section 11 of the applicable Participation Agreement, and all of the Equipment Notes issued with respect to the Owned Aircraft may be redeemed prior to maturity at any time at the option of Continental, in each case at a price equal to the aggregate unpaid principal thereof, together with accrued interest thereon to, but not including, the date of redemption, plus, in the case of any series of Equipment Notes, if such redemption is made prior to the Premium Termination Date applicable to such Series, a Make-Whole Premium. (Indentures, Section 2.11) If notice of such a redemption shall have been given in connection with a refinancing of Equipment Notes with respect to a Leased Aircraft, such notice

may be revoked not later than three days prior to the proposed redemption date. (Leased Aircraft Indentures, Section 2.12)

If, with respect to a Leased Aircraft, (x) one or more Lease Events of Default shall have occurred and be continuing, (y) in the event of a bankruptcy proceeding involving Continental, (i) during the Section 1110 Period, the trustee in such proceeding or Continental does not agree to perform its obligations under the related Lease or (ii) at any time after agreeing to perform such obligations, such trustee or Continental ceases to perform such obligations such that the stay period applicable under the U.S. Bankruptcy Code comes to an end or (z) the Equipment Notes with respect to such Aircraft have been accelerated or the Leased Aircraft Trustee with respect to such Equipment Notes takes action or notifies the applicable Owner Trustee that it intends to take action to foreclose the lien of the related Leased Aircraft Indenture or otherwise commence the exercise of any significant remedy under such Indenture or the related Lease, then in each case all, but not less than all, of the Equipment Notes issued with respect to such Leased Aircraft may be purchased by the Owner Trustee or Owner Participant on the applicable purchase date at a price equal to the aggregate unpaid principal thereof, together with accrued and unpaid interest thereon to, but not including, the date of purchase, but without any premium (provided that a Make-Whole Premium shall be payable if such Equipment Notes are to be purchased pursuant to clause (x) when a Lease Event of Default shall have occurred and been continuing for less than 120 days). (Leased Aircraft Indentures, Section 2.13) Continental as owner of the Owned Aircraft has no comparable right under the Owned Aircraft Indentures to purchase the Equipment Notes under such circumstances.

"Make-Whole Premium" means, with respect to any Equipment Note, an amount (as determined by an independent investment banker of national standing) equal to the excess, if any, of (a) the present value of the remaining scheduled payments of principal and interest to maturity of such Equipment Note computed by discounting such payments on a semiannual basis on each Payment Date (assuming a 360-day year of twelve 30-day months) using a discount rate equal to the Treasury Yield over (b) the outstanding principal amount of such Equipment Note plus accrued interest to the date of determination.

For purposes of determining the Make-Whole Premium, "Treasury Yield" means, at the date of determination with respect to any Equipment Note, the interest rate (expressed as a semiannual decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semiannual yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note and trading in the public securities markets either as determined by interpolation between the most recent weekly average yield to maturity for two series of United States Treasury securities trading in the public securities markets, (A) one maturing as close as possible to, but earlier than, the Average Life Date of such Equipment Note and (B) the other maturing as close as possible to, but later than, the Average Life Date of such Equipment Note, in each case as published in the most recent H.15(519) or, if a weekly average yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note is reported in the most recent H.15(519), such weekly average yield to maturity as published in such H.15(519). "H.15(519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System. The date of determination of a Make-Whole Premium shall be the third Business Day prior to the applicable payment or redemption date and the "most recent H.15(519)" means the H.15(519) published prior to the close of business on the third Business Day prior to the applicable payment or redemption date.

"Average Life Date" for any Equipment Note shall be the date which follows the time of determination by a period equal to the Remaining Weighted Average Life of such Equipment Note. "Remaining Weighted Average Life" on a given date with respect to any Equipment Note shall be the number of days equal to the quotient obtained by dividing (a) the sum of each of the products obtained by multiplying (i) the amount of each then remaining scheduled payment of principal of such Equipment Note by (ii) the number of days from and including such determination date to but excluding the date on which such payment of principal is scheduled to be made, by (b) the then outstanding principal amount of such Equipment Note.

## SECURITY

The Equipment Notes issued with respect to each Leased Aircraft will be secured by (i) an assignment by the related Owner Trustee to the related Leased Aircraft Trustee of such Owner Trustee's rights, except for certain limited rights, under the Lease with respect to the related Aircraft, including the right to receive payments of rent thereunder, (ii) a mortgage to such Leased Aircraft Trustee of such Aircraft, subject to the rights of Continental under such Lease, and (iii) an assignment to such Leased Aircraft Trustee of certain of such Owner Trustee's rights under the purchase agreement between Continental and the related manufacturer. Unless and until an Indenture Default with respect to a Leased Aircraft has occurred and is continuing, the Leased Aircraft Trustee may not exercise the rights of the Owner Trustee under the related Lease, except the Owner Trustee's right to receive payments of rent due thereunder. The assignment by the Owner Trustee to the Leased Aircraft Trustee of its rights under the related Lease will exclude certain rights of such Owner Trustee and the related Owner Participant, including the rights of the Owner Trustee and the Owner Participant with respect to indemnification by Continental for certain matters, insurance proceeds payable to such Owner Trustee in its individual capacity or to such Owner Participant under public liability insurance maintained by Continental under such Lease or by such Owner Trustee or such Owner Participant, insurance proceeds payable to such Owner Trustee in its individual capacity or to such Owner Participant under certain casualty insurance maintained by such Owner Trustee or such Owner Participant under such Lease and certain reimbursement payments made by Continental to such Owner Trustee. (Leased Aircraft Indenture, Granting Clause) The Equipment Notes are not cross-collateralized, and, consequently, the Equipment Notes issued in respect of any one Aircraft are not secured by any of the other Aircraft or replacement aircraft therefor (as described in "--The Leases--Events of Loss") or the Leases related thereto.

The Equipment Notes issued with respect to each Owned Aircraft are secured by (i) a mortgage to the Owned Aircraft Trustee of such Aircraft and (ii) an assignment to the Owned Aircraft Trustee of certain of Continental's rights under its purchase agreement with the related manufacturer.

Funds, if any, held from time to time by the Loan Trustee with respect to any Aircraft, including funds held as the result of an Event of Loss to such Aircraft or, in the case of a Leased Aircraft, termination of the Lease, if any, relating thereto, will be invested and reinvested by such Loan Trustee, at the direction of the related Owner Trustee in the case of the Leased Aircraft or Continental in the case of the Owned Aircraft (except in the case of certain Indenture Defaults), in investments described in the related Indenture. (Leased Aircraft Indentures, Section 5.09; Owned Aircraft Indentures, Section 6.06)

## LOAN TO VALUE RATIOS OF EQUIPMENT NOTES

The following tables set forth examples of loan to Aircraft value ratios for the Equipment Notes issued in respect of Aircraft as of the Regular Distribution Dates that occur after the scheduled date of original issuance of such Equipment Notes, assuming that the Equipment Notes in the maximum principal amount are issued in respect of each such Aircraft. These examples were utilized by Continental in preparing the Assumed Amortization Schedule, although such schedule may not be applicable in the case of any particular Aircraft. See "Description of the New Certificates -- Pool Factors". The LTV was obtained by dividing (i) the outstanding balance (assuming no payment default) of such Equipment Notes determined immediately after giving effect to the payments scheduled to be made on each such Regular Distribution Date by (ii) the assumed value (the "Assumed Aircraft Value") of the Aircraft securing such Equipment Notes.

The following tables are based on the assumption that the value of each Aircraft set forth opposite the initial Regular Distribution Date included in each table depreciates by approximately 2% of the initial appraised value per year until the fifteenth year after the year of delivery of such Aircraft and by approximately 4% of the initial appraised value per year thereafter. Other rates or methods of depreciation would result in materially different loan to Aircraft value ratios, and no assurance can be given (i) that the depreciation rates and method assumed for the purposes of the tables are the ones most likely to occur or (ii) as to the actual future value of any Aircraft. Thus the tables should not be considered a forecast or prediction of expected or likely loan to Aircraft value ratios, but simply a mathematical calculation based on one set of assumptions.

DATE	BOEING 757-224			BOEING 737-524		
	EQUIPMENT NOTE OUTSTANDING BALANCE	ASSUMED AIRCRAFT VALUE	LOAN TO VALUE RATIO	EQUIPMENT NOTE OUTSTANDING BALANCE	ASSUMED AIRCRAFT VALUE	LOAN TO VALUE RATIO
	(MILLIONS)	(MILLIONS)		(MILLIONS)	(MILLIONS)	
April 1, 1998.....	\$36.324	\$54.050	67.20%	\$16.878	\$27.800	60.71%
April 1, 1999.....	35.729	52.969	67.45	16.878	27.244	61.95
April 1, 2000.....	34.843	51.888	67.15	16.548	26.688	62.00
April 1, 2001.....	32.523	50.807	64.01	15.168	26.132	58.05
April 1, 2002.....	29.609	49.726	59.54	13.866	25.576	54.22
April 1, 2003.....	27.960	48.645	57.48	12.764	25.020	51.02
April 1, 2004.....	26.184	47.564	55.05	11.547	24.464	47.20
April 1, 2005.....	24.971	46.483	53.72	10.285	23.908	43.02
April 1, 2006.....	24.377	45.402	53.69	10.285	23.352	44.04
April 1, 2007.....	22.976	44.321	51.84	9.432	22.796	41.37
April 1, 2008.....	18.196	43.240	42.08	8.711	22.240	39.17
April 1, 2009.....	15.915	42.159	37.75	8.156	21.684	37.62
April 1, 2010.....	12.274	41.078	29.88	5.678	21.128	26.88
April 1, 2011.....	8.350	39.997	20.88	5.678	20.572	27.60
April 1, 2012.....	4.124	38.916	10.60	4.239	20.016	21.18
April 1, 2013.....	0.000	0.000	0.00	2.608	19.460	13.40
April 1, 2014.....	0.000	0.000	0.00	1.531	18.348	8.35

DATE	BOEING 737-524			BOEING 737-724		
	EQUIPMENT NOTE OUTSTANDING BALANCE	ASSUMED AIRCRAFT VALUE	LOAN TO VALUE RATIO	EQUIPMENT NOTE OUTSTANDING BALANCE	ASSUMED AIRCRAFT VALUE	LOAN TO VALUE RATIO
	(MILLIONS)	(MILLIONS)		(MILLIONS)	(MILLIONS)	
April 1, 1998.....	\$18.400	\$28.040	65.62%	\$23.028	\$36.830	62.52%
April 1, 1999.....	18.005	27.479	65.52	22.725	36.093	62.96
April 1, 2000.....	17.276	26.918	64.18	22.320	36.357	63.13
April 1, 2001.....	16.657	26.358	63.20	21.915	34.620	63.30
April 1, 2002.....	15.753	25.797	61.07	20.585	33.884	60.75
April 1, 2003.....	14.424	25.236	57.16	19.106	33.147	57.64
April 1, 2004.....	13.457	24.675	54.54	17.176	32.410	53.00
April 1, 2005.....	12.629	24.114	52.37	15.462	31.674	48.82
April 1, 2006.....	11.867	23.554	50.38	14.593	30.937	47.17
April 1, 2007.....	10.883	22.993	47.33	13.352	30.201	44.21
April 1, 2008.....	9.883	22.432	44.06	12.512	29.464	42.46
April 1, 2009.....	8.835	21.871	40.39	11.563	28.727	40.25
April 1, 2010.....	7.735	21.310	36.29	10.773	27.991	38.49
April 1, 2011.....	6.245	20.750	30.10	9.382	27.254	34.42
April 1, 2012.....	4.312	20.189	21.36	7.029	26.518	26.51
April 1, 2013.....	2.229	19.628	11.36	4.407	25.781	17.09
April 1, 2014.....	0.000	0.000	0.00	1.724	24.308	7.09

## LIMITATION OF LIABILITY

The Equipment Notes issued with respect to the Leased Aircraft will not be direct obligations of, or guaranteed by, Continental, the Owner Participant or the Owner Trustees in their individual capacity. None of the Owner Trustees, the Owner Participants or the Leased Aircraft Trustees, or any affiliates thereof, will be personally liable to any holder of an Equipment Note or, in the case of the Owner Trustees and the Owner Participants, to the Leased Aircraft Trustees for any amounts payable under the Equipment Notes or, except as provided in each Leased Aircraft Indenture, for any liability under such Leased Aircraft Indenture. All payments of principal of, premium, if any, and interest on the Equipment Notes issued with respect to any Leased Aircraft (other than payments made in connection with an optional redemption or purchase of Equipment Notes issued with respect to a Leased Aircraft by the related Owner Trustee or the related Owner Participant) will be made only from the assets subject to the lien of the Indenture with respect to such Leased Aircraft or the income and proceeds received by the related Leased Aircraft Trustee therefrom (including rent payable by Continental under the Lease with respect to such Leased Aircraft).

The Equipment Notes issued with respect to the Owned Aircraft will be direct obligations of Continental.

Except as otherwise provided in the Indentures, each Owner Trustee and each Loan Trustee, in its individual capacity, will not be answerable or accountable under the Indentures or under the Equipment Notes under any circumstances except for its own willful misconduct or gross negligence. None of the Owner Participants will have any duty or responsibility under any of the Leased Aircraft Indentures or the Equipment Notes to the Leased Aircraft Trustees or to any holder of any Equipment Note.

## INDENTURE DEFAULTS, NOTICE AND WAIVER

Indenture Defaults under each Indenture will include: (a) in the case of a Leased Aircraft Indenture, the occurrence of any Lease Event of Default under the related Lease (other than the failure to make certain indemnity payments and other payments to the related Owner Trustee or Owner Participant unless a notice is given by such Owner Trustee that such failure shall constitute an Indenture Default), (b) the failure by the related Owner Trustee (other than as a result of a Lease Default or Lease Event of Default), in the case of a Leased Aircraft Indenture, or Continental, in the case of an Owned Aircraft Indenture, to pay any interest or principal or premium, if any, when due, under such Indenture or under any Equipment Note issued thereunder that continues for more than 10 Business Days, in the case of principal, interest or Make-Whole Premium, and, in all other cases, ten Business Days after the relevant Owner Trustee or Owner Participant receives written demand from the related Loan Trustee or holder of an Equipment Note, (c) the failure by the related Owner Participant or the related Owner Trustee (in its individual capacity), in the case of a Leased Aircraft Indenture, or Continental, in the case of an Owned Aircraft Indenture, to discharge certain liens that continues after notice and specified cure periods, (d) any representation or warranty made by the related Owner Trustee or Owner Participant in the related Aircraft Operative Agreements, or certain related documents furnished to the Loan Trustee pursuant thereto being false or incorrect in any material respect when made that continues to be material and adverse to the interests of the Loan Trustee or Note Holders and remains unremedied after notice and specified cure periods, (e) failure by Continental or the related Owner Trustee or Owner Participant to perform or observe any covenant or obligation for the benefit of the Loan Trustee or holders of Equipment Notes under such Indenture or certain related documents that continues after notice and specified cure periods, (f) the registration of the related Aircraft ceasing to be effective as a result of the Owner Participant (in the case of a Leased Aircraft) or Continental (in the case of an Owned Aircraft) not being a citizen of the United States, as defined in the Transportation Code (subject to a cure period), (g) with respect to the Owned Aircraft, the lapse or cancellation of insurance required under the Owned Aircraft Indenture or (h) the occurrence of certain events of bankruptcy, reorganization or insolvency of the related Owner Trustee or Owner Participant (in the case of a Leased Aircraft) or Continental (in the case of the Owned Aircraft). (Leased Aircraft Indentures, Section 4.02; Owned Aircraft Indenture, Section 5.01) There will not be cross-default provisions in the Indentures or in the Leases (unless, in the case of a Lease, otherwise agreed between an Owner Participant and Continental). Consequently, events resulting in an Indenture Default under any particular Indenture may or may not result in an Indenture Default



occurring under any other Indenture, and a Lease Event of Default under any particular Lease may or may not constitute a Lease Event of Default under any other Lease.

If Continental fails to make any semiannual basic rental payment due under any Lease, within a specified period after such failure the applicable Owner Trustee may furnish to the Leased Aircraft Trustee the amount due on the Equipment Notes issued with respect to the related Leased Aircraft, together with any interest thereon on account of the delayed payment thereof, in which event the Leased Aircraft Trustee and the holders of outstanding Equipment Notes issued under such Indenture may not exercise any remedies otherwise available under such Indenture or such Lease as the result of such failure to make such rental payment, unless such Owner Trustee has previously cured three or more immediately preceding semiannual basic rental payment defaults or, in total, six or more previous semiannual basic rental payment defaults (or, in the case of certain Owner Participants, six or more immediately preceding semiannual basic rental payment defaults or, in total, eight or more previous semiannual basic rental payment defaults). The applicable Owner Trustee also may cure any other default by Continental in the performance of its obligations under any Lease that can be cured with the payment of money. (Leased Aircraft Indentures, Section 4.03)

The holders of a majority in principal amount of the outstanding Equipment Notes issued with respect to any Aircraft, by notice to the Loan Trustee, may on behalf of all the holders waive any existing default and its consequences under the Indenture with respect to such Aircraft, except a default in the payment of the principal of or premium or interest on any such Equipment Notes or a default in respect of any covenant or provision of such Indenture that cannot be modified or amended without the consent of each holder of Equipment Notes affected thereby. (Leased Aircraft Indentures, Section 4.08; Owned Aircraft Indenture, Section 5.06)

#### REMEDIES

If an Indenture Default occurs and is continuing under an Indenture, the related Loan Trustee or the holders of a majority in principal amount of the Equipment Notes outstanding under such Indenture may, subject to the applicable Owner Participant's or Owner Trustee's right to cure, as discussed above, declare the principal of all such Equipment Notes issued thereunder immediately due and payable, together with all accrued but unpaid interest thereon, provided that in the event of a reorganization proceeding involving Continental instituted under Chapter 11 of the U.S. Bankruptcy Code, if no other Lease Event of Default and no other Indenture Default (other than the failure to pay the outstanding amount of the Equipment Notes which by such declaration shall have become payable) exists at any time after the consummation of such proceeding, such declaration will be automatically rescinded without any further action on the part of any holder of Equipment Notes. The holders of a majority in principal amount of Equipment Notes outstanding under such Indenture may rescind any such declaration at any time before the judgment or decree for the payment of the money so due shall be entered if (i) there has been paid to the related Loan Trustee an amount sufficient to pay all principal, interest, and premium, if any, on any such Equipment Notes, to the extent such amounts have become due otherwise than by such declaration of acceleration and (ii) all other Indenture Defaults and incipient Indenture Defaults under such Indenture have been cured. (Leased Aircraft Indentures, Section 4.04(b); Owned Aircraft Indenture, Section 5.02(b))

Each Indenture will provide that if an Indenture Default under such Indenture has occurred and is continuing, the related Loan Trustee may exercise certain rights or remedies available to it under such Indenture or under applicable law, including (if, in the case of a Leased Aircraft, the corresponding Lease has been declared in default) one or more of the remedies under such Indenture or, in the case of a Leased Aircraft, such Lease with respect to the Aircraft subject to such Lease. If an Indenture Default arises solely by reason of one or more events or circumstances which constitute a Lease Event of Default, the related Leased Aircraft Trustee's right to exercise remedies under a Leased Aircraft Indenture is subject, with certain exceptions, to its having proceeded to exercise one or more of the dispossessory remedies under the Lease with respect to such Leased Aircraft; provided that the requirement to exercise one or more of such remedies under such Lease shall not apply in circumstances where such exercise has been involuntarily stayed or prohibited by applicable law or court order for a continuous period in excess of 60 days or such other period as may be specified in Section 1110(a)(1)(A) of the U.S. Bankruptcy Code (plus an additional period, if any, resulting

from (i) the trustee or debtor-in-possession in such proceeding agreeing to perform its obligations under such Lease with the approval of the applicable court and its continuous performance of such Lease under Section 1110(a)(1)(A-B) of the U.S. Bankruptcy Code or such Leased Aircraft Trustee's consent to an extension of such period, (ii) such Leased Aircraft Trustee's failure to give any requisite notice, or (iii) Continental's assumption of such Lease with the approval of the relevant court and its continuous performance of the Lease so assumed). See "-- The Leases -- Lease Events of Default". Such remedies may be exercised by the related Leased Aircraft Trustee to the exclusion of the related Owner Trustee, subject to certain conditions specified in such Indenture, and of Continental, subject to the terms of such Lease. Any Aircraft sold in the exercise of such remedies will be free and clear of any rights of those parties, including the rights of Continental under the Lease with respect to such Aircraft; provided that no exercise of any remedies by the related Leased Aircraft Trustee may affect the rights of Continental under any Lease unless a Lease Event of Default has occurred and is continuing. (Leased Aircraft Indentures, Section 4.04; Leases, Section 15) The Owned Aircraft Indentures will not contain such limitations on the Owned Aircraft Trustee's ability to exercise remedies upon an Indenture Default under an Owned Aircraft Indenture.

If a bankruptcy proceeding involving Continental under the U.S. Bankruptcy Code occurs, all of the rights of the Owner Trustee as lessor under a particular Lease will be exercised by the Owner Trustee in accordance with the terms thereof unless (i) during the Section 1110 Period the trustee in such proceeding or Continental does not agree to perform its obligations under such Lease, (ii) at any time after agreeing to perform such obligations, such trustee or Continental ceases to perform such obligations or (iii) the related Loan Trustee takes action, or notifies the Owner Trustee that such Loan Trustee intends to take action, to foreclose the lien of the related Leased Aircraft Indenture in accordance with the provisions of the immediately preceding paragraph. The Owner Trustee's exercise of such rights shall be subject to certain limitations and, in no event, reduce the amount or change the time of any payment in respect of the Equipment Notes or adversely affect the validity or enforceability of the lien under the related Leased Aircraft Indenture.

If the Equipment Notes issued in respect of one Aircraft are in default, the Equipment Notes issued in respect of the other Aircraft may not be in default, and, if not, no remedies will be exercisable under the applicable Indentures with respect to such other Aircraft.

Section 1110 of the U.S. Bankruptcy Code provides that the right of lessors, conditional vendors and holders of security interests with respect to "equipment" (as defined in Section 1110 of the U.S. Bankruptcy Code) to take possession of such equipment in compliance with the provisions of a lease, conditional sale contract or security agreement, as the case may be, is not affected by (a) the automatic stay provision of the U.S. Bankruptcy Code, which provision enjoins repossessions by creditors for the duration of the reorganization period, (b) the provision of the U.S. Bankruptcy Code allowing the trustee in reorganization to use property of the debtor during the reorganization period, (c) Section 1129 of the U.S. Bankruptcy Code (which governs the confirmation of plans of reorganization in Chapter 11 cases) and (d) any power of the bankruptcy court to enjoin a repossession. Section 1110 provides, however, that the right of a lessor, conditional vendor or holder of a security interest to take possession of an aircraft in the event of an event of default may not be exercised for 60 days following the date of commencement of the reorganization proceedings (unless specifically permitted by the bankruptcy court) and may not be exercised at all if, within such 60-day period (or such longer period consented to by the lessor, conditional vendor or holder of a security interest), the trustee in reorganization agrees to perform the debtor's obligations that become due on or after such date and cures all existing defaults (other than defaults resulting solely from the financial condition, bankruptcy, insolvency or reorganization of the debtor). "Equipment" is defined in Section 1110 of the U.S. Bankruptcy Code, in part, as "an aircraft, aircraft engine, propeller, appliance, or spare part (as defined in section 40102 of title 49 of the U.S. Code) that is subject to a security interest granted by, leased to, or conditionally sold to a debtor that is a citizen of the United States (as defined in section 40102 of title 49 of the U.S. Code) holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to chapter 447 of title 49 of the U.S. Code for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo".

It is a condition to the Trustee's obligation to purchase Equipment Notes with respect to each Aircraft that outside counsel to Continental, which is expected to be Hughes Hubbard & Reed LLP, provide its opinion to the Trustees that (x) if such Aircraft is a Leased Aircraft, the Owner Trustee, as lessor under the Lease for such Aircraft, and the Leased Aircraft Trustee, as assignee of such Owner Trustee's rights under such Lease pursuant to the related Leased Aircraft Indenture, will be entitled to the benefits of Section 1110 of the U.S. Bankruptcy Code with respect to the airframe and engines comprising such Aircraft or (y) if such Aircraft is an Owned Aircraft, the Owned Aircraft Trustee will be entitled to the benefits of Section 1110 with respect to the airframe and engines comprising such Owned Aircraft, in each case so long as Continental continues to be a "citizen of the United States" as defined in Section 40102 of title 49 of the U.S. Code holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to chapter 447 of title 49 of the U.S. Code for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo. For a description of certain limitations on the Loan Trustee's exercise of rights contained in the Indenture, see "-- Indenture Defaults, Notice and Waiver".

The opinion of Hughes Hubbard & Reed LLP will not address the possible replacement of an Aircraft after an Event of Loss in the future, the consummation of which is conditioned upon the contemporaneous delivery of an opinion of counsel to the effect that the related Loan Trustee will be entitled to Section 1110 benefits with respect to such replacement unless there is a change in law or court interpretation that results in Section 1110 not being available. See "-- The Leases -- Events of Loss". The opinion of Hughes Hubbard & Reed LLP will also not address the availability of Section 1110 with respect to any possible sublessee of a Leased Aircraft subleased by Continental or to any possible lessee of an Owned Aircraft if it is leased by Continental.

If an Indenture Default under any Indenture occurs and is continuing, any sums held or received by the related Loan Trustee may be applied to reimburse such Loan Trustee for any tax, expense or other loss incurred by it and to pay any other amounts due to such Loan Trustee prior to any payments to holders of the Equipment Notes issued under such Indenture. (Indentures, Section 3.03)

In the event of bankruptcy, insolvency, receivership or like proceedings involving an Owner Participant, it is possible that, notwithstanding that the applicable Leased Aircraft is owned by the related Owner Trustee in trust, such Leased Aircraft and the related Lease and Equipment Notes might become part of such proceeding. In such event, payments under such Lease or on such Equipment Notes might be interrupted and the ability of the related Leased Aircraft Trustee to exercise its remedies under the related Leased Aircraft Indenture might be restricted, although such Leased Aircraft Trustee would retain its status as a secured creditor in respect of the related Lease and the related Leased Aircraft.

#### MODIFICATION OF INDENTURES AND LEASES

Without the consent of holders of a majority in principal amount of the Equipment Notes outstanding under any Indenture, the provisions of such Indenture and any related Lease, Participation Agreement or Trust Agreement may not be amended or modified, except to the extent indicated below.

Subject to certain limitations, certain provisions of any Leased Aircraft Indenture, and of the Lease, the Participation Agreement, and the Trust Agreement related thereto, may be amended or modified by the parties thereto without the consent of any holders of the Equipment Notes outstanding under such Indenture. In the case of each Lease, such provisions include, among others, provisions relating to (i) the return to the related Owner Trustee of the related Leased Aircraft at the end of the term of such Lease (except to the extent that such amendment would affect the rights or exercise of remedies under the Lease) and (ii) the renewal of such Lease and the option of Continental at the end of the term of such Lease to purchase the related Leased Aircraft so long as the same would not adversely affect the Note Holders. (Leased Aircraft Indentures, Section 9.01(a)) In addition, any Indenture may be amended without the consent of the holders of Equipment Notes to, among other things, cure any defect or inconsistency in such Indenture or the Equipment Notes issued thereunder, provided that such change does not adversely affect the interests of any such holder. (Leased Aircraft Indentures, Section 9.01(c); Owned Aircraft Indenture, Section 10.01)

Without the consent of the holder of each Equipment Note outstanding under any Indenture affected thereby, no amendment or modification of such Indenture may among other things (a) reduce the principal amount of, or premium, if any, or interest payable on, any Equipment Notes issued under such Indenture or change the date on which any principal or premium, if any, or interest is due and payable, (b) permit the creation of any security interest with respect to the property subject to the lien of such Indenture, except as provided in such Indenture, or deprive any holder of an Equipment Note issued under such Indenture of the benefit of the lien of such Indenture upon the property subject thereto or (c) reduce the percentage in principal amount of outstanding Equipment Notes issued under such Indenture necessary to modify or amend any provision of such Indenture or to waive compliance therewith. (Leased Aircraft Indentures, Section 9.01(b); Owned Aircraft Indenture, Section 10.01(a))

#### OWNER PARTICIPANT'S RIGHT TO RESTRUCTURE

Certain Owner Participants will have the right, subject to certain conditions, to restructure the applicable leveraged lease transaction using a "cross-border lease", a tax lease or a head-lease/sublease structure and any other type of transaction. In no event, however, shall any such restructuring (i) change the terms and conditions of the rights and obligations of any holder of Equipment Notes under the relevant Aircraft Operative Agreements or any holder of Certificates or (ii) expose any such holder to any additional risks. As a precondition to any such restructuring, the Owner Participant will be obligated to deliver to the Leased Aircraft Trustee an appropriate officer's certificate as to the satisfaction of the foregoing conditions and obtain a written confirmation from the Rating Agencies prior to the implementation of such restructuring to the effect that such restructuring will not adversely affect the ratings of the Certificates.

#### INDEMNIFICATION

Continental will be required to indemnify each Loan Trustee, each Owner Participant, each Owner Trustee, each Liquidity Provider, the Subordination Agent, the Escrow Agent and each Trustee, but not the holders of Certificates, for certain losses, claims and other matters. Continental will be required under certain circumstances to indemnify each Owner Participant against the loss of depreciation deductions and certain other benefits allowable for certain income tax purposes with respect to the related Leased Aircraft. Each Owner Participant will be required to indemnify the related Loan Trustee and the holders of the Equipment Notes issued with respect to the Leased Aircraft in which such Owner Participant has an interest for certain losses that may be suffered as a result of the failure of such Owner Participant to discharge certain liens or claims on or against the assets subject to the lien of the related Indenture.

#### THE LEASES AND CERTAIN PROVISIONS OF THE OWNED AIRCRAFT INDENTURES

Each Leased Aircraft will be leased to Continental by the relevant Owner Trustee under the relevant lease agreement (each, a "Lease"). Each Owned Aircraft will be owned by Continental.

The Note Purchase Agreement provides for two sets of leveraged leased agreements, one set intended to be applicable to a transaction involving any Owner Participant (the "Standard Agreements") and another set intended to be used by a particular Owner Participant that has engaged in a significant number of previous aircraft financings with Continental (the "Special Agreements"). Certain differences between the Standard Agreements and the Special Agreements are noted below.

##### Lease Term Rentals and Payments

Each Leased Aircraft will be leased separately by the relevant Owner Trustee to Continental for a term commencing on the date on which the Aircraft is acquired by the Owner Trustee and expiring on a date not earlier than the latest maturity date of the relevant Equipment Notes, unless terminated prior to the originally scheduled expiration date as permitted by the applicable Lease. The semiannual basic rent payment under each Lease will be payable by Continental on each related Lease Payment Date (or, if such day is not a Business Day, on the next Business Day), and will be assigned by the Owner Trustee under the corresponding Leased Aircraft Indenture to provide the funds necessary to make payments of principal and interest due from

the Owner Trustee on the Equipment Notes issued under such Indenture. In certain cases, the semiannual basic rent payments under the Leases may be adjusted, but each Lease provides that under no circumstances will rent payments by Continental be less than the scheduled payments on the related Equipment Notes. In addition, the amount of basic rent will be increased in an amount necessary to pay additional interest due on the Equipment Notes on the relevant Lease Payment Date as a result of any increase in the rate of interest on the Equipment Notes as required by the terms of the Registration Rights Agreement. See "The Exchange Offer -- Terms of the Exchange Offer -- General". Any balance of each such semiannual basic rent payment under each Lease, after payment of amounts due on the Equipment Notes issued under the Indenture corresponding to such Lease, will be paid over to the Owner Trustee. (Leases, Section 3; Leased Aircraft Indentures, Section 3.01)

"Lease Payment Date" means, with respect to each Lease, April 1 or October 1 during the term of such Lease.

Semiannual payments of interest on the Equipment Notes issued by Continental under an Owned Aircraft Indenture will be payable each April 1 and October 1 commencing on October 1, 1997 or, if later, the first such date after issuance thereof. Semiannual payments of principal under the Equipment Notes issued by Continental under an Owned Aircraft Indenture will be payable on April 1 and October 1 in certain years commencing on April 1, 1998. The amount of a semiannual payment of interest or principal will be increased in an amount equal to any increase in the amount of interest due on such Equipment Notes on the relevant payment date as a result of any increase in the rate of interest on such Equipment Notes as required by the terms of the Registration Rights Agreement. (Owned Aircraft Indenture, Section 2.02)

#### Net Lease; Maintenance

Under the terms of each Lease, Continental's obligations in respect of each Leased Aircraft will be those of a lessee under a "net lease". Accordingly, Continental will be obligated under each Lease, among other things and at its expense, to keep each Aircraft duly registered and insured, to pay all costs of operating the Aircraft and to maintain, service, repair and overhaul the Aircraft so as to keep it in as good an operating condition as when delivered to Continental, ordinary wear and tear excepted, and in such condition as required to maintain the airworthiness certificate for the Aircraft in good standing at all times. (Leases, Sections 7.1, 8.1 and 11.1 and Annexes C and D) The Owned Aircraft Indenture imposes comparable maintenance, service and repair obligations on Continental with respect to the Owned Aircraft. (Owned Aircraft Indenture, Section 4.02)

#### Possession, Sublease and Transfer

Each Aircraft may be operated by Continental or, subject to certain restrictions, by certain other persons. Normal interchange and pooling agreements with respect to any Engine are permitted. Subleases, in the case of Leased Aircraft, and leases, in the case of Owned Aircraft, are also permitted to U.S. air carriers and foreign air carriers that have their principal executive office in certain specified countries or, in the case of the Special Agreements, that are listed in the applicable Lease, subject to a reasonably satisfactory legal opinion that, among other things, such country would recognize (in the case of the Leased Aircraft) Owner Trustee's title to, and the Loan Trustee's lien in respect of, the applicable Aircraft. In addition, a sublessee or lessee may not be subject to insolvency or similar proceedings at the commencement of such sublease or lease. (Leases, Section 7, Owned Aircraft Indenture, Section 4.02) Permitted foreign air carriers are not limited to those based in a country that is a party to the Convention on the International Recognition of Rights in Aircraft (Geneva 1948) (the "Convention"). It is uncertain to what extent the relevant Loan Trustee's security interest would be recognized if an Aircraft is registered or located in a jurisdiction not a party to the Convention. Moreover, in the case of an Indenture Event of Default, the ability of the related Loan Trustee to realize upon its security interest in an Aircraft could be adversely affected as a legal or practical matter if such Aircraft were registered or located outside the United States.

## Registration

Continental is required to keep each Aircraft duly registered under the Transportation Code with the FAA, except (in the case of a Leased Aircraft) if the relevant Owner Trustee or the relevant Owner Participant fails to meet the applicable citizenship requirements, and to record each Lease (in the case of a Leased Aircraft) and Indenture and certain other documents under the Transportation Code. (Leases, Section 7; Owned Aircraft Indenture, Section 4.02(e)) Such recordation of the Indenture and other documents with respect to each Aircraft will give the relevant Loan Trustee a first-priority, perfected security interest in such Aircraft whenever it is located in the United States or any of its territories and possessions. The Convention provides that such security interest will also be recognized, with certain limited exceptions, in those jurisdictions that have ratified or adhere to the Convention.

So long as no Lease Event of Default exists, Continental has the right to register the Leased Aircraft subject to such Lease in a country other than the United States at its own expense in connection with a permitted sublease of the Aircraft to permitted foreign air carriers, subject to certain conditions set forth in the related Participation Agreement. These conditions include a requirement that the lien of the applicable Indenture continue as a first priority security interest in the applicable Aircraft. (Leases, Section 7.1.2; Participation Agreements, Section 7.6.11 or, in the case of the Special Agreements, Section 8.7.12) The Owned Aircraft Indentures contain comparable provisions with respect to registration of the Owned Aircraft in connection with a permitted lease of the Owned Aircraft. (Owned Aircraft Indenture, Section 4.02(e))

## Liens

Continental is required to maintain each Aircraft free of any liens, other than the rights of the relevant Loan Trustee, the holders of the related Equipment Notes, Continental and, with respect to a Leased Aircraft, the Owner Participant and Owner Trustee arising under the applicable Indenture, the Lease (in the case of a Leased Aircraft) or the other operative documents related thereto, and other than certain limited liens permitted under such documents, including but not limited to (i) liens for taxes either not yet due or being contested in good faith by appropriate proceedings; (ii) materialmen's, mechanics' and other similar liens arising in the ordinary course of business and securing obligations that either are not yet delinquent (in the case of the Standard Agreements, for more than 60 days) or are being contested in good faith by appropriate proceedings; (iii) judgment liens so long as such judgment is discharged or vacated within 60 days (30 days in the case of the Special Agreements) or the execution of such judgment is stayed pending appeal and discharged, vacated or reversed within 60 days (30 days in the case of the Special Agreements) after expiration of such stay; and (iv) any other lien as to which Continental has provided a bond or other security adequate in the reasonable opinion of the Owner Trustee; provided that in the case of each of the liens described in the foregoing clauses (i), (ii) and (iii), such liens and proceedings do not involve any material risk of the sale, forfeiture or loss of such Aircraft or the interest of any Participant therein or impair the lien of the relevant Indenture. (Leases, Section 6; Owned Aircraft Indenture, Section 4.01)

## Replacement of Parts; Alterations

Continental is obligated to replace all parts at its expense that may from time to time be incorporated or installed in or attached to any Aircraft and that may become lost, damaged beyond repair, worn out, stolen, seized, confiscated or rendered permanently unfit for use. Continental or any permitted lessee or sublessee has the right, at its own expense, to make such alterations, modifications and additions with respect to each Aircraft as it deems desirable in the proper conduct of its business and to remove parts which it deems to be obsolete or no longer suitable or appropriate for use, so long as such alteration, modification, addition or removal does not materially diminish the fair market value, utility, or remaining useful life of the related Aircraft, Airframe or Engine or invalidate the Aircraft's airworthiness certificate. (Leases, Section 8.1 and Annex C; Owned Aircraft Indenture, Section 4.04(d))

## Insurance

Continental is required to maintain, at its expense (or at the expense of a permitted lessee, in the case of the Owned Aircraft, or a permitted sublessee, in the case of a Leased Aircraft), all-risk aircraft hull insurance covering each Aircraft, at all times in an amount not less than the stipulated loss value of the Aircraft (which exceeds the aggregate outstanding principal amount of the Equipment Notes related to such Aircraft, together with accrued interest thereon). However, after giving effect to self-insurance permitted as described below, the amount payable under such insurance may be less than such amounts payable with respect to the Equipment Notes. In the event of a loss involving insurance proceeds in excess of \$3,500,000 per occurrence (\$3,000,000 per occurrence in the case of the Special Agreements and \$5,000,000 per occurrence in the case of Boeing 757-224 aircraft), such proceeds up to the stipulated loss value of the relevant Aircraft will be payable to the applicable Loan Trustee, for so long as the relevant Indenture shall be in effect. In the event of a loss involving insurance proceeds of up to \$3,500,000 per occurrence (\$3,000,000 per occurrence in the case of the Special Agreements and \$5,000,000 per occurrence in the case of Boeing 757-224 aircraft) such proceeds will be payable directly to Continental so long as an Indenture Event of Default does not exist with respect to the Owned Aircraft Indenture or (in the case of a Leased Aircraft) the Owner Trustee has not notified the insurance underwriters that a Lease Event of Default exists. So long as the loss does not constitute an Event of Loss, insurance proceeds will be applied to repair or replace the property. (Leases, Sections 11 and Annex D; Owned Aircraft Indenture, Section 4.06)

In addition, Continental is obligated to maintain comprehensive airline liability insurance at its expense (or at the expense of a permitted lessee, in the case of an Owned Aircraft, or a permitted sublessee, in the case of a Leased Aircraft), including, without limitation, passenger liability, baggage liability, cargo and mail liability, hangarkeeper's liability and contractual liability insurance with respect to each Aircraft. Such liability insurance must be underwritten by insurers of nationally or internationally recognized responsibility. The amount of such liability insurance coverage per occurrence may not be less than the amount of comprehensive airline liability insurance from time to time applicable to aircraft owned or leased and operated by Continental of the same type and operating on similar routes as such Aircraft. (Leases, Section 11.1 and Annex D, Owned Aircraft Indenture, Section 4.06)

Continental is also required to maintain war-risk, hijacking or allied perils insurance if it (or any permitted sublessee or lessee) operates any Aircraft, Airframe or Engine in any area of recognized hostilities or if Continental (or any permitted sublessee or lessee) maintains such insurance with respect to other aircraft operated on the same routes or areas on or in which the Aircraft is operated. (Leases, Annex D, Owned Aircraft Indenture, Section 4.06)

Continental may self-insure in such amounts as are then self-insured with respect to similar owned or leased aircraft in its fleet, but the amount of such self-insurance in the aggregate may not exceed 50% of the largest replacement value of any single aircraft in Continental's fleet or 1 1/2% of the average aggregate insurable value (during the preceding calendar year) of all aircraft on which Continental carries insurance, whichever is less, unless an insurance broker of national standing shall certify that the standard among all other major U.S. airlines is a higher level of self-insurance, in which case Continental may self-insure the Aircraft to such higher level. In addition, Continental may self-insure to the extent of any applicable deductible per Aircraft that does not exceed industry standards for major U.S. airlines. (Leases, Section 11.1 and Annex D, Owned Aircraft Indenture, Section 4.06) Self insurance permitted under the Special Agreements is more limited.

In respect of each Aircraft, Continental is required to name as additional insured parties the relevant Loan Trustee and holders of the Equipment Notes and (in the case of the Leased Aircraft) the relevant Owner Participant and Owner Trustee, in its individual capacity and as owner of such Aircraft, and in some cases certain other parties under all liability, hull and property and war risk, hijacking and allied perils insurance policies required with respect to such Aircraft. In addition, the insurance policies maintained under the Leases and the Owned Aircraft Indenture will be required to provide that, in respect of the interests of such additional insured persons, the insurance shall not be invalidated or impaired by any act or omission of Continental or any other person and to insure the respective interests of such additional insured persons,

regardless of any breach or violation of any representation, warranty, declaration, term or condition contained in such policies by Continental, any permitted sublessee or any other person. (Leases, Annex D, Owned Aircraft Indenture, Section 4.06)

#### Lease Termination

Unless a Lease Event of Default shall have occurred and be continuing, Continental may terminate any Lease on any Lease Payment Date occurring after the fifth anniversary (or, in the case of the Special Agreements, the tenth anniversary) of the date on which such Lease commenced, if it makes a good faith determination that the Leased Aircraft subject to such Lease is economically obsolete or surplus to its requirements. In the case of the Special Agreements, such determination must be made on a nondiscriminatory basis with respect to the Aircraft subject to such Special Agreements and all similar aircraft operated by Continental which could also be terminated. Continental is required to give notice of its intention to exercise its right of termination described in this paragraph at least 90 days (in the case of the Special Agreements, six months) prior to the proposed date of termination, which notice may be withdrawn up to ten Business Days (in the case of the Special Agreements, 25 days) prior to such proposed date; provided that Continental may give only five (in the case of the Special Agreements, three) such termination notices. In such a situation, unless the Owner Trustee elects to retain title to such Aircraft, Continental is required to use commercially reasonable efforts to sell such Aircraft as an agent for such Owner Trustee, and Owner Trustee will sell such Aircraft on the date of termination to the highest cash bidder. If such sale occurs, the Equipment Notes related thereto are required to be prepaid. If the net proceeds to be received from such sale are less than the termination value for such Aircraft (which is set forth in a schedule to each Lease), Continental is required to pay to the applicable Owner Trustee an amount equal to the excess, if any, of the applicable termination value for such Aircraft over such net proceeds. Upon payment of termination value for such Aircraft and an amount equal to the Make-Whole Premium, if any, payable on such date of payment, together with certain additional amounts, the lien of the relevant Indenture will be released, the relevant Lease will terminate, and the obligation of Continental thereafter to make scheduled rent payments under such Lease will cease. (Leases, Section 9; Leased Aircraft Indentures, Section 2.10(b))

The Owner Trustee has the option to retain title to the Leased Aircraft if Continental has given a notice of termination under the Lease. In such event, such Owner Trustee will pay to the applicable Loan Trustee an amount sufficient to prepay the outstanding Equipment Notes issued with respect to such Aircraft (including the Make-Whole Premiums), in which case the lien of the relevant Indenture will be released, the relevant Lease will terminate and the obligation of Continental thereafter to make scheduled rent payments under such Lease will cease. (Leases, Section 9; Leased Aircraft Indentures, Sections 2.06 and 2.10(b))

#### Events of Loss

If an Event of Loss occurs with respect to the Airframe or the Airframe and Engines of an Aircraft, Continental must elect within 45 days (in the case of the Special Agreements, 20 days) after such occurrence either to make payment with respect to such Event of Loss or to replace such Airframe and any such Engines. Not later than the first Business Day following the earliest of (i) the 120th day (in the case of the Special Agreements, the 60th day) following the date of occurrence of such Event of Loss, and (ii) the fourth Business Day (in the case of the Special Agreements, the second Business Day) following the receipt of the insurance proceeds in respect of such Event of Loss, Continental must either (i) pay to the applicable Owner Trustee (in the case of a Leased Aircraft) the stipulated loss value of such Aircraft, together with certain additional amounts, or to the Owned Aircraft Trustee (in the case of the Owned Aircraft) the outstanding principal amount of and unpaid interest on the Equipment Notes together with certain additional amounts (if any) but, in any case, without any Make-Whole Premium or (ii) unless any Lease Event of Default or failure to pay basic rent under the relevant Lease (in the case of a Leased Aircraft), an Indenture Event of Default or failure to pay principal or interest under the Owned Aircraft Indenture (in the case of the Owned Aircraft) or certain bankruptcy defaults shall have occurred and be continuing, substitute an airframe (or airframe and one or more engines, as the case may be) for the Airframe, or Airframe and Engine(s), that suffered such Event



of Loss. (Leases, Sections 10.1.1 and 10.1.2; Leased Aircraft Indentures, Section 2.10(a); Owned Aircraft Indenture, Sections 2.10 and 4.05(a))

If Continental elects to replace an Airframe (or Airframe and one or more Engines, as the case may be) that suffered such Event of Loss, it shall, in the case of a Leased Aircraft, convey to the related Owner Trustee title to an airframe (or airframe and one or more engines, as the case may be), and such replacement airframe or airframe and engines must be the same model as the Airframe or Airframe and Engines to be replaced or an improved model, with a value, utility and remaining useful life (without regard to hours or cycles remaining until the next regular maintenance check) at least equal to the Airframe or Airframe and Engines to be replaced, assuming that such Airframe and such Engines had been maintained in accordance with the related Lease. Continental is also required to provide to the relevant Loan Trustee and (in the case of a Leased Aircraft) the relevant Owner Trustee and Owner Participant reasonably acceptable opinions of counsel to the effect, among other things, that (i) certain specified documents have been duly filed under the Transportation Code and (ii) such Owner Trustee and Leased Aircraft Trustee (as assignee of lessor's rights and interests under the Lease), in the case of a Leased Aircraft, or the Owned Aircraft Trustee, in the case of an Owned Aircraft, will be entitled to receive the benefits of Section 1110 of the U.S. Bankruptcy Code with respect to any such replacement airframe (unless, as a result of a change in law or court interpretation, such benefits are not then available). (Leases, Sections 10.1.3 and 10.3; Owned Aircraft Indenture, Section 4.05(c))

If Continental elects not to replace such Airframe, or Airframe and Engine(s), then upon payment of the outstanding principal amount of the Equipment Notes issued with respect to such Aircraft (in the case of an Owned Aircraft) or the stipulated loss value for such Aircraft (in the case of a Leased Aircraft), together with all additional amounts then due and unpaid with respect to such Aircraft, which must be at least sufficient to pay in full as of the date of payment thereof the aggregate unpaid principal amount under such Equipment Notes together with accrued but unpaid interest thereon and all other amounts due and owing in respect of such Equipment Notes, the lien of the Indenture and (in the case of a Leased Aircraft) the Lease relating to such Aircraft shall terminate with respect to such Aircraft, the obligation of Continental thereafter to make the scheduled rent payments (in the case of a Leased Aircraft) or interest and principal payments (in the case of an Owned Aircraft) with respect thereto shall cease and (in the case of a Leased Aircraft) the related Owner Trustee shall transfer all of its right, title and interest in and to the related Aircraft to Continental. The stipulated loss value and other payments made under the Leases or the Owned Aircraft Indenture, as the case may be, by Continental shall be deposited with the applicable Loan Trustee. Amounts in excess of the amounts due and owing under the Equipment Notes issued with respect to such Aircraft will be distributed by such Loan Trustee to the applicable Owner Trustee or to Continental, as the case may be. (Leases, Section 10.1.2; Leased Aircraft Indentures, Sections 2.06 and 3.02; Owned Aircraft Indenture, Sections 2.10 and 4.05(a)(ii))

If an Event of Loss occurs with respect to an Engine alone, Continental will be required to replace such Engine within 60 days after the occurrence of such Event of Loss with another engine, free and clear of all liens (other than certain permitted liens). Such replacement engine shall be the same make and model as the Engine to be replaced, or an improved model, suitable for installation and use on the Airframe, and having a value, utility and remaining useful life (without regard to hours or cycles remaining until overhaul) at least equal to the Engine to be replaced, assuming that such Engine had been maintained in accordance with the relevant Lease or the Owned Aircraft Indenture, as the case may be, immediately prior to the occurrence of the Event of Loss. (Leases, Section 10.2; Owned Aircraft Indenture, Section 4.05(a)(i))

An Event of Loss with respect to an Aircraft, Airframe or any Engine means any of the following events with respect to such property: (i) the destruction of such property, damage to such property beyond economic repair or rendition of such property permanently unfit for normal use; (ii) the actual or constructive total loss of such property or any damage to such property or requisition of title or use of such property which results in an insurance settlement with respect to such property on the basis of a total loss or a constructive or compromised total loss; (iii) any theft, hijacking or disappearance of such property for a period of 180 days (in the case of the Special Agreements, 90 days) or more; (iv) any seizure, condemnation, confiscation, taking or requisition of title to such property by any non-U.S. governmental entity or purported non-U.S. governmental entity (other than the country of registration of the relevant Aircraft), in the case of the Standard

Agreements, for a period exceeding 180 days (exceeding 90 days in the case of a requisition of title) or, if earlier, at the end of the term of such Lease (in the case of a Leased Aircraft) or the final maturity of the Equipment Notes (in the case of an Owned Aircraft); (v) in the case of any Leased Aircraft, any seizure, condemnation, confiscation, taking or requisition of use of such property by any U.S. government entity that continues until the 30th day after the last day of the term of the relevant Lease (unless the Owner Trustee shall have elected not to treat such event as an Event of Loss) or, in the case of the Special Agreements, certain specified shorter periods; or (vi) as a result of any law, rule, regulation, order or other action by the FAA or any governmental entity, the use of such property in the normal course of Continental's business of passenger air transportation is prohibited for 180 days, unless Continental, prior to the expiration of such 180 day period, shall have undertaken and shall be diligently carrying forward steps which are necessary or desirable to permit the normal use of such property by Continental, but in any event if such use shall have been prohibited for a period of two consecutive years (360 days in the case of the Special Agreements), provided that (in the case of the Standard Agreements) no Event of Loss shall be deemed to have occurred if such prohibition has been applicable to Continental's entire U.S. registered fleet of similar property and Continental, prior to the expiration of such two-year period, shall have conformed at least one unit of such property in its fleet to the requirements of any such law, rule, regulation, order or other action and commenced regular commercial use of the same and shall be diligently carrying forward, in a manner which does not discriminate against applicable property in so conforming such property, steps which are necessary or desirable to permit the normal use of such property by Continental, but in any event if such use shall have been prohibited for a period of three years or, in the case of the Leased Aircraft, such use shall be prohibited at the expiration of the term of the relevant Lease. (Leases, Annex A; Owned Aircraft Indenture, Annex A)

#### Renewal and Purchase Options

At the end of the term of each Lease after final maturity of the related Equipment Notes and subject to certain conditions, Continental will have certain options to renew such Lease for additional limited periods. In addition, Continental will have the right at the end of the term of each Lease to purchase the Aircraft subject thereto for an amount to be calculated in accordance with the terms of such Lease. (Leases, Section 17)

#### Events of Default under the Leases

Lease Events of Default under each Lease include, among other things, (i) failure by Continental to make any payment of basic rent, stipulated loss value or termination value under such Lease within ten Business Days (in the case of the Special Agreements, five Business Days) after the same shall have become due, or failure by Continental to pay any other amount due under such Lease or under any other related operative document within ten Business Days (in the case of the Special Agreements, five Business Days) from and after the date of any written demand therefor from the Owner Trustee; (ii) failure by Continental to make any excluded payment (as defined) within ten Business Days (in the case of the Special Agreements, five Business Days) after written notice that such failure constitutes a Lease Event of Default is given by the relevant Owner Participant to Continental and the relevant Loan Trustee; (iii) failure by Continental to carry and maintain insurance on and in respect of the Aircraft, Airframe and Engines, in accordance with the provisions of such Lease; (iv) in the case of the Special Agreements, failure by Continental to maintain its corporate existence, except as permitted by the relevant Lease, the winding up, liquidation or dissolution of Continental, failure to maintain the registration of the Aircraft with the FAA or with a permitted foreign registry, failure to record the Indenture or maintain the Indenture of record as a first-priority, perfected mortgage (subject to permitted liens) or operation of the Aircraft in any area excluded by insurance coverage required by such Lease or in any recognized or threatened area of hostilities unless fully covered by war-risk insurance, as required by Section 11 of such Lease (subject to certain exceptions); (v) in the case of the Special Agreements, breach of the covenants in such Lease pertaining to possession, interchange and pooling of Engines and subleasing or breach of certain prohibitions against attempted assignments by Continental of its obligations under such Lease and against the merger of Continental with any other person, except as expressly permitted by such Lease; (vi) failure by Continental to perform or observe any other covenant or agreement to be performed or observed by it under such Lease or the related Participation Agreement or any other related operative document (other than the related tax indemnity agreement between Continental and

the Owner Participant), and such failure shall continue unremedied for a period of 30 days (or, in the case of the Special Agreements, such other shorter applicable period) after written notice of such failure by the applicable Owner Trustee or Loan Trustee unless (in the case of the Standard Agreements), such failure is capable of being corrected and Continental shall be diligently proceeding to correct such failure, in which case there shall be no Lease Event of Default unless and until such failure shall continue unremedied for a period of 180 days after receipt of such notice; (vii) any representation or warranty made by Continental in such Lease or the related Participation Agreement or in any other related operative document (other than in the related tax indemnity agreement between Continental and the Owner Participant) shall prove to have been untrue or inaccurate in any material respect at the time made, such representation or warranty is material at the time in question and the same shall remain uncured (to the extent of the adverse impact thereof) for more than 30 days after the date of written notice thereof to Continental; and (viii) the occurrence of certain voluntary events of bankruptcy, reorganization or insolvency of Continental or the occurrence of involuntary events of bankruptcy, reorganization or insolvency which shall continue undismissed, unvacated or unstayed for a period of 90 days (in the case of the Special Agreements, 60 days). (Leases, Section 14)

Indenture Events of Default under the Owned Aircraft Indenture are discussed above under "-- Indenture Defaults, Notice and Waiver".

#### Remedies Exercisable upon Events of Default under the Lease

If a Lease Event of Default has occurred and is continuing, the applicable Owner Trustee may (or, so long as the Indenture shall be in effect, the applicable Loan Trustee may, subject to the terms of the Indenture) exercise one or more of the remedies provided in such Lease with respect to the related Aircraft. These remedies include the right to repossess and use or operate such Aircraft, to rescind or terminate such Lease, to sell or re-lease such Aircraft free and clear of Continental's rights, except as set forth in the Lease, and retain the proceeds, and to require Continental to pay, as liquidated damages, any due and unpaid basic rent plus an amount, at such Owner Trustee's (or, subject to the terms of the relevant Leased Aircraft Indenture, the Leased Aircraft Trustee's) option, either (i) the excess of the present value of all unpaid rent during the remainder of the term of such Lease over the present value of the fair market rental value of such Aircraft for the remainder of the term of such Lease, or (ii) the excess of the stipulated loss value of such Aircraft over the fair market sales value of such Aircraft or, if such Aircraft has been sold, the net sales proceeds from the sale of such Aircraft. (Leases, Section 15; Leased Aircraft Indentures, Section 4.04) The Leases for the Special Agreements provide a different formula for determining liquidated damages. If the Loan Trustee has validly terminated such Lease, the Loan Trustee may not sell or lease or otherwise afford the use of such Aircraft to Continental or any of its affiliates. (Leased Aircraft Indentures, Sections 4.03 and 4.04(a))

Remedies under the Owned Aircraft Indentures are discussed above under "-- Remedies".

#### Transfer of Owner Participant Interests

Subject to certain restrictions, each Owner Participant may transfer all or any part of its interest in the related Leased Aircraft. (Participation Agreements, Section 10.1.1)

## CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

## EXCHANGE OF OLD CERTIFICATES FOR NEW CERTIFICATES

The following summary describes the principal U.S. federal income tax consequences to Certificateholders of the exchange of the Old Certificates for New Certificates. This summary is intended to address the beneficial owners of Certificates that are citizens or residents of the United States, corporations, partnerships or other entities created or organized in or under the laws of the United States or any State, or estates or trusts the income of which is subject to U.S. federal income taxation regardless of its source that will hold the Certificates as capital assets.

The exchange of Old Certificates for New Certificates (the "Exchange") pursuant to the Exchange Offer will not be a taxable event for U.S. federal income tax purposes. As a result, a holder of an Old Certificate whose Old Certificate is accepted in an Exchange Offer will not recognize gain or loss on the Exchange. A tendering holder's tax basis in the New Certificates will be the same as such holder's tax basis in its Old Certificates. A tendering holder's holding period for the New Certificates received pursuant to the Exchange Offer will include its holding period for the Old Certificates surrendered therefor.

ALL HOLDERS OF OLD CERTIFICATES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE UNITED STATES FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE EXCHANGE OF OLD CERTIFICATES FOR NEW CERTIFICATES AND OF THE OWNERSHIP AND DISPOSITION OF NEW CERTIFICATES RECEIVED IN THE EXCHANGE OFFER IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

## ERISA CONSIDERATIONS

## IN GENERAL

ERISA imposes certain requirements on employee benefit plans subject to ERISA ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans") and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Department of Labor has promulgated a regulation, 29 CFR Section 2510.3-101 (the "Plan Asset Regulation"), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests (directly or indirectly) in a Certificate, the Plan's assets will include both the Certificate and an undivided interest in each of the underlying assets of the corresponding Trust, including the Equipment Notes held by such Trust, unless it is established that equity participation in the Trust by benefit Plan investors (including but not limited to Plans and entities whose underlying assets include plan assets by reason of an employee benefit plan's investment in the entity) is not "significant" within the meaning of the Plan Asset Regulation. In this regard, the extent to which there is equity participation in a particular Trust by, or on behalf of, employee benefit plans will not be monitored. If the assets of a Trust are deemed to constitute the assets of a Plan, transactions involving the assets of such Trust could be subject to the prohibited transaction provisions of ERISA and Section 4975 of the Code unless a statutory or administrative exemption is applicable to the transaction.

The fiduciary of a Plan that proposes to purchase and hold any Certificates should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, and (iii) the transfer to, or use by or for the benefit of, a party in interest or a disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, Continental and its affiliates, the Initial Purchasers, the Trustees, the Escrow Agent, the Depository, the Owner Trustees and the Liquidity Provider. In addition, whether or not the assets of a Trust are deemed to be Plan assets under the Plan Asset Regulation, if Certificates are purchased by a Plan and Certificates of a subordinate Class are held by a party in interest or a disqualified person with respect to such Plan, the exercise by the holder of the subordinate Class of Certificates of its right to purchase the senior Classes of Certificates upon the occurrence and during the continuation of a Triggering Event could be considered to constitute a prohibited transaction unless a statutory or administrative exemption were applicable. Depending on the identity of the Plan fiduciary making the decision to acquire or hold Certificates on behalf of a Plan, PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 95-60 (relating to investments by an insurance company general account), PTCE 96-23 (relating to transactions directed by an in-house professional asset manager) or PTCE 90-1 (relating to investments by insurance company pooled separate accounts) (collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Certificates.

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

Any Plan fiduciary which proposes to cause a Plan to purchase any Certificates should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

#### CLASS A CERTIFICATES

In addition to the Class Exemptions referred to above, an individual exemption may apply to the purchase, holding and secondary market sale of Class A Certificates by Plans, provided that certain specified conditions are met. In particular, the Department of Labor has issued individual administrative exemptions to the Initial Purchasers which are substantially the same as the administrative exemption issued to The First Boston Corporation, Prohibited Transaction Exemption 89-90 (54 Fed. Reg. 42,597 (1989), as amended (the "Underwriter Exemption"). The Underwriter Exemption generally exempts from the application of certain, but not all, of the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code certain transactions relating to the initial purchase, holding and subsequent secondary market sale of pass-through certificates which represent an interest in a trust that holds equipment notes secured by leases and certain other assets, provided that certain conditions set forth in the Underwriter Exemption are satisfied.

The Underwriter Exemption sets forth a number of general and specific conditions which must be satisfied for a transaction involving the initial purchase, holding or secondary market sale of certificates representing a beneficial ownership interest in a trust to be eligible for exemptive relief thereunder. In particular, the Underwriter Exemption requires that the acquisition of certificates by a Plan be on terms that are at least as favorable to the Plan as they would be in an arm's-length transaction with an unrelated party; the rights and interests evidenced by the certificates not be subordinated to the rights and interests evidenced by other certificates of the same trust estate; the certificates at the time of acquisition by the Plan be rated in one of the three highest generic rating categories by Moody's, Standard & Poor's, Duff & Phelps Inc. or Fitch

Investors Service, Inc.; and the investing Plan be an accredited investor as defined in Rule 501(a)(1) of Regulation D of the Commission under the Securities Act.

In addition, the trust corpus generally must be invested in qualifying receivables, such as the Equipment Notes, but may not in general include a pre-funding account. The Underwriter Exemption may also be available where all of the otherwise eligible assets of the trust are identified at the time of the acquisition of certificates by a Plan even though such assets, for administrative or other reasons, are not transferred to the trust at that time.

In order to comply with the investment restrictions set forth in the Underwriter Exemption, an investment in a Certificate will evidence both an interest in the respective Original Trust as well as an interest in the Deposits held in escrow by an Escrow Agent for the benefit of the Certificateholder. Pursuant to the terms of the Escrow Agreement, the proceeds from the Offering of the Certificates of each Class were paid over by the Initial Purchasers to the Depository on behalf of the Escrow Agent (for the benefit of such Certificateholders as the holders of the Escrow Receipts) and do not constitute property of the Original Trusts. Under the terms of each Escrow Agreement, the Escrow Agent entered into the Deposit Agreements with the Depository and was irrevocably instructed to effect withdrawals upon the receipt of appropriate notice from the relevant Trustee so as to enable such Trustee to purchase the identified Equipment Notes on the terms and conditions set forth in the Note Purchase Agreement. Interest on the Deposits relating to each Trust will be paid to the Certificateholders of such Trust as Receiptholders through a Paying Agent appointed by the Escrow Agent. Pending satisfaction of such conditions and withdrawal of such Deposits, the Escrow Agent's rights with respect to the Deposits will remain plan assets subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code.

There can be no assurance that the Department of Labor would agree that the Underwriter Exemption is applicable to Class A Certificates in these circumstances. In particular, the Department of Labor might assert that the escrow arrangement is tantamount to a pre-funding of the Original Trusts rendering the Underwriter Exemption inapplicable to the Original Trusts, although such issue should not exist with respect to the Successor Trusts. The Department of Labor is currently considering an amendment to the Underwriter Exemption to permit pre-funding arrangements with respect to a limited portion of the assets to be acquired by a trust. In addition, even if all of the conditions of the Underwriter Exemption are satisfied with respect to the Class A Certificates, no assurance can be given that the Underwriter Exemption would apply with respect to all transactions involving the Class A Certificates or the assets of the Class A Trust. In particular, it appears that the Underwriter Exemption would not apply to the purchase by Class B Certificateholders or Class C Certificateholders of Class A Certificates in connection with the exercise of their rights upon the occurrence and during the continuance of a Triggering Event. Therefore, the fiduciary of a Plan considering the purchase of a Class A Certificate should consider the availability of the exemptive relief provided by the Underwriter Exemption, as well as the availability of any other exemptions with respect to transactions to which the Underwriter Exemption may not apply.

#### CLASS B AND CLASS C CERTIFICATES

The Underwriter Exemption does not apply to the Class B or Class C Certificates. The Class B and Class C Certificates may not be acquired with the assets of a Plan, except that such Certificates may be acquired with the assets of an insurance company general account that may be deemed to constitute Plan assets, provided that the conditions of PTCE 95-60 are satisfied at the time of the acquisition (and during the holding) of such Certificates. Holders of Class B Certificates or Class C Certificates that tender Old Certificates in exchange for New Certificates will be deemed to have represented and warranted that either (i) no Plan assets have been used to acquire and hold such Certificate or (ii) the acquisition and holding of such Certificate is exempt from the prohibited transaction restrictions of ERISA and the Code pursuant to PTCE 95-60.

## PLAN OF DISTRIBUTION

Each broker-dealer that receives New Certificates for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Certificates. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Certificates received in exchange for Old Certificates where such Old Certificates were acquired as a result of market-making activities or other trading activities. The Company has agreed that, starting on the Expiration Date and ending on the close of business 180 days after the Expiration Date, it will make this Prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until such date all broker-dealers effecting transactions in the New Certificates may be required to deliver a prospectus.

The Company will not receive any proceeds from any sale of New Certificates by broker-dealers. New Certificates received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the New Certificates or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such New Certificates. Any broker-dealer that resells New Certificates that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such New Certificates may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit of any such resale of New Certificates and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Starting on the Expiration Date, the Company will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Company has agreed to pay all expenses incident to the Exchange Offer other than commissions or concessions of any brokers or dealers, fees of counsel to the Holders and certain transfer taxes, and will indemnify the Holders of the New Certificates (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

## LEGAL MATTERS

The validity of the New Certificates will be passed upon for Continental by Hughes Hubbard & Reed LLP, New York, New York. Hughes Hubbard & Reed LLP will rely on the opinion of Richards, Layton & Finger, Wilmington, Delaware, counsel for Wilmington Trust Company, as Trustee, as to certain matters of Delaware law relating to the Pass Through Trust Agreements.

## EXPERTS

The consolidated financial statements of Continental Airlines, Inc. appearing in Continental Airlines, Inc.'s Annual Report (Form 10-K) for the year ended December 31, 1996 have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The references to AISI, BK and MBA, and to their respective appraisal reports, dated as of February 25, 1997 in the case of AISI, January 8, 1997 in the case of BK and February 21, 1997 in the case of MBA, are included herein in reliance upon the authority of each such firm as an expert with respect to the matters contained in its appraisal report.

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## APPENDIX II -- APPRAISAL LETTERS

[AIRCRAFT INFORMATION SERVICES, INC. LOGO]

25 February 1997

Continental Airlines  
2929 Allen Parkway, Suite 1588  
Houston, TX 77019

Subject: AISI Report No.: A7D001BVO  
AISI Sight Unseen New Aircraft Current Market Value Appraisal, Eight  
B757-200,  
Eighteen B737-500 and Four B737-700 Aircraft.

Dear Gentlemen:

In response to your request, Aircraft Information Services, Inc. (AISI) is pleased to offer Continental Airlines our opinion of the sight unseen current market value of various new aircraft to be delivered from the manufacturer to Continental Airlines between March 1997 and February 1998 as listed and defined in Table I.

#### 1. METHODOLOGY AND DEFINITIONS

The method used by AISI in its valuation of the Aircraft was based both on a review of information and Aircraft specifications supplied by Continental Airlines and also on a review of present and past market conditions, various expert opinions (such as aircraft brokers and financiers) and information contained in AISI's databases that help determine aircraft availability and price data and thus arrive at the appraised values for the new aircraft to be delivered to Continental Airlines.

The historical standard term of reference for commercial aircraft value has been "half-life fair market value" of an "average" aircraft. However, "fair market value" could mean a fair value in the given market or a value in a hypothetical "fair" or balanced market, and the two definitions are not equivalent. Recently, the term "base value" has been created to describe the theoretical balanced market condition and to avoid the potentially misleading term "fair market value" which has now become synonymous with the term "current market value" or a "fair" value in the actual current market. AISI value definitions are consistent with those of the International Society of Transport Aircraft Trading (ISTAT) of 01 January 1994; AISI is a member of that organization and employs an ISTAT Certified Senior Aircraft Appraiser.

AISI defines a "base value" as that of a transaction between equally willing and informed buyer and seller, neither under compulsion to buy or sell, for a single unit cash transaction with no hidden value or liability, and with supply and demand of the sale item roughly in balance.

AISI defines a "current market value" or "fair market value" as that value which reflects the real market conditions, whether at, above or below the base value conditions. Definitions of aircraft condition, buyer/seller qualifications and type of transaction remain unchanged from that of base value. Current market value takes into consideration the status of the economy in which the aircraft is used, the status of supply and demand for the particular aircraft type, the value of recent transactions and the opinions of informed buyers and sellers. Current market value assumes that there is no short term time constraint to buy or sell.

#### 2. MARKET ANALYSIS B737-500, B737-700 & B757-200

##### B737-500

The B737-500 is a twin engine, narrowbody, stage 3, two man crew domestic aircraft, the smallest of the B737-300/400/500 family, typically seating 108 passengers, dual class. With the same fuel capacity as the large B737-300 and -400 but lighter empty weight, the B737-500 full passenger range is considerably greater; approximately 1,800 nautical miles at low MTOW's up to 3,000 nautical miles at higher MTOW's.

25 February 1997

[AIRCRAFT INFORMATION SERVICES, INC. LOGO]

AISI File No. A70001BV0

Page -2-

There are 308 aircraft in the B737-500 fleet, making it the smallest fleet of the B737-300/400/500 family, but 33 airlines operate the -500, distributed worldwide. 148 of the fleet are operated on a form of lease, either financial or operational.

The aircraft was first delivered in 1989, and we would anticipate termination of production prior to year 2000. Major competitors included hushkitted B737-200's and DC-9 variants, the MD-87, the Fokker 100, the Airbus A319 and soon the replacement B737-600 and the new MD-95.

The B737-500 market has been reasonably strong and values have held steady in the face of demand which, while strong is not as strong as for the larger B737-300 and -400. For the short term we see no significant reduction in B737-500 values. Long term however, the aircraft, like the B737-300/400, faces significant competition from newer more advanced aircraft, and we expect the B737-500 to be significantly more vulnerable than its larger variants, to either competition or an economic downturn.

Another factor tending to lower values long term is the major manufacturers policy of deep discounts of list prices to battle for market share -- which softens market values of all newer 100-160 seat aircraft. The B737-500 has even more limited appeal than the B737-300 as a converted freighter, and none have yet been converted.

#### B737-700

The B737-700 is a twin engine, narrowbody, stage 3, two man crew aircraft typically seating 128 passengers in mixed class configuration. Typical range with full passengers at low MTOW is approximately 2,500 nautical miles, while at high MTOW the range increases to approximately 3,200 nautical miles, sufficient for transcontinental domestic operations. The aircraft is part of the new Boeing B737-600/700/800 family, replacing the present B737-500/300/400, respectively. The aircraft has a larger wing, a higher cruise speed, longer range, and higher initial cruise altitude capability than its predecessor, the B737-300, while operating at higher gross weights, with the same size passenger cabin and more powerful CFM56-7B variants of the same engine.

The B737-700 has a respectable firm order of 176 aircraft, with 93 ordered by leasing companies, but the customer base is still quite small at 6 airlines. This reflects the high percentage of leasing company orders and the probable initial operator count is more like 20 airlines.

The major competitors to the B737-700 are the MD-90 and the Airbus A320 even though these aircraft types are larger than the B737-700. The B737-700 also must compete with its larger variant the B737-800 and the earlier B737-300/400/500 variants. In some markets it must also compete with the older B737-200A.

The first B737-700 is currently in flight test, with delivery scheduled for October 1997. AISI analysis of the market for the new B737 family indicates that the present strong demand for narrowbody stage 3 domestic aircraft has stabilized and will continue at least until the next major economic downturn. There are expected to be some B737-300 users who put insufficient value in the advantages of the B737-700 over the B737-300 to support any significant price differential between the two. Due to small size and relatively high cost, we expect the future potential for freighter conversion to be confined to the older B737 variants for domestic small package carrier market; it will be several years before market growth and B737-700 values reductions coincide to make a B737-700F practical.

Boeing in recent head-to-head B737-600/700/800 competition with Airbus A319 and A320 aircraft has shown a willingness to offer aircraft at drastically reduced prices; Airbus has generally matched or exceeded Boeing's discounts. This willingness to discount, combined with significant increases in production rates, produces an artificial softening of market prices of all new and newer 100 to 160 seat stage III narrowbody domestic aircraft.

The B757-200 is a twin engine, narrowbody, stage 3, two man crew aircraft typically seating 186 passengers in mixed class configuration. Typical range with full passengers at low MTOW is approximately 2,900 nautical miles, while at high MTOW the range increases to approximately 4,000 nautical miles. The B757 has a relatively large fleet of 648 aircraft, of which 272 are Pratt & Whitney powered and 376 are Rolls Royce powered. 17 airlines operate Pratt powered aircraft, while 42 operate the more popular Rolls powered variant. 340 aircraft are operated on some form of lease arrangement. A variant of the aircraft is qualified for Extended Twin Engine Overwater Operation (ETOP) giving the aircraft significant flexibility for use in both domestic and limited international markets. The aircraft was first produced in 1982, and we do not anticipate termination of production in the foreseeable future.

The B757-200 occupies a unique place in the family of commercial aircraft in that it does not have a direct competitor. Its closest narrowbody competitors, the MD-83 and A321 neither have the range to compete with the B757, and the MD-83 has considerably smaller passenger capacity. Airbus has considered increasing the size and weights of the A321, but a new larger wing would be required for the A321 to be truly competitive with the B757. The closest widebody competitors, the B767-200 and A310-200/300, are considerably larger aircraft and cost considerably more per plane mile to operate. For the foreseeable future, it appears Airbus is content to permit the B757 to remain unchallenged at the top of the larger, long range, narrowbody market. Boeing, realizing it has a significant market in which it is uncontested, has now initiated studies to increase the size and weights of the B757-200 creating the B757-300. This will further distance the B757 family from its narrowbody competitors and place it closer to the smallest widebody competitors, over whom it enjoys considerable plane mile operating cost advantages.

AISI analysis of the market for the B757-200 indicates that demand had stabilized in late 1995 and through 1996 but has now increased and will continue at least until the next major economic downturn; orders and backlog for new aircraft have declined but availability of newer B757 aircraft is tight; a production rate decrease in 3rd quarter 1996 will be reversed early in 1997. Current market purchase prices and lease rates for newer used B757-200 aircraft are now generally stable, although there is some reduction in prices for the oldest, least capable aircraft. We expect increased production rates and availability from leasing companies to hold prices steady in the face of moderately increasing demand.

### 3. VALUATION

Following is AISI's opinion of the current market value for the subject aircraft on their respective delivery dates. Valuations are presented in Table I subject to the assumptions, definitions and disclaimers herein.

CONTINENTAL AIRLINES -- AISI FILE # A7D001BVO  
25 FEBRUARY 1997

TABLE I

MANUFACTURER'S DELIVERY DATE	AIRCRAFT TAIL NUMBER	MANUFACTURER'S SERIAL NUMBER	1997 MILLION USDOLLARS NEW CURRENT MARKET VALUE
B757-200, RB211-535E4 Engines, 230,000lb MTOW			
Mar-97	118	27560	53.72
Apr-97	119	27561	53.80
Jun-97	120	27562	53.97
Jul-97	121	27563	54.05
Aug-97	122	27564	54.13
Dec-97	126	28966	54.47
Jan-98	123	27565	54.55
Jan-98	127	28967	54.55
B737-500, CFM56-3B1 Engines, 129,500lb MTOW			
Jul-97	638	28899	31.09
Jul-97	639	28900	31.09
Aug-97	640	28901	31.14
Aug-97	641	28902	31.14
Aug-97	642	28903	31.14
Sep-97	643	28904	31.19
Sep-97	644	28905	31.19
Oct-97	645	28906	31.24
Oct-97	646	28907	31.24
Nov-97	647	28908	31.29
Nov-97	648	28909	31.29
Dec-97	649	28910	31.34
Dec-97	650	28911	31.34
Dec-97	651	28912	31.34
Jan-98	652	28913	31.39
Jan-98	653	28914	31.39
Feb-98	654	28915	31.43
Feb-98	655	28916	31.43
B737-500, CFM56-7B24 Engines, 133,000lb MTOW			
Jan-98	701	28762	36.83
Jan-98	702	28763	36.83
Feb-98	703	28764	36.89
Feb-98	704	28765	36.89

Unless otherwise agreed by Aircraft Information Services, Inc. (AISI) in writing, this report shall be for the sole use of the client/addressee. This report is offered as a fair and unbiased assessment of the subject aircraft. AISI has no past, present, or anticipated future interest in the subject aircraft. The conclusions and opinions expressed in this report are based on published information, information provided by others, reasonable interpretations and calculations thereof and are given in good faith. Such conclusions and opinions are judgments that reflect conditions and values which are current at the time of this report. The values and conditions reported upon are subject to any subsequent change. AISI shall not be liable to any party for damages arising out of reliance or alleged reliance on this report, or for any parties action or failure to act as a result of reliance or alleged reliance on this report.

Sincerely,

AIRCRAFT INFORMATION SERVICES. INC.

/s/ FRED E. BEARDEN

-----  
Fred E. Bearden  
President  
FB/JDM/jm



[BK ASSOCIATES, INC. LOGO]  
1295 Northern Boulevard  
Manhasset, New York 11030  
(516) 365-6272 - Fax (516) 365-6287

January 8, 1997

CONTINENTAL AIRLINES  
2929 Allen Parkway  
Houston, TX 77019

Gentlemen:

In response to your request, BK Associates, Inc. is pleased to provide this opinion on the fair market value (FMV) as of January 1997 on each of eight B757-224, four B737-724 and 18 B737-524 aircraft (Aircraft), which will be delivered to Continental Airlines between March 1997 and February 1998. The B757 aircraft are each powered by two Rolls-Royce RB211-535E4B engines, the B737-724 by CFM International CFM56-7B24 and the B737-524 by CFM International CFM56-3B1 engines. We understand that, while they are being delivered as "standard" aircraft with 230,000 pounds takeoff weight, the B757s have the physical specifications of high gross weight and Extended Twin Overwater Operations (ETOPS) and can be re-certified as such without physical changes to the aircraft. The Aircraft are further identified in the conclusion to this letter.

Set forth below is a summary of the methodology, considerations and assumptions utilized in this appraisal.

#### CURRENT FAIR MARKET VALUE

According to the International Society of Transport Aircraft Trading's (ISTAT) definition of FMV, to which BK Associates subscribes, the quoted FMV is the Appraiser's opinion of the most likely trading price that may be generated for an aircraft under the market circumstances that are perceived to exist at the time in question. The FMV assumes that the aircraft is valued for its highest and best use, that the parties to the hypothetical sale transaction are willing, able, prudent and knowledgeable, and under no unusual pressure for a prompt sale, and that the transaction would be negotiated in an open and unrestricted market on an arm's length basis, for cash or equivalent consideration, and given an adequate amount of time for effective exposure to prospective buyers, which BK Associates considers to be 12 to 18 months.

#### BASE VALUE

Base value is the Appraiser's opinion of the underlying economic value of an aircraft in an open, unrestricted, stable market environment with a reasonable balance of supply and demand, and assumes full consideration of its "highest and best use". An aircraft's base value is founded in the historical trend of values and in the projection of future value trends and presumes an arm's length, cash transaction between willing, able and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing.

#### VALUE METHODOLOGY

Fair market valuations are determined based upon one of three methods: comparable recent sales, replacement cost or rate of return to investor. In this appraisal, BK used the comparable sales method, which is the most common method, in determining the base values of the Aircraft. This method uses industry data to ascertain the prices realized in recent sales of comparable models. The fair market value of the base Aircraft is based on BK's familiarity with the aircraft type, its earnings potential in commercial service, its knowledge of its capabilities and the uses to which it will be put worldwide, its knowledge of the marketing of used aircraft, and the factors affecting the fair market value of such aircraft, and on its knowledge of the asking, offered and transaction prices for similar competitive, and alternative equipment, as well as transactions and negotiations

Continental Airlines, Inc.

[BK ASSOCIATES, INC. LOGO]

January 8, 1997

Page 2

involving basically identical aircraft. These realizations, however, which reflect the market supply and demand at the time of sale, are subject to minor adjustments for other conditions existing at the time of the appraisal. In this respect, we consider the market for B757 and B737 aircraft to be in reasonable balance at this time, and thus, the FMV is equal to the base value. In addition, values were adjusted for engine type and maximum gross takeoff weights (MGTOW). In arriving at the current fair market value, BK considered the impact of many factors affecting the market for used aircraft, including: the current demand for and availability of aircraft, the projected demand for lift, the suitability and operating economies of the aircraft, regulatory factors, and recent sales experience.

#### LIMITING CONDITIONS AND ASSUMPTIONS

BK has neither inspected the Aircraft nor their maintenance records but relied upon information supplied by you and from BK's own database. In determining the fair market value of a used aircraft, the following assumptions apply to the base aircraft:

1. Unless it is new, the aircraft has half-time remaining to its next major overhauls or scheduled shop visit on its airframe, engines, landing gear and auxiliary power unit.
2. The aircraft is in compliance under a Federal Aviation Administration approved airline maintenance program, with all airworthiness directives, mandatory modifications and applicable service bulletins currently up to industry standard.
3. The interior of the aircraft is in a standard configuration for its specific type, with the buyer furnished equipment and options of the types and models generally accepted and utilized in the industry.
4. The aircraft is in current flight operations.
5. The aircraft is sold for cash without seller financing.
6. The Aircraft is in average or better condition.
7. There is no accident damage.

Based on the above methodology, considerations and assumptions, and since they are all new and not yet in service, it is our opinion that the current fair market value of each aircraft are as follows:

MODEL	DATE OF DELIVERY	SERIAL NUMBER	CFMV (EACH)
-----	-----	-----	-----
B757-224	03/97	27560	53,250,000
B757-224	04/97	27561	53,250,000
B757-224	06/97	27562	53,250,000
B757-224	07/97	27563	53,750,000
B757-224	08/97	27564	53,750,000
B757-224	12/97	28966	54,000,000
B757-224	01/98	27565	54,250,000
B757-224	01/98	28967	54,250,000
B737-524	07/97	28899	27,800,000
B737-524	07/97	28900	27,800,000
B737-524	08/97	28901	27,800,000
B737-524	08/97	28902	27,800,000
B737-524	08/97	28903	27,800,000
B737-524	09/97	28904	27,800,000
B737-524	09/97	28905	27,800,000
B737-524	10/97	28906	27,800,000
B737-524	10/97	28907	27,800,000
B737-524	11/97	28908	28,000,000
B737-524	11/97	28909	28,000,000
B737-524	12/97	28910	28,000,000
B737-524	12/97	28911	28,000,000
B737-524	12/97	28912	28,000,000
B737-524	01/98	28913	28,250,000
B737-524	01/98	28914	28,250,000
B737-524	02/98	28915	28,250,000
B737-524	02/98	28916	28,250,000
B737-724	01/98	28762	37,750,000
B737-724	01/98	28763	37,750,000
B737-724	02/98	28764	37,750,000
B737-724	02/98	28765	37,750,000

Continental Airlines, Inc.

[BK ASSOCIATES, INC. LOGO]

January 8, 1997

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BK Associates, Inc. has no present or contemplated future interest in the Aircraft, nor any interest that would preclude our making a fair and unbiased estimate. This appraisal represents the opinion of BK Associates, Inc. and reflects our best judgment based on the information available to us at the time of preparation and the time and budget constraints imposed by the client. It is not given as a recommendation, or as an inducement, for any financial transaction and further, BK Associates, Inc. assumes no responsibility or legal liability for any action taken or not taken by the addressee, or any other party, with regard to the appraised equipment. By accepting this appraisal, the addressee agrees that BK Associates, Inc. shall bear no such responsibility or legal liability. This appraisal is prepared for the use of the addressee and shall not be provided to other parties without the express consent of the addressee.

Sincerely yours,

BK ASSOCIATES, INC.

/s/ JOHN F. KEITZ

-----  
John F. Keitz  
President  
ISTAT Senior Certified Appraiser

JFK/kf

February 21, 1997

Continental Airlines, Inc.  
2929 Allen Parkway  
Houston, TX 77019

Gentlemen:

Pursuant to your request, Morten Beyer & Associates (MBA) has set forth its opinion regarding the value of thirty aircraft (as described in Schedule I herein) being delivered new from the manufacturer to Continental Airlines during 1997 and 1998. More specifically, our mandate is to render our opinion on this date as to the value of the aircraft on their delivery dates.

There are several terms used to describe the "value" of an aircraft. MBA uses the definitions of various value terms as promulgated by the International Society of Transport Aircraft Trading (ISTAT), a not-for-profit organization of some 500 members who have an interest in the commercial aviation industry. The membership consists of management level personnel from banks, leasing companies, airlines, appraisers, brokers, manufacturers, etc. ISTAT has also established standards for appraisal practice and a code of ethics for those members who want to be certified by the Society as appraisers. To attain certification members must meet rigid educational and experience requirements and must successfully complete written examinations. Both Morten Beyer and Robert Minnich of MBA are ISTAT Certified Senior Appraisers.

ISTAT defines Current Market Value (CMV) as the most likely trading price that may be generated for an aircraft under the market conditions that are perceived to exist at the time in question. Market Value (MV) assumes that the aircraft is valued for its highest, best use, that the parties to the hypothetical sales transaction are willing, able, prudent and knowledgeable, and under no unusual pressure for a prompt sale, and that the transactions would be negotiated in an open and unrestricted market on an arm's length basis, for cash or equivalent consideration and given an adequate amount of time for effective exposure to prospective buyers. Fair Market Value is synonymous to MV and Current Fair Market Value is synonymous with CMV because the criteria typically used in those documents that use the term "fair" reflect the same criteria set forth in the above definition of Market Value.

Base Value (BV) contains the same elements as MV except the market conditions are always assumed to be in a reasonable state of equilibrium. Base values are related to long term trends, and may or may not reflect the actual value of the aircraft in question. Base values are founded in the historical values of aircraft and are usually used for analysis of historic values or for future value projections.

The values set forth herein are Current Market Values. CMVs are provided for each aircraft, identified by assigned manufacturer's serial numbers and FAA registration numbers taking into account the expected month of delivery to Continental.

The delivery period for the aircraft that are the subject of this report terminates in February, 1998. As of the date of this report, we see no events that may cause us to revise valuations. However, unforeseen

circumstances can occur with little or no warning, and if something does occur, MBA would revise its market valuations accordingly.

All of the aircraft included in this appraisal are new aircraft with delivery dates starting in March 1997. The types of aircraft that are the subject of this report are all considered to be effective competitors in the industry for years to come, and they all meet or exceed Stage III noise level standards. The Boeing 737-500 was first built in 1989, and there are currently 319 in service with 28 operators and another 56 on order. It is the truncated version of the 737-300/400 series and offers a lower cost per aircraft mile. Because of its smaller capacity, its unit costs as measured by the cost per available seat mile are higher. Although we consider the aircraft to be a competitive one, it suffers from the fact that aircraft that are smaller versions of larger aircraft have historically not been as efficient as aircraft that are originally designed as smaller machines.

The Boeing 737-700 is Boeing's newest entry into the advanced technology market to compete with Airbus A319/320/321 series machines. The aircraft has not yet entered service. There are 208 unfilled orders. We expect that this aircraft will be very popular with the airlines and will have a long production run.

The Boeing 757 was first built in 1982 and was originally thought to be the replacement for the Boeing 727 series aircraft. Orders started slowly, but as time passed the aircraft became very popular because of its outstanding economic and operational characteristics. At the present time there are 669 of these aircraft in service with 62 operators. An additional 109 aircraft are on order.

This report has been prepared for the exclusive use of Continental and shall not be provided to other parties by MBA without the express consent of Continental.

MBA certifies that this report has been independently prepared and that it fully and accurately reflects MBA's opinion, as of the date of this report, of the values set forth herein. MBA further certifies that it does not have, and does not expect to have, any financial interest in the subject or similar aircraft.

This report represents MBA's opinion as to the subject aircraft, and is intended to be advisory only, in nature. Therefore, MBA assumes no responsibility or legal liability for any actions taken, or not taken, by Continental or any other party with regard to the subject aircraft.

By accepting this report, all parties agree that MBA shall bear no such responsibility or legal liability.

Sincerely,

/s/ MORTEN S. BEYER

-----  
Morten S. Beyer  
President

[MORTEN BEYER AND ASSOCIATES LOGO]

## PROJECTED AIRCRAFT VALUES AT DELIVERY

## CONTINENTAL AIRLINES

## Boeing 757-200

	MAR 97	APR 97	JUN 97	JUL 97	AUG 97	DEC 97	JAN 98
# of Aircraft	1 ea	1 ea	1 ea	1 ea	1 ea	1 ea	2 ea
Current Mkt Val (\$mm)	59.431	59.682	60.182	60.433	60.683	61.685	61.936
Serial Numbers	27560	27561	27562	27563	27564	28966	27565 27567
Tail #s	118	119	120	121	122	126	123 127

## Boeing 737-500

	JUL 97	AUG 97	SEP 97	OCT 97	NOV 97	DEC 97	JAN 98	FEB 98
# of Aircraft	2 ea	3 ea	2 ea	2 ea	2 ea	3 ea	2 ea	2 ea
Current Mkt Val (\$mm)	27.610	27.718	27.826	27.932	28.040	28.148	28.256	28.364
Serial Numbers	28899 28900	28901 28902 28903	28904 28905	28906 28907	28908 28909	28910 28911 28912	28913 28914	28915 28961
Tail #s	638 639	640 641 642	643 644	645 646	647 648	649 650 651	652 653	654 655

## Boeing 737-700

	JAN 98	FEB 98
# of Aircraft	2 ea	2 ea
Current Mkt Val (\$mm)	36.491	36.573
Serial Numbers	28762 28763	28764 28765
Tail #s	701 702	703 704

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NO OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS AND THE ACCOMPANYING LETTER OF TRANSMITTAL AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE EXCHANGE AGENT. NEITHER THIS PROSPECTUS NOR THE ACCOMPANYING LETTER OF TRANSMITTAL, OR BOTH TOGETHER, CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS, NOR THE ACCOMPANYING LETTER OF TRANSMITTAL, OR BOTH TOGETHER, NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THEREOF.

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CONTINENTAL AIRLINES, INC.

OFFER TO EXCHANGE  
PASS THROUGH CERTIFICATES, SERIES 1997-1,

WHICH HAVE BEEN REGISTERED UNDER THE  
SECURITIES ACT OF 1933, AS AMENDED,

FOR ANY AND ALL OUTSTANDING  
PASS THROUGH CERTIFICATES, SERIES 1997-1

PROSPECTUS

May

, 1997

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## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

## ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

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

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

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

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

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

(e) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative, or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of undertaking by or on behalf of such

director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this section. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

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

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

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

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

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

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

The Certificate of Incorporation and Bylaws also limit the personal liability of directors to the Company and its stockholders for monetary damages resulting from certain breaches of the directors' fiduciary duties. The bylaws of the Company provide as follows:

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

the liability of Directors of the Corporation shall be eliminated or limited to the full extent permitted by the GCL, as so amended".

The Company maintains directors' and officers' liability insurance.

ITEM 21. EXHIBITS.

EXHIBIT NUMBER -----	DESCRIPTION OF EXHIBIT -----
4.1	-- Form of New 7.461% Continental Airlines Pass Through Certificate Series 1997-1A-0 (included in Exhibit 4.5)
4.2	-- Form of New 7.461% Continental Airlines Pass Through Certificate Series 1997-1B-0 (included in Exhibit 4.6)
4.3	-- Form of New 7.420% Continental Airlines Pass Through Certificate Series 1997-1C-I-0 (included in Exhibit 4.7)
4.4	-- Form of New 7.420% Continental Airlines Pass Through Certificate Series 1997-1C-II-0 (included in Exhibit 4.8)
4.5	-- Pass Through Trust Agreement, dated as of March 21, 1997, between Continental Airlines, Inc., and Wilmington Trust Company, as Trustee, made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-1A-0 and the issuance of 7.461% Continental Airlines Pass Through Trust, Series 1997-1A-0 Pass Through Certificates representing fractional undivided interests in the Trust
4.6	-- Pass Through Trust Agreement, dated as of March 21, 1997, between Continental Airlines, Inc., and Wilmington Trust Company, as Trustee, made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-1B-0 and the issuance of 7.461% Continental Airlines Pass Through Trust, Series 1997-1B-0 Pass Through Certificates representing fractional undivided interests in the Trust
4.7	-- Pass Through Trust Agreement, dated as of March 21, 1997, between Continental Airlines, Inc., and Wilmington Trust Company, as Trustee, made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-1C-I-0 and the issuance of 7.420% Continental Airlines Pass Through Trust, Series 1997-1C-I-0 Pass Through Certificates representing fractional undivided interests in the Trust
4.8	-- Pass Through Trust Agreement, dated as of March 21, 1997, between Continental Airlines, Inc., and Wilmington Trust Company, as Trustee, made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-1C-II-0 and the issuance of 7.420% Continental Airlines Pass Through Trust, Series 1997-1C-II-0 Pass Through Certificates representing fractional undivided interests in the Trust
4.9	-- Revolving Credit Agreement, dated March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust 1997-1A-0, as Borrower and ABN AMRO Bank N.V., Chicago Branch as Liquidity Provider
4.10	-- Revolving Credit Agreement, dated March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust 1997-1A-0, as Borrower and ING Bank N.V. as Liquidity Provider

EXHIBIT  
NUMBER  
-----DESCRIPTION OF EXHIBIT  
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- 4.11 -- Revolving Credit Agreement, dated March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust 1997-1B-0, as Borrower and ABN AMRO Bank N.V., Chicago Branch as Liquidity Provider
- 4.12 -- Revolving Credit Agreement, dated March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust 1997-1B-0, as Borrower and ING Bank N.V. as Liquidity Provider
- 4.13 -- Revolving Credit Agreement, dated March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust 1997-1C-I-0, as Borrower and ABN AMRO Bank N.V., Chicago Branch as Liquidity Provider
- 4.14 -- Revolving Credit Agreement, dated March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust 1997-1C-I-0, as Borrower and ING Bank N.V. as Liquidity Provider
- 4.15 -- Revolving Credit Agreement, dated March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust 1997-1C-II-0, as Borrower and ABN AMRO Bank N.V., Chicago Branch as Liquidity Provider
- 4.16 -- Revolving Credit Agreement, dated March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust 1997-1C-II-0, as Borrower and ING Bank N.V. as Liquidity Provider
- 4.17 -- Intercreditor Agreement dated as of March 21, 1997, among Wilmington Trust Company, as Trustee under the Continental Airlines Pass Through Trust 1997-1A-0, Continental Airlines Pass Through Trust 1997-1B-0, Continental Airlines Pass Through Trust 1997-1C-I-0 and Continental Pass Through Trust 1997-1C-II-0, ING Bank N.V. and ABN AMRO Bank N.V., as Class A Liquidity Provider, Class B Liquidity Provider, Class C Liquidity Provider, and Wilmington Trust Company, as Subordination Agent and Trustee
- 4.18 -- Exchange and Registration Rights Agreement, dated as of March 21, 1997, among Continental Airlines, Inc., Wilmington Trust Company, as Trustee under Continental Airlines Pass Through Trust, Series 1997-1A-0, Continental Airlines Pass Through Trust, Series 1997-1B-0, Continental Airlines Pass Through Trust, Series 1997-1C-I-0, Continental Airlines Pass Through Trust, Series 1997-1C-II-0, and Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co.
- 4.19 -- Deposit Agreement (Class A) dated as of March 21, 1997 between First Security Bank, National Association as Escrow Agent under the Escrow and Paying Agent Agreement, and Credit Suisse First Boston, New York Branch, as Depositary
- 4.20 -- Deposit Agreement (Class B) dated as of March 21, 1997 between First Security Bank, National Association as Escrow Agent under the Escrow and Paying Agent Agreement, and Credit Suisse First Boston, New York Branch, as Depositary
- 4.21 -- Deposit Agreement (Class C-I) dated as of March 21, 1997 between First Security Bank, National Association as Escrow Agent under the Escrow and Paying Agent Agreement, and Credit Suisse First Boston, New York Branch, as Depositary

EXHIBIT NUMBER -----	DESCRIPTION OF EXHIBIT -----
4.22	-- Deposit Agreement (Class C-II) dated as of March 21, 1997 between First Security Bank, National Association as Escrow Agent under the Escrow and Paying Agent Agreement, and Credit Suisse First Boston, New York Branch, as Depositary
4.23	-- Escrow and Paying Agent Agreement (Class A) dated as of March 21, 1997 among First Security Bank, National Association as Escrow Agent; Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co., as Initial Purchasers under the Certificate Purchase Agreement; Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of Continental Airlines Pass Through Trust 1997-1A-0 as Pass Through Trustee; and Wilmington Trust Company as Paying Agent
4.24	-- Escrow and Paying Agent Agreement (Class B) dated as of March 21, 1997 among First Security Bank, National Association as Escrow Agent; Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co., as Initial Purchasers under the Certificate Purchase Agreement; Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of Continental Airlines Pass Through Trust 1997-1B-0 as Pass Through Trustee; and Wilmington Trust Company as Paying Agent
4.25	-- Escrow and Paying Agent Agreement (Class C-I) dated as of March 21, 1997 among First Security Bank, National Association as Escrow Agent; Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co., as Initial Purchasers under the Certificate Purchase Agreement; Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of Continental Airlines Pass Through Trust 1997-1C-I-0 as Pass Through Trustee; and Wilmington Trust Company as Paying Agent
4.26	-- Escrow and Paying Agent Agreement (Class C-II) dated as of March 21, 1997 among First Security Bank, National Association as Escrow Agent; Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co., as Initial Purchasers under the Certificate Purchase Agreement; Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of Continental Airlines Pass Through Trust 1997-1C-II-0 as Pass Through Trustee; and Wilmington Trust Company as Paying Agent
4.27	-- Note Purchase Agreement dated as of March 21, 1997 among Continental Airlines, Inc., Wilmington Trust Company as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, First Security Bank, National Association, as Escrow Agent and Wilmington Trust Company as Paying Agent
5.1	-- Opinion of Hughes Hubbard & Reed LLP relating to validity of New Certificates
12.1	-- Computation of Ratio of Earnings to Fixed Charges
23.1	-- Consent of Ernst & Young LLP
23.2	-- Consent of Hughes Hubbard & Reed LLP (included in its opinion filed as exhibit 5.1)
23.3	-- Consent of Aircraft Information Services, Inc.
23.4	-- Consent of BK Associates, Inc.
23.5	-- Consent of Morten Beyer and Associates, Inc.

EXHIBIT NUMBER -----	DESCRIPTION OF EXHIBIT -----
24.1	-- Powers of Attorney
25.1	-- Statement of Eligibility of Wilmington Trust Company for the 1997-1A Pass Through Certificates, on Form T-1
25.2	-- Statement of Eligibility of Wilmington Trust Company for the 1997-1B Pass Through Certificates, on Form T-1
25.3	-- Statement of Eligibility of Wilmington Trust Company for the 1997-1-C-I Pass Through Certificates, on Form T-1
25.4	-- Statement of Eligibility of Wilmington Trust Company for the 1997-1-C-II Pass Through Certificates, on Form T-1
99.1	-- Form of Letter of Transmittal
99.2	-- Form of Notice of Guaranteed Delivery
99.3	-- Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees
99.4	-- Form of Letter to Clients

ITEM 22. UNDERTAKINGS.

The undersigned Registrant hereby undertakes:

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

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

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

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) shall not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

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

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plans annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered

therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant, pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by any such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether or not such indemnification is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

## SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on May 27, 1997.

CONTINENTAL AIRLINES, INC.

By: /s/ JEFFERY A. SMISEK

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated, on May 27, 1997.

SIGNATURE -----	TITLE -----
* ----- Gordon M. Bethune	Chairman of the Board and Chief Executive Officer (Principal Executive Officer) and Director
* ----- Lawrence W. Kellner	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
* ----- Michael P. Bonds	Vice President and Controller (Principal Accounting Officer)
* ----- Thomas J. Barrack, Jr.	Director
* ----- Gregory D. Brenneman	President, Chief Operating Officer and Director
* ----- Lloyd M. Bentsen, Jr.	Director
* ----- David Bonderman	Director
* ----- Patrick Foley	Director
* ----- Douglas H. McCorkindale	Director
* ----- George G.C. Parker	Director
* ----- Richard W. Pogue	Director



SIGNATURE

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TITLE

-----

\*

Director

-----  
William S. Price III

\*

Director

-----  
Donald L. Sturm

\*

Director

-----  
Karen Hastie Williams

\*

Director

-----  
Charles A. Yamarone

\*By: /s/ SCOTT R. PETERSON

-----  
Scott R. Peterson, Attorney-In-Fact

## EXHIBIT INDEX

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4.9	-- Revolving Credit Agreement, dated March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust 1997-1A-0, as Borrower and ABN AMRO Bank N.V., Chicago Branch as Liquidity Provider
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NUMBER

## DESCRIPTION OF EXHIBIT

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
25.1	-- Statement of Eligibility of Wilmington Trust Company for the 1997-1A Pass Through Certificates, on Form T-1
25.2	-- Statement of Eligibility of Wilmington Trust Company for the 1997-1B Pass Through Certificates, on Form T-1
25.3	-- Statement of Eligibility of Wilmington Trust Company for the 1997-1-C-I Pass Through Certificates, on Form T-1
25.4	-- Statement of Eligibility of Wilmington Trust Company for the 1997-1-C-II Pass Through Certificates, on Form T-1
99.1	-- Form of Letter of Transmittal
99.2	-- Form of Notice of Guaranteed Delivery
99.3	-- Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees
99.4	-- Form of Letter to Clients

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PASS THROUGH TRUST AGREEMENT

Dated as of March 21, 1997

between

CONTINENTAL AIRLINES, INC.

and

WILMINGTON TRUST COMPANY,

as Trustee

Continental Airlines Pass Through Trust, Series 1997-1A-0

7.461% Initial Pass Through Certificates, Series 1997-1A-0

7.461% Exchange Pass Through Certificates, Series 1997-1A-0

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Reconciliation and tie between Continental Airlines Pass Through Trust Agreement, Series 1997-1A-0 dated as of March 21, 1997, and the Trust Indenture Act of 1939. This reconciliation does not constitute part of the Pass Through Trust Agreement.

Trust Indenture Act of 1939 Section -----	Pass Through Trust Agreement Section -----
310 (a)(1)	7.08
(a)(2)	7.08
312 (a)	3.05; 8.01; 8.02
313 (a)	7.06; 8.03
314 (a)	8.04(a), (C) & (d)
(a)(4)	8.04(e)
(c)(1)	1.02
(c)(2)	1.02
(d)(1)	7.13; 11.01
(d)(2)	7.13; 11.01
(d)(3)	2.01
(e)	1.02
315 (b)	7.02
316 (a)(last sentence)	1.04(c)
(a)(1)(A)	6.04
(a)(1)(B)	6.05
(b)	6.06
(c)	1.04(e)
317 (a)(1)	6.03
(b)	7.13
318 (a)	12.06

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## PASS THROUGH TRUST AGREEMENT

This PASS THROUGH TRUST AGREEMENT, dated as of March 21, 1997 (the "Agreement"), between CONTINENTAL AIRLINES, INC., a Delaware corporation, and WILMINGTON TRUST COMPANY, as Trustee, is made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-1A-0 and the issuance of 7.461% Continental Airlines Pass Through Trust, Series 1997-1A-0 Pass Through Certificates representing fractional undivided interests in the Trust.

## WITNESSETH:

WHEREAS, the Company has obtained commitments from Boeing for the delivery of certain Aircraft;

WHEREAS, the Company intends to finance the acquisition of each such Aircraft either (i) through separate leveraged lease transactions in which the Company will lease such aircraft (collectively, the "Leased Aircraft") or (ii) through separate secured loan transactions in which the Company will own such Aircraft (collectively, the "Owned Aircraft");

WHEREAS, in the case of each Leased Aircraft, each Owner Trustee, acting on behalf of the corresponding Owner Participant, will issue pursuant to an Indenture, on a non-recourse basis, three series of Equipment Notes in order to finance a portion of its purchase price of such Leased Aircraft;

WHEREAS, in the case of each Owned Aircraft, the Company, will issue pursuant to an Indenture, on a recourse basis, three series of Equipment Notes to finance a portion of the purchase price of such Owned Aircraft;

WHEREAS, the Trustee, upon execution and delivery of this Agreement, hereby declares the creation of the Trust for the benefit of the Certificateholders, and the initial Certificateholders, as the grantors of the Trust, by their respective acceptances of the Certificates, join in the creation of this Trust with the Trustee;

WHEREAS, all Certificates to be issued by the Trust will evidence fractional undivided interests in the Trust and will convey no rights, benefits or interests in respect of any

property other than the Trust Property except for those Certificates to which an Escrow Receipt has been affixed;

WHEREAS, the Escrow Agent and the Initial Purchasers have contemporaneously herewith entered into an Escrow Agreement with the Escrow Paying Agent pursuant to which the Initial Purchasers have delivered to the Escrow Agent the proceeds from the sale of the Certificates and have irrevocably instructed the Escrow Agent to withdraw and pay funds from such proceeds upon request and proper certification by the Trustee to purchase Equipment Notes as the Aircraft are delivered by Boeing under the Aircraft Purchase Agreement from time to time prior to the Delivery Period Termination Date;

WHEREAS, the Escrow Agent on behalf of the Certificateholders has contemporaneously herewith entered into a Deposit Agreement with the Depository under which the Deposits referred to therein will be made and from which it will withdraw funds to allow the Trustee to purchase Equipment Notes from time to time prior to the Delivery Period Termination Date;

WHEREAS, pursuant to the terms and conditions of this Agreement and the Note Purchase Agreement, upon or shortly following delivery of an Aircraft, the Trustee on behalf of the Trust, using funds withdrawn under the Escrow Agreement, may purchase an Equipment Note having the same interest rate as, and final maturity date not later than the final Regular Distribution Date of, the Certificates issued hereunder and shall hold such Equipment Note in trust for the benefit of the Certificateholders;

WHEREAS, to facilitate the sale of Equipment Notes to, and the purchase of Equipment Notes by, the Trustee on behalf of the Trust, the Company has duly authorized the execution and delivery of this Agreement as the "issuer", as such term is defined in and solely for purposes of the Securities Act, of the Certificates to be issued pursuant hereto and as the "obligor", as such term is defined in and solely for purposes of the Trust Indenture Act of 1939, as amended, with respect to all such Certificates and is undertaking to perform certain administrative and ministerial duties hereunder and is also undertaking to pay the ongoing fees and expenses of the Trustee;

WHEREAS, all of the conditions and requirements necessary to make this Agreement, when duly executed and

delivered, a valid, binding and legal instrument, enforceable in accordance with its terms and for the purposes herein expressed, have been done, performed and fulfilled, and the execution and delivery of this Agreement in the form and with the terms hereof have been in all respects duly authorized; and

WHEREAS, upon issuance of the Exchange Certificates, if any, or the effectiveness of the Shelf Registration Statement, this Agreement, as amended or supplemented from time to time, will be subject to the provisions of the Trust Indenture Act of 1939, and shall, to the extent applicable, be governed by such provisions;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and of other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

#### ARTICLE I

##### DEFINITIONS

Section 1.01. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms used in this Agreement, including in the recitals to this Agreement, that are defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, or by the rules promulgated under the Trust Indenture Act, have the meanings assigned to them therein;

(3) all references in this Agreement to designated "Articles", "Sections", "Subsections" and other subdivisions are to the designated Articles, Sections, Subsections and other subdivisions of this Agreement;

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection or other subdivision; and



(5) unless the context otherwise requires, whenever the words "including", "include" or "includes" are used herein, it shall be deemed to be followed by the phrase "without limitation".

**Affiliate:** Means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person, provided, however, that neither America West Airlines, Inc. nor any of its subsidiaries shall be deemed to be an "Affiliate" of the Company for purposes of this Agreement. For the purposes of this definition, "control" means the power, directly or indirectly, to direct the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

**Agent Members:** Has the meaning specified in Section 3.05.

**Agreement:** Has the meaning specified in the initial paragraph hereto.

**Aircraft:** Means each of the New Aircraft or Substitute Aircraft in respect of which a Participation Agreement is entered into in accordance with the Note Purchase Agreement.

**Aircraft Purchase Agreement:** Has the meaning specified in the Note Purchase Agreement.

**Applicable Delivery Date:** Has the meaning specified in Section 2.01(b).

**Applicable Participation Agreement:** Has the meaning specified in Section 2.01(b).

**Assignment and Assumption Agreement:** Means the assignment and assumption agreement substantially in the form of Exhibit D hereto executed and delivered in accordance with Section 11.01.

**Authorized Agent:** Means any Paying Agent or Registrar for the Certificates.

**Avoidable Tax:** Means a state or local tax (i) upon (w) the Trust, (x) the Trust Property, (y) Certificate-holders or (z) the Trustee for which the Trustee is entitled to seek reimbursement from the Trust Property, and (ii) which would be avoided if the Trustee were located in another state, or jurisdiction within a state, within the United States. A tax shall not be an Avoidable Tax if the Company or any Owner Trustee shall agree to pay, and shall pay, such tax.

**Boeing:** Means The Boeing Company.

**Business Day:** Means any day other than a Saturday, a Sunday or a day on which commercial banks are required or authorized to close in Houston, Texas, New York, New York, Salt Lake City, Utah or, so long as any Certificate is outstanding, the city and state in which the Trustee or any Loan Trustee maintains its Corporate Trust Office or receives and disburses funds.

**Cedel:** Means Cedel Bank societe anonyme.

**Certificate:** Means any one of the Initial Certificates or Exchange Certificates and any such Certificates issued in exchange therefor or replacement thereof pursuant to this Agreement.

**Certificate Account:** Means the account or accounts created and maintained pursuant to Section 4.01(a).

**Certificate Purchase Agreement:** Means the Purchase Agreement dated March 12, 1997 among the Initial Purchasers, the Company and the Depositary, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**Certificateholder or Holder:** Means the Person in whose name a Certificate is registered in the Register.

**Class C Certificateholder:** Has the meaning specified in Section 6.01.

**Company:** Means Continental Airlines, Inc., a Delaware corporation, or its successor in interest pursuant to Section 5.02, or (only in the context of provisions hereof, if any, where such reference is required for purposes of

compliance with the Trust Indenture Act) any other "obligor" (within the meaning of the Trust Indenture Act) with respect to the Certificates.

Controlling Party: Has the meaning specified in the Intercreditor Agreement.

Corporate Trust Office: With respect to the Trustee or any Loan Trustee, means the office of such trustee in the city at which at any particular time its corporate trust business shall be principally administered.

Cut-off Date: Means the earlier of (a) the Delivery Period Termination Date and (b) the date on which a Triggering Event occurs.

Definitive Certificates: Has the meaning specified in Section 3.01(e).

Delivery Date: Has the meaning specified in the Note Purchase Agreement.

Delivery Notice: Has the meaning specified in the Note Purchase Agreement.

Delivery Period Termination Date: Means the earlier of (a) March 31, 1998, or, if the Equipment Notes relating to all of the New Aircraft (or Substitute Aircraft in lieu thereof) have not been purchased by the Trust and the Other Trusts on or prior to such date due to any reason beyond the control of the Company and not occasioned by the Company's fault or negligence, June 30, 1998 and (b) the date on which Equipment Notes issued with respect to all of the New Aircraft (or Substitute Aircraft in lieu thereof) have been purchased by the Trust and the Other Trusts in accordance with the Note Purchase Agreement.

Deposits: Has the meaning specified in the Deposit Agreement.

Deposit Agreement: Means the Deposit Agreement dated as of March 21, 1997 relating to the Certificates between the Depositary and the Escrow Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**Depository:** Means Credit Suisse First Boston, a Swiss bank, acting through its New York branch.

**Direction:** Has the meaning specified in Section 1.04(a).

**Distribution Date:** Means any Regular Distribution Date or Special Distribution Date as the context requires.

**DTC:** Means The Depository Trust Company, its nominees and their respective successors.

**Equipment Notes:** Means the equipment notes issued under the Indentures.

**ERISA:** Means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor federal statute.

**Escrow Agent:** Means, initially, First Security Bank, National Association, and any replacement or successor therefor appointed in accordance with the Escrow Agreement.

**Escrow Agreement:** Means the Escrow and Paying Agent Agreement dated as of March 21, 1997 relating to the Certificates, among the Escrow Agent, the Escrow Paying Agent, the Trustee and the Initial Purchasers, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**Escrow Paying Agent:** Means the Person acting as paying agent under the Escrow Agreement.

**Escrow Receipt:** Means the receipt substantially in the form annexed to the Escrow Agreement representing a fractional undivided interest in the funds held in escrow thereunder.

**Euroclear:** Means the Euroclear System.

**Event of Default:** Means an Indenture Default under any Indenture pursuant to which Equipment Notes held by the Trust were issued.

**Exchange Certificates:** Means the pass through certificates substantially in the form of Exhibit A hereto issued in exchange for the Initial Certificates pursuant to

the Registration Rights Agreement and authenticated hereunder.

**Exchange Offer:** Means the exchange offer which may be made pursuant to the Registration Rights Agreement to exchange Initial Certificates for Exchange Certificates.

**Exchange Offer Registration Statement:** Means the registration statement that, pursuant to the Registration Rights Agreement, is filed by the Company with the SEC with respect to the exchange of Initial Certificates for Exchange Certificates.

**Final Maturity Date:** Means October 1, 2016.

**Final Withdrawal:** Has the meaning specified in the Escrow Agreement.

**Final Withdrawal Date:** Has the meaning specified in the Escrow Agreement.

**Final Withdrawal Notice:** Has the meaning specified in Section 2.02.

**Financing Documents:** With respect to any Equipment Note, means (i) the Indenture and the Participation Agreement relating to such Equipment Note, and (ii) in the case of any Equipment Note related to a Leased Aircraft, the Lease relating to such Leased Aircraft.

**Fractional Undivided Interest:** Means the fractional undivided interest in the Trust that is evidenced by a Certificate.

**Global Certificates:** Has the meaning specified in Section 3.01(d).

**Global Exchange Certificate:** Has the meaning specified in Section 3.01(f).

**Indenture:** Means each of the separate trust indentures and mortgages relating to the Aircraft, each as specified or described in a Delivery Notice delivered pursuant to the Note Purchase Agreement or the related Participation Agreement, in each case as the same may be amended,

supplemented or otherwise modified from time to time in accordance with its terms.

**Indenture Default:** With respect to any Indenture, means any Event of Default (as such term is defined in such Indenture).

**Initial Certificates:** Means the certificates issued and authenticated hereunder substantially in the form of Exhibit A hereto other than the Exchange Certificates.

**Initial Purchasers:** Means, collectively, Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman Sachs & Co.

**Institutional Accredited Investor:** Means an institutional investor that is an "accredited investor" within the meaning set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act.

**Intercreditor Agreement:** Means the Intercreditor Agreement dated as of March 21, 1997 among the Trustee, the Other Trustees, the Liquidity Providers, the liquidity providers relating to the Certificates issued under (and as defined in) each of the Other Pass Through Trust Agreements, and Wilmington Trust Company, as Subordination Agent and as trustee thereunder, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

**Investors:** Means the Initial Purchasers together with all subsequent beneficial owners of the Certificates.

**Issuance Date:** Means the date of the issuance of the Initial Certificates.

**Lease:** Means, with respect to each Leased Aircraft, the lease between an Owner Trustee, as the lessor, and the Company, as the lessee, referred to in the related Indenture, as such lease may be amended, supplemented or otherwise modified in accordance with its terms.

**Leased Aircraft:** Has the meaning specified in the second recital to this Agreement.

**Liquidity Facility:** Means, initially, (i) the Revolving Credit Agreement dated as of March 21, 1997

relating to the Certificates, between ABN Amro Bank N.V. and the Subordination Agent, as agent and trustee for the Trustee, and (ii) the Revolving Credit Agreement dated as of March 21, 1997 relating to the Certificates, between ING Bank N.V. and the Subordination Agent, as agent and trustee for the Trustee, and, from and after the replacement of either such Agreement pursuant to the Intercreditor Agreement, the replacement liquidity facility therefor, in each case as amended, supplemented or otherwise modified from time to time in accordance with their respective terms.

**Liquidity Provider:** Means, initially, each of ABN Amro Bank N.V. and ING Bank N.V., and any replacement or successor therefor appointed in accordance with the Intercreditor Agreement.

**Loan Trustee:** With respect to any Equipment Note or the Indenture applicable thereto, means the bank or trust company designated as trustee under such Indenture, together with any successor to such trustee appointed pursuant thereto.

**New Aircraft:** Has the meaning specified in the Note Purchase Agreement.

**Non-U.S. Person:** Means a Person that is not a "U.S. person", as defined in Regulation S.

**Note Purchase Agreement:** Means the Note Purchase Agreement dated as of March 21, 1997 among the Trustee, the Other Trustees, the Company, the Escrow Agent, the Escrow Paying Agent and the Subordination Agent, providing for, among other things, the purchase of Equipment Notes by the Trustee on behalf of the Trust, as the same may be amended, supplemented or otherwise modified from time to time, in accordance with its terms.

**Notice of Purchase Withdrawal:** Has the meaning specified in the Deposit Agreement.

**Offering Circular:** Means the Offering Circular dated March 21, 1997 relating to the offering of the Certificates and the certificates issued under the Other Pass Through Trust Agreements.

**Officer's Certificate:** Means a certificate signed, (a) in the case of the Company, by (i) the Chairman or Vice Chairman of the Board of Directors, the President, any Executive Vice President, any Senior Vice President or the Treasurer of the Company, signing alone, or (ii) any Vice President of the Company signing together with the Secretary, the Assistant Secretary, the Treasurer or any Assistant Treasurer of the Company or, (b) in the case of an Owner Trustee or a Loan Trustee, a Responsible Officer of such Owner Trustee or such Loan Trustee, as the case may be.

**Opinion of Counsel:** Means a written opinion of legal counsel who (a) in the case of counsel for the Company may be (i) a senior attorney of the Company one of whose principal duties is furnishing advice as to legal matters, (ii) Hughes Hubbard & Reed LLP, or (iii) such other counsel designated by the Company and reasonably acceptable to the Trustee and (b) in the case of counsel for any Owner Trustee or any Loan Trustee may be such counsel as may be designated by any of them whether or not such counsel is an employee of any of them, and who shall be reasonably acceptable to the Trustee.

**Other Pass Through Trust Agreements:** Means each of the three other Continental Airlines 1997-1 Pass Through Trust Agreements relating to Continental Airlines Pass Through Trust, Series 1997-1B-0, Continental Airlines Pass Through Trust, Series 1997-1C-I-0, and Continental Airlines Pass Through Trust, Series 1997-1C-II-0, dated the date hereof.

**Other Trustees:** Means the trustees under the Other Pass Through Trust Agreements, and any successor or other trustee appointed as provided therein.

**Other Trusts:** Means the Continental Airlines Pass Through Trust, Series 1997-1B-0, Continental Airlines Pass Through Trust, Series 1997-1C-I-0, and Continental Airlines Pass Through Trust, Series 1997-1C-II-0, created on the date hereof.

**Outstanding:** When used with respect to Certificates, means, as of the date of determination, all Certificates theretofore authenticated and delivered under this Agreement, except:



(i) Certificates theretofore canceled by the Registrar or delivered to the Trustee or the Registrar for cancellation;

(ii) Certificates for which money in the full amount required to make the final distribution with respect to such Certificates pursuant to Section 11.01 hereof has been theretofore deposited with the Trustee in trust for the Holders of such Certificates as provided in Section 4.01 pending distribution of such money to such Certificateholders pursuant to payment of such final distribution; and

(iii) Certificates in exchange for or in lieu of which other Certificates have been authenticated and delivered pursuant to this Agreement.

Owned Aircraft: Has the meaning specified in the second recital to this Agreement.

Owner Participant: With respect to any Equipment Note relating to a Leased Aircraft, means the "Owner Participant" as referred to in the Indenture pursuant to which such Equipment Note is issued and any permitted successor or assign of such Owner Participant; and Owner Participants at any time of determination means all of the Owner Participants thus referred to in the Indentures.

Owner Trustee: With respect to any Equipment Note relating to a Leased Aircraft, means the "Owner Trustee", as referred to in the Indenture pursuant to which such Equipment Note is issued, not in its individual capacity but solely as trustee; and Owner Trustees means all of the Owner Trustees party to any of the Indentures.

Participation Agreement: Means each Participation Agreement to be entered into by the Trustee pursuant to the Note Purchase Agreement, as the same may be amended, supplemented or otherwise modified in accordance with its terms.

Paying Agent: Means the paying agent maintained and appointed for the Certificates pursuant to Section 7.12.

Permitted Investments: Means obligations of the United States of America or agencies or instrumentalities thereof

for the payment of which the full faith and credit of the United States of America is pledged, maturing in not more than 60 days after the date of acquisition thereof or such lesser time as is required for the distribution of any Special Payments on a Special Distribution Date.

Person: Means any person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, trustee, unincorporated organization, or government or any agency or political subdivision thereof.

Pool Balance: Means, as of any date, (i) the original aggregate face amount of the Certificates less (ii) the aggregate amount of all payments made in respect of such Certificates other than payments made in respect of interest or premium thereon or reimbursement of any costs or expenses incurred in connection therewith less (iii) the aggregate amount of unused Deposits distributed as a Final Withdrawal other than payments in respect of interest or premium thereon. The Pool Balance as of any Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property held in such Trust and the distribution thereof to be made on such Distribution Date and the distribution of the Final Withdrawal to be made on such Distribution Date.

Pool Factor: Means, as of any date, the quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance as at such date by (ii) the original aggregate face amount of the Certificates. The Pool Factor as of any Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property and the distribution thereof to be made on such Distribution Date and the distribution of the Final Withdrawal to be made on such Distribution Date.

PTC Event of Default: Means any failure to pay within 10 Business Days of the due date thereof: (i) the outstanding Pool Balance on the Final Maturity Date or (ii) interest due on the Certificates on any Distribution Date (unless the Subordination Agent shall have made an Interest Drawing or Drawings (as defined in the Intercreditor Agreement), or a withdrawal or withdrawals pursuant to section 3.6(f) of the Intercreditor Agreement,

with respect thereto in an aggregate amount sufficient to pay such interest and shall have distributed such amount to the Trustee).

QIB: Means a qualified institutional buyer as defined in Rule 144A.

Record Date: Means (i) for Scheduled Payments to be distributed on any Regular Distribution Date, other than the final distribution, the 15th day (whether or not a Business Day) preceding such Regular Distribution Date, and (ii) for Special Payments to be distributed on any Special Distribution Date, other than the final distribution, the 15th day (whether or not a Business Day) preceding such Special Distribution Date.

Register and Registrar: Mean the register maintained and the registrar appointed pursuant to Sections 3.04 and 7.12.

Registration Event: Means the declaration of the effectiveness by the SEC of the Exchange Offer Registration Statement or the Shelf Registration Statement.

Registration Rights Agreement: Means the Exchange and Registration Rights Agreement dated as of March 21, 1997, among the Initial Purchasers, the Trustee, the Other Trustees and the Company, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

Regular Distribution Date: With respect to distributions of Scheduled Payments in respect of the Certificates, means each date designated as a Regular Distribution Date in the Certificates issued pursuant to this Agreement, until payment of all the Scheduled Payments to be made under the Equipment Notes held in the Trust have been made; provided, however, that, if any such day shall not be a Business Day, the related distribution shall be made on the next succeeding Business Day without additional interest.

Regulation S: Means Regulation S under the Securities Act or any successor regulation thereto.

Regulation S Definitive Certificates: Has the meaning specified in Section 3.01(e).

Regulation S Global Certificates: Has the meaning specified in Section 3.01(d).

Related Pass Through Trust Agreement: Means the Continental Airlines 1997-1 Pass Through Trust Agreement relating to the Continental Airlines Pass Through Trust, Series 1997-1A-S, dated the date hereof, entered into by the Company and the institution acting as trustee thereunder, which agreement becomes effective upon the execution and delivery of the Assignment and Assumption Agreement pursuant to Section 11.01.

Related Trust: Means the Continental Pass Through Trust, Series 1997-1A-S, formed under the Related Pass Through Trust Agreement.

Related Trustee: Means the trustee under the Related Pass Through Trust Agreement.

Responsible Officer: With respect to the Trustee, any Loan Trustee and any Owner Trustee, means any officer in the Corporate Trust Office of the Trustee, Loan Trustee or Owner Trustee or any other officer customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

Restricted Definitive Certificates: Has the meaning specified in Section 3.01(e).

Restricted Global Certificate: Has the meaning specified in Section 3.01(c).

Restricted Legend: Has the meaning specified in Section 3.02.

Restricted Period: Has the meaning specified in Section 3.01(d).

Rule 144A: Means Rule 144A under the Securities Act and any successor rule thereto.

**Scheduled Payment:** With respect to any Equipment Note, means (i) any payment of principal or interest on such Equipment Note (other than any such payment which is not in fact received by the Subordination Agent within five days of the date on which such payment is scheduled to be made) due from the obligor thereon or (ii) any payment of interest on the Certificates with funds drawn under any Liquidity Facility, which payment represents the installment of principal at the stated maturity of such installment of principal on such Equipment Note, the payment of regularly scheduled interest accrued on the unpaid principal amount of such Equipment Note, or both; provided that any payment of principal, premium, if any, or interest resulting from the redemption or purchase of any Equipment Note shall not constitute a Scheduled Payment.

**SEC:** Means the Securities and Exchange Commission, as from time to time constituted or created under the United States Securities Exchange Act of 1934, as amended, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties on such date.

**Securities Act:** Means the United States Securities Act of 1933, as amended from time to time, or any successor thereto.

**Shelf Registration Statement:** Means the shelf registration statement which may be required to be filed by the Company with the SEC pursuant to any Registration Rights Agreement, other than an Exchange Offer Registration Statement.

**Special Distribution Date:** Means each date on which a Special Payment is to be distributed as specified in this Agreement; provided, however, that, if any such day shall not be a Business Day, the related distribution shall be made on the next succeeding Business Day without additional interest.

**Special Redemption Premium:** Means the premium payable by the Company in respect of the Final Withdrawal pursuant to the Note Purchase Agreement.

**Special Payment:** Means any payment (other than a Scheduled Payment) in respect of, or any proceeds of, any Equipment Note or Trust Indenture Estate (as defined in each Indenture) or Special Redemption Premium.

**Special Payments Account:** Means the account or accounts created and maintained pursuant to Section 4.01(b).

**Subordination Agent:** Has the meaning specified in the Intercreditor Agreement.

**Substitute Aircraft:** Has the meaning specified in the Note Purchase Agreement.

**TIN:** Has the meaning specified in Section 7.16.

**Transfer Date:** Has the meaning specified in Section 11.01.

**Triggering Event:** Has the meaning assigned to such term in the Intercreditor Agreement.

**Trust:** Means the trust created by this Agreement, the estate of which consists of the Trust Property.

**Trust Indenture Act:** Means the United States Trust Indenture Act of 1939, as amended from time to time, or any successor thereto.

**Trust Property:** Means (i) the Equipment Notes held as the property of the Trust and, subject to the Intercreditor Agreement, all monies at any time paid thereon and all monies due and to become due thereunder, (ii) funds from time to time deposited in the Certificate Account and the Special Payments Account and, subject to the Intercreditor Agreement, any proceeds from the sale by the Trustee pursuant to Article VI hereof of any Equipment Note and (iii) all rights of the Trust and the Trustee, on behalf of the Trust, under the Intercreditor Agreement, the Escrow Agreement, the Note Purchase Agreement and the Liquidity Facilities, including, without limitation, all rights to receive certain payments thereunder, and all monies paid to the Trustee on behalf of the Trust pursuant to the Intercreditor Agreement or the Liquidity Facilities, provided, that rights with respect to the Deposits or under the Escrow Agreement, except for the right to direct

withdrawals for the purchase of Equipment Notes to be held herein, will not constitute Trust Property.

Trustee: Means Wilmington Trust Company, or its successor in interest, and any successor or other trustee appointed as provided herein.

Trustee's Lien: Has the meaning specified in Section 7.17.

Section 1.02. Compliance Certificates and Opinions. Upon any application or request (except with respect to matters set forth in Article II) by the Company, any Owner Trustee or any Loan Trustee to the Trustee to take any action under any provision of this Agreement, the Company, such Owner Trustee or such Loan Trustee, as the case may be, shall furnish to the Trustee (i) an Officer's Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with and (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Agreement relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Agreement (other than a certificate provided pursuant to Section 8.04(e)) shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions in this Agreement relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

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

Section 1.03. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters and any such Person may certify or give an opinion as to such matters in one or several documents.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Agreement or, in respect of the Certificates, this Agreement, they may, but need not, be consolidated and form one instrument.

Section 1.04. Directions of Certificateholders. (a) Any direction, consent, request, demand, authorization, notice, waiver or other action provided by this Agreement to be given or taken by Certificateholders (a "Direction") may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Certificateholders in person or by an agent or proxy duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required pursuant to this Agreement, to the Company or any Loan Trustee. Proof of execution of any such instrument or of a writing appointing any such agent or proxy shall be sufficient for any purpose of this Agreement and conclusive in favor of the Trustee, the Company and any Loan Trustee, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the Person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or



such other officer and where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other reasonable manner which the Trustee deems sufficient.

(c) In determining whether the Certificateholders of the requisite Fractional Undivided Interests of Certificates Outstanding have given any Direction under this Agreement, Certificates owned by the Company or any Affiliate thereof shall be disregarded and deemed not to be Outstanding for purposes of any such determination. In determining whether the Trustee shall be protected in relying upon any such Direction, only Certificates which the Trustee knows to be so owned shall be so disregarded. Notwithstanding the foregoing, (i) if any such Person owns 100% of the Certificates Outstanding, such Certificates shall not be so disregarded, and (ii) if any amount of Certificates so owned by any such Person have been pledged in good faith, such Certificates shall not be disregarded if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Certificates and that the pledgee is not the Company or any Affiliate thereof.

(d) For all purposes of this Agreement, all Initial Certificates and all Exchange Certificates shall vote and take all other actions of Certificateholders together as one series of Certificates.

(e) The Company may at its option, by delivery of an Officer's Certificate to the Trustee, set a record date to determine the Certificateholders entitled to give any Direction. Notwithstanding Section 316(c) of the Trust Indenture Act, such record date shall be the record date specified in such Officer's Certificate, which shall be a date not more than 30 days prior to the first solicitation of Certificateholders in connection therewith. If such a record date is fixed, such Direction may be given before or after such record date, but only the Certificateholders of record at the close of business on such record date shall be deemed to be Certificateholders for the purposes of determining whether Certificateholders of the requisite proportion of Outstanding Certificates have authorized or agreed or consented to such Direction, and for that purpose

the Outstanding Certificates shall be computed as of such record date; provided that no such Direction by the Certificateholders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Agreement not later than one year after such record date.

(f) Any Direction by the Holder of any Certificate shall bind the Holder of every Certificate issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such Direction is made upon such Certificate.

(g) Except as otherwise provided in Section 1.04(c), Certificates owned by or pledged to any Person shall have an equal and proportionate benefit under the provisions of this Agreement, without preference, priority, or distinction as among all of the Certificates.

## ARTICLE II

### ORIGINAL ISSUANCE OF CERTIFICATES;

### ACQUISITION OF EQUIPMENT NOTES

#### Section 2.01. Issuance of Certificates; Acquisition of Equipment Notes.

(a) The Trustee is hereby directed (i) to execute and deliver the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement and the Note Purchase Agreement on or prior to the Issuance Date, each in the form delivered to the Trustee by the Company and (ii) subject to the respective terms thereof, to perform its obligations thereunder. Upon request of the Company and the satisfaction or waiver of the closing conditions specified in the Certificate Purchase Agreement, the Trustee shall execute, deliver, authenticate, issue and sell Certificates in authorized denominations equalling in the aggregate the amount set forth, with respect to the Trust, in Schedule II to the Certificate Purchase Agreement evidencing the entire ownership interest in the Trust, which amount equals the maximum aggregate principal amount of Equipment Notes which may be purchased by the Trustee pursuant to the Note Purchase Agreement. Except as provided in Sections 3.04, 3.05, 3.06, 3.07 and 3.10 hereof, the Trustee shall not execute, authenticate or deliver Certificates in excess of the aggregate amount specified in this paragraph.

(b) On or after the Issuance Date, the Company may deliver from time to time to the Trustee a Delivery Notice relating to one or more Equipment Notes. After receipt of a Delivery Notice and in any case no later than one Business Day prior to a Delivery Date as to which such Delivery Notice relates (the "Applicable Delivery Date") (or, if the Issuance Date is an Applicable Delivery Date, on the Issuance Date), the Trustee shall (as and when specified in the Delivery Notice) instruct the Escrow Agent to provide a Notice of Purchase Withdrawal to the Depository requesting (A) the withdrawal of one or more Deposits on the Applicable Delivery Date in accordance with and to the extent permitted by the terms of the Escrow Agreement and the Deposit Agreement and (B) the payment of all, or a portion, of such Deposit or Deposits in an amount equal in the aggregate to the purchase price of such Equipment Notes to or on behalf of the Owner Trustee or the Company, as the case may be, issuing such Equipment Notes, all as shall be described in the Delivery Notice; provided that, if the Issuance Date is an Applicable Delivery Date, such purchase price shall be paid from a portion of the proceeds of the sale of the Certificates. The Trustee shall (as and when specified in such Delivery Notice), subject to the conditions set forth in Section 2 of the Note Purchase Agreement, enter into and perform its obligations under the Participation Agreement specified in such Delivery Notice (the "Applicable Participation Agreement") and cause such certificates, documents and legal opinions relating to the Trustee to be duly delivered as required by the Applicable Participation Agreement. If at any time prior to the Applicable Delivery Date, the Trustee receives a notice of postponement pursuant to Section 2(e) or 2(f) of the Note Purchase Agreement, then the Trustee shall give the Depository (with a copy to the Escrow Agent) a notice of cancellation of such Notice of Purchase Withdrawal relating to such Deposit or Deposits on such Applicable Delivery Date. Upon satisfaction of the conditions specified in the Note Purchase Agreement and the Applicable Participation Agreement, the Trustee shall purchase the applicable Equipment Notes with the proceeds of the withdrawals of one or more Deposits made on the Applicable Delivery Date in accordance with the terms of the Deposit Agreement and the Escrow Agreement (or, if the Issuance Date is Applicable Delivery Date with respect to such Applicable Participation Agreement, from a portion of the proceeds of the sale of the Certificates). The purchase price of such Equipment Notes shall equal the principal amount of such Equipment Notes. Amounts withdrawn from such Deposit or Deposits in excess of the purchase price of the

Equipment Notes or to the extent not applied on the Applicable Delivery Date to the purchase price of the Equipment Notes, shall be re-deposited by the Trustee with the Depository on the Applicable Delivery Date in accordance with the terms of the Deposit Agreement.

Section 2.02. Withdrawal of Deposits. If any Deposits remain outstanding on the Business Day next succeeding the Cut-Off Date, (i) (A) the Trustee shall give the Escrow Agent notice that the Trustee's obligation to purchase Equipment Notes under the Note Purchase Agreement has terminated and instruct the Escrow Agent to provide a notice of Final Withdrawal to the Depository substantially in the form of Exhibit B to the Deposit Agreement (the "Final Withdrawal Notice") and (B) the Trustee will make a demand upon the Company under the Note Purchase Agreement for an amount equal to the Special Redemption Premium, such payment to be made on the Final Withdrawal Date.

Section 2.03. Acceptance by Trustee. The Trustee, upon the execution and delivery of this Agreement, acknowledges its acceptance of all right, title and interest in and to the Trust Property and declares that the Trustee holds and will hold such right, title and interest for the benefit of all then present and future Certificateholders, upon the trusts herein set forth. Subject to Section 7.14, the Trustee shall take all actions reasonably necessary to effect the registration of all such Equipment Notes in the name of the Subordination Agent. By its payment for and acceptance of each Certificate issued to it under this Agreement, each initial Certificateholder as grantor of the Trust thereby joins in the creation and declaration of the Trust.

Section 2.04. Limitation of Powers. The Trust is constituted solely for the purpose of making the investment in the Equipment Notes, and, except as set forth herein, the Trustee shall not be authorized or empowered to acquire any other investments or engage in any other activities and, in particular, the Trustee shall not be authorized or empowered to do anything that would cause such Trust to fail to qualify as a "grantor trust" for federal income tax purposes (including as subject to this restriction, acquiring any Aircraft (as defined in the respective Indentures) by bidding such Equipment Notes or otherwise, or taking any action with respect to any such Aircraft once acquired).

## ARTICLE III

## THE CERTIFICATES

## Section 3.01. Title, Form, Denomination and Execution of Certificates.

(a) The Initial Certificates shall be known as the "7.461% Initial Pass Through Certificates, Series 1997-1A-0" and the Exchange Certificates shall be known as the "7.461% Exchange Pass Through Certificates, Series 1997-1A-0", in each case, of the Trust. Each Certificate will represent a fractional undivided interest in the Trust and shall be substantially in the form set forth as Exhibit A hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Agreement 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 the rules of any securities exchange or as may, consistently herewith, be determined by the Trustee or the officers executing such Certificates, as evidenced by the Trustee's or officer's execution of the Certificates. At the Escrow Agent's request under the Escrow Agreement, the Trustee shall affix the corresponding Escrow Receipt to each Certificate. In any event, any transfer or exchange of any Certificate shall also effect a transfer or exchange of the related Escrow Receipt. Prior to the Final Withdrawal Date, no transfer or exchange of any Certificate shall be permitted unless the Corresponding Escrow Receipt is attached thereto and also is so transferred or exchanged. By acceptance of any Certificate to which an Escrow Receipt is attached, each Holder of such a Certificate acknowledges and accepts the restrictions on transfer of the Escrow Receipt set forth herein and in the Escrow Agreement.

(b) The Initial Certificates shall be issued only in fully registered form without coupons and only in denominations of \$100,000 or integral multiples of \$1,000 in excess thereof, except that one Certificate may be issued in a different denomination. The Exchange Certificates will be issued in denominations of \$1,000 or integral multiples thereof, except that one Certificate may be issued in a different denomination. Each Certificate shall be dated the date of its authentication. The aggregate Fractional Undivided Interest of Certificates shall not at any time exceed \$437,876,000.

(c) The Initial Certificates offered and sold in reliance on Rule 144A shall be issued in the form of one or more

global Certificates substantially in the form of Exhibit A hereto with such applicable legends as are provided for in Section 3.02 (each a "Restricted Global Certificate") duly executed and authenticated by the Trustee as hereinafter provided. Such Restricted Global Certificates shall be in registered form and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC. The aggregate principal amount of any Restricted Global Certificate may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Restricted Global Certificate, as provided in Section 3.06 hereof, which adjustments shall be conclusive as to the aggregate principal amount of any such Global Certificate.

(d) The Initial Certificates offered and sold outside the United States in reliance on Regulation S shall be issued in the form of one or more global Certificates substantially in the form of Exhibit A hereto (each a "Regulation S Global Certificate") duly executed and authenticated by the Trustee as hereinafter provided. Such Regulation S Global Certificates shall be in registered form and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC, for credit initially and during the Restricted Period (hereinafter defined) to the respective accounts of beneficial owners of such Certificates (or to such other accounts as they may direct) at Morgan Guaranty Trust Company of New York, Brussels office, as operator of Euroclear or Cedel. As used herein, the term "Restricted Period", with respect to the Regulation S Global Certificates offered and sold in reliance on Regulation S, means the period of 40 consecutive days beginning on and including the later of (i) the day on which the Certificates are first offered to persons other than distributors (as defined in Regulation S) in reliance on Regulation S and (ii) the date of the closing of the offering under the Certificate Purchase Agreement. The aggregate principal amount of any Regulation S Global Certificate may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Global Certificate, as provided in Section 3.06 hereof, which adjustments shall be conclusive as to the aggregate principal amount of any such Global Certificate. The Restricted Global Certificate and Regulation S Global Certificate are sometimes collectively referred to herein as the "Global Certificates".

(e) Initial Certificates offered and sold to any Institutional Accredited Investor which is not a QIB in a transaction exempt from registration under the Securities Act (and other than as described in Section 3.01(d)) shall be issued substantially in the form of Exhibit A hereto in definitive, fully registered form without interest coupons with such applicable legends as are provided for in Section 3.02 (the "Restricted Definitive Certificates") duly executed and authenticated by the Trustee as hereinafter provided. Certificates issued pursuant to Section 3.05(b) in exchange for interests in a Regulation S Global Certificate shall be issued in definitive, fully registered form without interest coupons (the "Regulation S Definitive Certificates"). The Restricted Definitive Certificates and the Regulation S Definitive Certificates are sometimes collectively referred to herein as the "Definitive Certificates".

(f) The Exchange Certificates shall be issued in the form of one or more global Certificates substantially in the form of Exhibit A hereto (each, a "Global Exchange Certificate"), except that (i) the Restricted Legend (hereinafter defined) shall be omitted and (ii) such Exchange Certificates shall contain such appropriate insertions, omissions, substitutions and other variations from the form set forth in Exhibit A hereto relating to the nature of the Exchange Certificates as the Responsible Officer of the Trustee executing such Exchange Certificates on behalf of the Trust may determine, as evidenced by such officer's execution on behalf of the Trust of such Exchange Certificates. Such Global Exchange Certificates shall be in registered form and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC. The aggregate principal amount of any Global Exchange Certificate may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Global Exchange Certificate, which adjustments shall be conclusive as to the aggregate principal amount of any such Global Exchange Certificate. Subject to clause (i) and (ii) of the first sentence of this Section 3.01(f), the terms hereof applicable to Restricted Global Certificates and/or Global Certificates shall apply to the Global Exchange Certificates, mutatis mutandis.

(g) The definitive Certificates shall be in registered form and shall be typed, printed, lithographed or engraved or produced by any combination of these methods or may be produced

in any other manner, all as determined by the officers executing such Certificates, as evidenced by their execution of such Certificates.

Section 3.02. Restrictive Legends. All Initial Certificates issued pursuant to this Agreement for resale pursuant to Rule 144A or offered and sold to any Institutional Accredited Investor which is not a QIB (including any Global Certificate issued upon registration of transfer, in exchange for or in lieu of such Certificates) shall be "Restricted Certificates" and shall bear a legend to the following effect (the "Restricted Legend") unless the Company and the Trustee determine otherwise consistent with applicable law:

"THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) (AN "INSTITUTIONAL ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS CERTIFICATE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT; (2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE EXCEPT (A) TO CONTINENTAL AIRLINES, INC., (B) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT; AND (3) AGREES THAT IF IT SHOULD RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE IT WILL DELIVER TO EACH PERSON TO WHOM THIS CERTIFICATE IS TRANSFERRED



A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS CERTIFICATE WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

Each Global Certificate shall bear the following legend on the face thereof:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUSTEE OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN EXCHANGE FOR THIS CERTIFICATE IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 3.05 AND 3.06 OF THE PASS THROUGH TRUST AGREEMENT REFERRED TO HEREIN."

Section 3.03. Authentication of Certificates. (a) On the Issuance Date, the Trustee shall duly execute, authenticate and deliver Certificates in authorized denominations equalling in the aggregate the amount set forth, with respect to the Trust, in Schedule II to the Certificate Purchase Agreement, evidencing the entire ownership of the Trust, which amount equals the maximum aggregate principal amount of Equipment Notes which may be purchased by the Trustee pursuant to the Note Purchase Agreement.

(b) No Certificate shall be entitled to any benefit under this Agreement or be valid or obligatory for any purpose, unless there appears on such Certificate a certificate of authentication substantially in the form provided for herein executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder.

Section 3.04. Transfer and Exchange. The Trustee shall cause to be kept at the office or agency to be maintained by it in accordance with the provisions of Section 7.12 a register (the "Register") of the Certificates in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration of such Certificates and of transfers and exchanges of such Certificates as herein provided. The Trustee shall initially be the registrar (the "Registrar") for the purpose of registering such Certificates and transfers and exchanges of such Certificates as herein provided.

All Certificates issued upon any registration of transfer or exchange of Certificates shall be valid obligations of the Trust, evidencing the same interest therein, and entitled to the same benefits under this Trust Agreement, as the Certificates surrendered upon such registration of transfer or exchange.

A Certificateholder may transfer a Certificate, or request that a Certificate be exchanged for Certificates in an aggregate Fractional Undivided Interest equal to the Fractional Undivided Interest of such Certificate surrendered for exchange of other authorized denominations, by surrender of such Certificate to the Trustee with the form of transfer notice thereon duly completed and executed, and otherwise complying with the terms of this Agreement, including providing evidence of compliance with any restrictions on transfer, in form

satisfactory to the Trustee and the Registrar; provided that no exchanges of Initial Certificates for Exchange Certificates shall occur until an Exchange Offer Registration Statement shall have been declared effective by the SEC (notice of which shall be provided to the Trustee by the Company). No such transfer shall be effected until, and such transferee shall succeed to the rights of a Certificateholder only upon, final acceptance and registration of the transfer by the Registrar in the Register. Prior to the registration of any transfer by a Certificateholder as provided herein, the Trustee shall treat the person in whose name the Certificate is registered as the owner thereof for all purposes, and the Trustee shall not be affected by notice to the contrary. Furthermore, DTC shall, by acceptance of a Global Certificate, agree that transfers of beneficial interests in such Global Certificate may be effected only through a book-entry system maintained by DTC (or its agent) and that ownership of a beneficial interest in the Certificate shall be required to be reflected in a book-entry. When Certificates are presented to the Registrar with a request to register the transfer thereof or to exchange them for other authorized denominations of a Certificate in a Fractional Undivided Interest equal to the aggregate Fractional Undivided Interest of Certificates surrendered for exchange, the Registrar shall register the transfer or make the exchange as requested if its requirements for such transactions are met.

To permit registrations of transfers and exchanges in accordance with the terms, conditions and restrictions hereof, the Trustee shall execute and authenticate Certificates at the Registrar's request. No service charge shall be made to a Certificateholder for any registration of transfer or exchange of Certificates, but the Trustee shall require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Certificates. All Certificates surrendered for registration of transfer or exchange shall be canceled and subsequently destroyed by the Trustee.

Section 3.05. Book-Entry Provisions for Restricted Global Certificates and Regulation S Global Certificates. (a) Members of, or participants in, DTC ("Agent Members") shall have no rights under this Agreement with respect to any Global Certificate held on their behalf by DTC, or the Trustee as its custodian, and DTC may be treated by the Trustee and any agent of the Trustee as the absolute owner of such Global Certificate for

all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Trustee or any agent of the Trustee from giving effect to any written certification, proxy or other authorization furnished by DTC or shall impair, as between DTC and its Agent Members, the operation of customary practices governing the exercise of the rights of a holder of any Certificate. Upon the issuance of any Global Certificate, the Registrar or its duly appointed agent shall record DTC as the registered holder of such Global Certificate.

(b) Transfers of any Global Certificate shall be limited to transfers of such Restricted Global Certificate or Regulation S Global Certificate in whole, but not in part, to DTC. Beneficial interests in the Restricted Global Certificate and any Regulation S Global Certificate may be transferred in accordance with the rules and procedures of DTC and the provisions of Section 3.06. Beneficial interests in a Restricted Global Certificate or a Regulation S Global Certificate shall be delivered to all beneficial owners thereof in the form of Restricted Definitive Certificates or Regulation S Definitive Certificates, as the case may be, if (i) DTC notifies the Trustee that it is unwilling or unable to continue as depository for such Restricted Global Certificate or Regulation S Global Certificate, as the case may be, and a successor depository is not appointed by the Trustee within 90 days of such notice, and (ii) after the occurrence and during the continuance of an Event of Default, owners of beneficial interests in a Global Certificate with Fractional Undivided Interests aggregating not less than a majority in interest in the Trust advise the Trustee, the Company and DTC through Agent Members in writing that the continuation of a book-entry system through DTC or its successor is no longer in their best interests.

(c) Any beneficial interest in one of the Global Certificates that is transferred to a Person who takes delivery in the form of an interest in another Global Certificate will, upon such transfer, cease to be an interest in such Global Certificate and become an interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Certificate for as long as it remains such an interest.

(d) In connection with the transfer of an entire Restricted Global Certificate or an entire Regulation S Global

Certificate to the beneficial owners thereof pursuant to paragraph (b) of this Section 3.05, such Restricted Global Certificate or Regulation S Global Certificate, as the case may be, shall be deemed to be surrendered to the Trustee for cancellation, and the Trustee shall execute, authenticate and deliver, to each beneficial owner identified by DTC in exchange for its beneficial interest in such Restricted Global Certificate or Regulation S Global Certificate, as the case may be, an equal aggregate principal amount of Restricted Definitive Certificates or Regulation S Definitive Certificates, as the case may be, of authorized denominations. None of the Company, the Registrar, the Paying Agent nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such registration instructions. Upon the issuance of Definitive Certificates, the Trustee shall recognize the Person in whose name the Definitive Certificates are registered in the Register as Certificateholders hereunder. Neither the Company nor the Trustee shall be liable if the Trustee or the Company is unable to locate a qualified successor clearing agency.

(e) Any Definitive Certificate delivered in exchange for an interest in the Restricted Global Certificate pursuant to paragraph (b) of this Section 3.05 shall, except as otherwise provided by paragraph (e) of Section 3.06, bear the Restricted Legend.

(f) Prior to the expiration of the Restricted Period, any Regulation S Definitive Certificate delivered in exchange for an interest in a Regulation S Global Certificate pursuant to paragraph (b) of this Section shall bear the Restricted Legend.

(g) The registered holder of any Restricted Global Certificate or Regulation S Global Certificate may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Agreement or the Certificates.

Section 3.06. Special Transfer Provisions. Unless and until (i) an Initial Certificate is sold under an effective Shelf Registration Statement, or (ii) an Initial Certificate is exchanged for an Exchange Certificate pursuant to an effective Exchange Offer Registration Statement, in each case pursuant to

the terms of the Registration Rights Agreement, the following provisions shall apply to such Initial Certificates:

(a) Transfers to Non-QIB Institutional Accredited Investors. The following provisions shall apply with respect to the registration of any proposed transfer of a Certificate to any Institutional Accredited Investor which is neither a QIB nor a Non-U.S. Person:

(i) The Registrar shall register the transfer of any Certificate, whether or not bearing the Restricted Legend, only if (x) the requested transfer is at least two years after the later of the original issue date of the Certificates and the last date on which such Certificate was held by the Company, the Trustee or any affiliate of any of such Persons or (y) the proposed transferor is an Initial Purchaser who is transferring Certificates purchased under the Certificates Purchase Agreement and the proposed transferee has delivered to the Registrar a letter substantially in the form of Exhibit C hereto and the aggregate principal amount of the Certificates being transferred is at least \$100,000. Except as provided in the foregoing clause (y), the Registrar shall not register the transfer of any Certificate to any Institutional Accredited Investor which is neither a QIB nor a Non-U.S. Person.

(ii) If the proposed transferor is an Agent Member holding a beneficial interest in a Restricted Global Certificate, upon receipt by the Registrar of (x) the documents, if any, required by paragraph (i) and (y) instructions given in accordance with DTC's and the Registrar's procedures, the Registrar shall reflect on its books and records the date of the transfer and a decrease in the principal amount of such Restricted Global Certificate in an amount equal to the principal amount of the beneficial interest in such Restricted Global Certificate to be transferred, and the Trustee shall execute, authenticate and deliver to the transferor or at its direction, one or more Restricted Definitive Certificates of like tenor and amount.

(b) Transfers to QIBs. The following provisions shall apply with respect to the registration of any proposed transfer of an Initial Certificate to a QIB (excluding Non-U.S. Persons):

(i) If the Certificate to be transferred consists of Restricted Definitive Certificates, or of an interest in any Regulation S Global Certificate during the Restricted Period, the Registrar shall register the transfer if such transfer is being made by a proposed transferor who has checked the box provided for on the form of Initial Certificate stating, or has otherwise advised the Trustee and the Registrar in writing, that the sale has been made in compliance with the provisions of Rule 144A to a transferee who has signed the certification provided for on the form of Initial Certificate stating, or has otherwise advised the Trustee and the Registrar in writing, that it is purchasing the Initial Certificate for its own account or an account with respect to which it exercises sole investment discretion and that it, or the Person on whose behalf it is acting with respect to any such account, is a QIB within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Trust and/or the Company as it has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A.

(ii) Upon receipt by the Registrar of the documents required by clause (i) above and instructions given in accordance with DTC's and the Registrar's procedures therefor, the Registrar shall reflect on its books and records the date of such transfer and an increase in the principal amount of a Restricted Global Certificate in an amount equal to the principal amount of the Restricted Definitive Certificates or interests in such Regulation S Global Certificate, as the case may be, being transferred, and the Trustee shall cancel such Definitive Certificates or decrease the amount of such Regulation S Global Certificate so transferred.

(c) Transfers of Interests in the Regulation S Global Certificate or Regulation S Definitive Certificates. After the expiration of the Restricted Period, the Registrar shall register any transfer of interests in any Regulation S Global Certificate or Regulation S Definitive Certificates without requiring any additional certification. Until the expiration of the Restricted Period, interests in the Regulation S Global Certificate may only be held through Agent Members acting for and on behalf of Euroclear and Cedel.

(d) Transfers to Non-U.S. Persons at Any Time. The following provisions shall apply with respect to any registration of any transfer of an Initial Certificate to a Non-U.S. Person:

(i) Prior to the expiration of the Restricted Period, the Registrar shall register any proposed transfer of an Initial Certificate to a Non-U.S. Person upon receipt of a certificate substantially in the form set forth as Exhibit B hereto from the proposed transferor.

(ii) After the expiration of the Restricted Period, the Registrar shall register any proposed transfer to any Non-U.S. Person if the Certificate to be transferred is a Restricted Definitive Certificate or an interest in a Restricted Global Certificate, upon receipt of a certificate substantially in the form of Exhibit B from the proposed transferor. The Registrar shall promptly send a copy of such certificate to the Company.

(iii) Upon receipt by the Registrar of (x) the documents, if any, required by clause (ii) and (y) instructions in accordance with DTC's and the Registrar's procedures, the Registrar shall reflect on its books and records the date of such transfer and a decrease in the principal amount of such Restricted Global Certificate in an amount equal to the principal amount of the beneficial interest in such Restricted Global Certificate to be transferred, and, upon receipt by the Registrar of instructions given in accordance with DTC's and the Registrar's procedures, the Registrar shall reflect on its books and records the



date and an increase in the principal amount of the Regulation S Global Certificate in an amount equal to the principal amount of the Restricted Definitive Certificate or the Restricted Global Certificate, as the case may be, to be transferred, and the Trustee shall cancel the Definitive Certificate, if any, so transferred or decrease the amount of such Restricted Global Certificate.

(e) Restricted Legend. Upon the transfer, exchange or replacement of Certificates not bearing the Restricted Legend, the Registrar shall deliver Certificates that do not bear the Restricted Legend. Upon the transfer, exchange or replacement of Certificates bearing the Restricted Legend, the Registrar shall deliver only Certificates that bear the Restricted Legend unless either (i) the circumstances contemplated by paragraph (d)(ii) of this Section 3.06 exist or (ii) there is delivered to the Registrar an Opinion of Counsel to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

(f) General. By acceptance of any Certificate bearing the Restricted Legend, each Holder of such a Certificate acknowledges the restrictions on transfer of such Certificate set forth in this Agreement and agrees that it will transfer such Certificate only as provided in this Agreement. The Registrar shall not register a transfer of any Certificate unless such transfer complies with the restrictions on transfer, if any, of such Certificate set forth in this Agreement. In connection with any transfer of Certificates, each Certificateholder agrees by its acceptance of the Certificates to furnish the Registrar or the Trustee such certifications, legal opinions or other information as either of them may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in accordance with the terms and provisions of this Article III; provided that the Registrar shall not be required to determine the sufficiency of any such certifications, legal opinions or other information.

Until such time as no Certificates remain Outstanding, the Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 3.05 or this Section 3.06. The Trustee, if not the Registrar at such time, shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

Section 3.07. Mutilated, Destroyed, Lost or Stolen Certificates. If (a) any mutilated Certificate is surrendered to the Registrar or the Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Certificate and (b) there is delivered to the Registrar and the Trustee such security, indemnity or bond, as may be required by them to save each of them harmless, then, in the absence of notice to the Registrar or the Trustee that such destroyed, lost or stolen Certificate has been acquired by a bona fide purchaser, and provided that the requirements of Section 8-405 of the Uniform Commercial Code in effect in any applicable jurisdiction are met, the Trustee shall execute, authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate or Certificates, in authorized denominations and of like Fractional Undivided Interest and bearing a number not contemporaneously outstanding.

In connection with the issuance of any new Certificate under this Section 3.07, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee and the Registrar) connected therewith.

Any duplicate Certificate issued pursuant to this Section 3.07 shall constitute conclusive evidence of the appropriate Fractional Undivided Interest in the Trust, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates.

Section 3.08. Persons Deemed Owners. Prior to due presentment of a Certificate for registration of transfer, the Trustee, the Registrar and any Paying Agent may treat the Person in whose name any Certificate is registered (as of the day of determination) as the owner of such Certificate for the purpose of receiving distributions pursuant to Article IV and for all other purposes whatsoever, and none of the Trustee, the Registrar or any Paying Agent shall be affected by any notice to the contrary.

Section 3.09. Cancellation. All Certificates surrendered for payment or transfer or exchange shall, if surrendered to the Trustee or any agent of the Trustee other than the Registrar, be delivered to the Registrar for cancellation and shall promptly be canceled by it. No Certificates shall be authenticated in lieu of or in exchange for any Certificates canceled as provided in this Section, except as expressly permitted by this Agreement. All canceled Certificates held by the Registrar shall be destroyed and a certification of their destruction delivered to the Trustee.

Section 3.10. Temporary Certificates. Until definitive Certificates are ready for delivery, the Trustee shall authenticate temporary Certificates. Temporary Certificates shall be substantially in the form of definitive Certificates but may have insertions, substitutions, omissions and other variations determined to be appropriate by the officers executing the temporary Certificates, as evidenced by their execution of such temporary Certificates. If temporary Certificates are issued, the Trustee will cause definitive Certificates to be prepared without unreasonable delay. After the preparation of definitive Certificates, the temporary Certificates shall be exchangeable for definitive Certificates upon surrender of the temporary Certificates at the office or agency of the Trustee designated for such purpose pursuant to Section 7.12, without charge to the Certificateholder. Upon surrender for cancellation of any one or more temporary Certificates, the Trustee shall execute, authenticate and deliver in exchange therefor a like face amount of definitive Certificates of authorized denominations. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Agreement as definitive Certificates.

Section 3.11. Limitation of Liability for Payments. All payments and distributions made to Certificateholders in

respect of the Certificates shall be made only from the Trust Property and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Property to make such payments in accordance with the terms of Article IV of this Agreement. Each Certificateholder, by its acceptance of a Certificate, agrees that it will look solely to the income and proceeds from the Trust Property for any payment or distribution due to such Certificateholder pursuant to the terms of this Agreement and that it will not have any recourse to the Company, the Trustee, the Loan Trustees, the Liquidity Providers, the Owner Trustees or the Owner Participants, except as otherwise expressly provided herein or in the Intercreditor Agreement.

The Company is a party to this Agreement solely for purposes of meeting the requirements of the Trust Indenture Act, and therefore shall not have any right, obligation or liability hereunder (except as otherwise expressly provided herein).

ARTICLE IV  
DISTRIBUTIONS; STATEMENTS TO  
CERTIFICATEHOLDERS

Section 4.01. Certificate Account and Special Payments Account. (a) The Trustee shall establish and maintain on behalf of the Certificateholders a Certificate Account as one or more non-interest-bearing accounts. The Trustee shall hold the Certificate Account in trust for the benefit of the Certificateholders, and shall make or permit withdrawals therefrom only as provided in this Agreement. On each day when a Scheduled Payment is made to the Trustee under the Intercreditor Agreement, the Trustee upon receipt thereof shall immediately deposit the aggregate amount of such Scheduled Payment in the Certificate Account.

(b) The Trustee shall establish and maintain on behalf of the Certificateholders a Special Payments Account as one or more accounts, which shall be non-interest bearing except as provided in Section 4.04. The Trustee shall hold the Special Payments Account in trust for the benefit of the Certificateholders and shall make or permit withdrawals therefrom only as provided in this Agreement. On each day when one or more Special Payments are made to the Trustee under the Intercreditor Agreement and upon the payment of the Special Redemption Premium to the Trustee under the Note Purchase Agreement, the Trustee,

upon receipt thereof, shall immediately deposit the aggregate amount of such Special Payments in the Special Payments Account.

(c) The Trustee shall cause the Subordination Agent to present to the related Loan Trustee of each Equipment Note such Equipment Note on the date of its stated final maturity or, in the case of any Equipment Note which is to be redeemed in whole pursuant to the related Indenture, on the applicable redemption date under such Indenture.

Section 4.02. Distributions from Certificate Account and Special Payments Account. (a) On each Regular Distribution Date or as soon thereafter as the Trustee has confirmed receipt of the payment of all or any part of the Scheduled Payments due on such date, the Trustee shall distribute out of the Certificate Account the entire amount deposited therein pursuant to Section 4.01(a). There shall be so distributed to each Certificateholder of record on the Record Date with respect to such Regular Distribution Date (other than as provided in Section 11.01 concerning the final distribution) by check mailed to such Certificateholder, at the address appearing in the Register, such Certificateholder's pro rata share (based on the Fractional Undivided Interest in the Trust held by such Certificateholder) of the total amount in the Certificate Account, except that, with respect to Certificates registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(b) On each Special Distribution Date with respect to any Special Payment or as soon thereafter as the Trustee has confirmed receipt of any Special Payments due on the Equipment Notes held in the related Trust or realized upon the sale of such Equipment Notes or receipt of the Special Redemption Premium, the Trustee shall distribute out of the Special Payments Account the entire amount of such Special Payment deposited therein pursuant to Section 4.01(b). There shall be so distributed to each Certificateholder of record on the Record Date with respect to such Special Distribution Date (other than as provided in Section 11.01 concerning the final distribution) by check mailed to such Certificateholder, at the address appearing in the Register, such Certificateholder's pro rata share (based on the Fractional Undivided Interest in the Trust held by such Certificateholder) of the total amount in the Special Payments Account on account of such Special Payment, except that, with

respect to Certificates registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(c) The Trustee shall, at the expense of the Company, cause notice of each Special Payment to be mailed to each Certificateholder at his address as it appears in the Register. In the event of redemption or purchase of Equipment Notes held in the Trust, such notice shall be mailed not less than 20 days prior to the Special Distribution Date for the Special Payment resulting from such redemption or purchase, which Special Distribution Date shall be the date of such redemption or purchase. In the event of the payment of a Special Redemption Premium by the Company to the Trustee under the Note Purchase Agreement, such notice shall be mailed, together with the notice by the Escrow Paying Agent under Section 2.06 of the Escrow Agreement, not less than 20 days prior to the Special Distribution Date for such amount, which Special Distribution Date shall be the Final Withdrawal Date. In the case of any other Special Payments, such notice shall be mailed as soon as practicable after the Trustee has confirmed that it has received funds for such Special Payment, stating the Special Distribution Date for such Special Payment which shall occur not less than 20 days after the date of such notice and as soon as practicable thereafter. Notices mailed by the Trustee shall set forth:

(i) the Special Distribution Date and the Record Date therefor (except as otherwise provided in Section 11.01),

(ii) the amount of the Special Payment for each \$1,000 face amount Certificate and the amount thereof constituting principal, premium, if any, and interest,

(iii) the reason for the Special Payment, and

(iv) if the Special Distribution Date is the same date as a Regular Distribution Date, the total amount to be received on such date for each \$1,000 face amount Certificate.

If the amount of (i) premium, if any, payable upon the redemption or purchase of an Equipment Note or (ii) the Special Redemption Premium, if any, has not been calculated at the time that the Trustee mails notice of a Special Payment, it shall be sufficient

if the notice sets forth the other amounts to be distributed and states that any premium received will also be distributed.

If any redemption of the Equipment Notes held in the Trust is canceled, the Trustee, as soon as possible after learning thereof, shall cause notice thereof to be mailed to each Certificateholder at its address as it appears on the Register.

Section 4.03. Statements to Certificateholders. (a) On each Distribution Date, the Trustee will include with each distribution to Certificateholders of a Scheduled Payment or Special Payment, as the case may be, a statement setting forth the information provided below (in the case of a Special Payment, including any Special Redemption Premium, reflecting in part the information provided by the Escrow Paying Agent under the Escrow Agreement). Such statement shall set forth (per \$1,000 face amount Certificate as to (ii), (iii), (iv) and (v) below) the following information:

(i) the aggregate amount of funds distributed on such Distribution Date hereunder and under the Escrow Agreement, indicating the amount allocable to each source;

(ii) the amount of such distribution hereunder allocable to principal and the amount allocable to premium (including the Special Redemption Premium), if any;

(iii) the amount of such distribution hereunder allocable to interest; and

(iv) the amount of such distribution under the Escrow Agreement allocable to interest;

(v) the amount of such distribution under the Escrow Agreement allocable to Deposits; and

(vi) the Pool Balance and the Pool Factor.

With respect to the Certificates registered in the name of DTC, on the Record Date prior to each Distribution Date, the Trustee will request from DTC a securities position listing setting forth the names of all Agent Members reflected on DTC's books as holding interests in the Certificates on such Record Date. On each Distribution Date, the Trustee will mail to

each such Agent Member the statement described above and will make available additional copies as requested by such Agent Member for forwarding to holders of interests in the Certificates.

(b) Within a reasonable period of time after the end of each calendar year but not later than the latest date permitted by law, the Trustee shall furnish to each Person who at any time during such calendar year was a Certificateholder of record a statement containing the sum of the amounts determined pursuant to clauses (a)(i), (a)(ii), (a)(iii), (a)(iv) and (a)(v) above for such calendar year or, in the event such Person was a Certificateholder of record during a portion of such calendar year, for such portion of such year, and such other items as are readily available to the Trustee and which a Certificateholder shall reasonably request as necessary for the purpose of such Certificateholder's preparation of its federal income tax returns. Such statement and such other items shall be prepared on the basis of information supplied to the Trustee by the Agent Members and shall be delivered by the Trustee to such Agent Members to be available for forwarding by such Agent Members to the holders of interests in the Certificates in the manner described in Section 4.03(a).

(c) Promptly following (i) the Delivery Period Termination Date, if there has been any change in the information set forth in clauses (x), (y) and (z) below from that set forth in page 81 of the Offering Circular, and (ii) any early redemption of purchase of, or any default in the payment of principal or interest in respect of, any of the Equipment Notes held in the Trust, or any Final Withdrawal, the Trustee shall furnish to Certificateholders of record on such date a statement setting forth (x) the expected Pool Balances for each subsequent Regular Distribution Date following the Delivery Period Termination Date, (y) the related Pool Factors for such Regular Distribution Dates and (z) the expected principal distribution schedule of the Equipment Notes, in the aggregate, held as Trust Property at the date of such notice. With respect to the Certificates registered in the name of DTC, on the Delivery Period Termination Date, the Trustee will request from DTC a securities position listing setting forth the names of all Agent Members reflected on DTC's books as holding interests in the Certificates on such date. The Trustee will mail to each such Agent Member the statement described above and will make



available additional copies as requested by such Agent Member for forwarding to holders of interests in the Certificates.

Section 4.04. Investment of Special Payment Moneys. Any money received by the Trustee pursuant to Section 4.01(b) representing a Special Payment which is not distributed on the date received shall, to the extent practicable, be invested in Permitted Investments by the Trustee pending distribution of such Special Payment pursuant to Section 4.02. Any investment made pursuant to this Section 4.04 shall be in such Permitted Investments having maturities not later than the date that such moneys are required to be used to make the payment required under Section 4.02 on the applicable Special Distribution Date and the Trustee shall hold any such Permitted Investments until maturity. The Trustee shall have no liability with respect to any investment made pursuant to this Section 4.04, other than by reason of the willful misconduct or negligence of the Trustee. All income and earnings from such investments shall be distributed on such Special Distribution Date as part of such Special Payment.

#### ARTICLE V

##### THE COMPANY

Section 5.01. Maintenance of Corporate Existence. The Company, at its own cost and expense, will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, except as otherwise specifically permitted in Section 5.02; provided, however, that the Company shall not be required to preserve any right or franchise if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company.

Section 5.02. Consolidation, Merger, etc. The Company shall not consolidate with or merge into any other corporation or convey, transfer or lease substantially all of its assets as an entirety to any Person unless:

(a) the corporation formed by such consolidation or into which the Company is merged or the Person that acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety shall be (i) organized and validly existing under the laws of the United States of America or any

state thereof or the District of Columbia, (ii) a "citizen of the United States" as defined in 49 U.S.C. 40102(a)(15), as amended, and (iii) a United States certificated air carrier, if and so long as such status is a condition of entitlement to the benefits of Section 1110 of the Bankruptcy Reform Act of 1978, as amended (11 U.S.C. Section 1110), with respect to the Leases;

(b) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety shall execute and deliver to the Trustee a duly authorized, valid, binding and enforceable agreement in form and substance reasonably satisfactory to the Trustee containing an assumption by such successor corporation or Person of the due and punctual performance and observance of each covenant and condition of this Agreement, the Other Pass Through Trust Agreements and each Financing Document to be performed or observed by the Company; and

(c) the Company shall have delivered to the Trustee an Officer's Certificate of the Company and an Opinion of Counsel of the Company reasonably satisfactory to the Trustee, each stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in clause (b) above comply with this Section 5.02 and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger, or any conveyance, transfer or lease of substantially all of the assets of the Company as an entirety in accordance with this Section 5.02, the successor corporation or Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Agreement with the same effect as if such successor corporation or Person had been named as the Company herein. No such conveyance, transfer or lease of substantially all of the assets of the Company as an entirety shall have the effect of releasing any successor corporation or Person which shall have become such in the manner prescribed in this Section 5.02 from its liability in respect of this Agreement and any Financing Document to which it is a party.

## ARTICLE VI

## DEFAULT

Section 6.01. Events of Default. (a) Exercise of Remedies. Upon the occurrence and during the continuation of any Indenture Default under any Indenture, the Trustee may, to the extent it is the Controlling Party at such time (as determined pursuant to the Intercreditor Agreement), direct the exercise of remedies as provided in the Intercreditor Agreement.

(b) Purchase Rights of Certificateholders. By acceptance of its Certificate, each Certificateholder agrees that at any time after the occurrence and during the continuation of a Triggering Event,

(i) each Class B Certificateholder shall have the right to purchase all, but not less than all, of the Certificates upon ten days' written notice to the Trustee and each other Class B Certificateholder, provided that (A) if prior to the end of such ten-day period any other Class B Certificateholder notifies such purchasing Class B Certificateholder that such other Class B Certificateholder wants to participate in such purchase, then such other Class B Certificateholder may join with the purchasing Class B Certificateholder to purchase all, but not less than all, of the Certificates pro rata based on the Fractional Undivided Interest in the Class B Trust held by each such Class B Certificateholder and (B) if prior to the end of such ten-day period any other Class B Certificateholder fails to notify the purchasing Class B Certificateholder of such other Class B Certificateholder's desire to participate in such a purchase, then such other Class B Certificateholder shall lose its right to purchase the Certificates pursuant to this Section 6.01(b); and

(ii) each holder of a Class C-I Certificate or a Class C-II Certificate (a "Class C Certificateholder") shall have the right (which shall not expire upon any purchase of the Certificates pursuant to clause (i) above) to purchase all, but not less than all, of the Certificates and the Class B Certificates upon ten days' written notice to the Trustee, the Class B

Trustee and each other Class C Certificateholder, provided that (A) if prior to the end of such ten-day period any other Class C Certificateholder notifies such purchasing Class C Certificateholder that such other Class C Certificateholder wants to participate in such purchase, then such other Class C Certificateholder may join with the purchasing Class C Certificateholder to purchase all, but not less than all, of the Certificates and the Class B Certificates pro rata based on the Fractional Undivided Interest in the Class C-I Trust and the Class C-II Trust, taken as a whole, held by each such Class C Certificateholder and (B) if prior to the end of such ten-day period any other Class C Certificateholder fails to notify the purchasing Class C Certificateholder of such other Class C Certificateholder's desire to participate in such a purchase, then such other Class C Certificateholder shall lose its right to purchase the Certificates pursuant to this Section 6.01(b).

The purchase price with respect to the Certificates shall be equal to the Pool Balance of the Certificates, together with accrued and unpaid interest thereon to the date of such purchase, without premium, but including any other amounts then due and payable to the Certificateholders under this Agreement, the Intercreditor Agreement, the Escrow Agreement or any Financing Document or on or in respect of the Certificates; provided, however, that (i) if such purchase occurs after the record date specified in Section 2.03(b) of the Escrow Agreement relating to the distribution of unused Deposits and accrued and unpaid interest thereunder, such purchase price shall be reduced by the aggregate amount of unused Deposits and interest to be distributed under the Escrow Agreement (which deducted amounts shall remain distributable to, and may be retained by, the Certificateholder as of such Record Date) and (ii) if such purchase occurs after a Record Date, such purchase price shall be reduced by the amount to be distributed hereunder on the related Distribution Date (which deducted amounts shall remain distributable to, and may be retained by, the Certificateholder as of such Record Date); provided, further, that no such purchase of Certificates shall be effective unless the purchaser(s) shall certify to the Trustee that contemporaneously with such purchase, such purchaser(s) is purchasing, pursuant to the terms of this Agreement and the Other Pass Through Trust Agreements, the Certificates and the Class B Certificates which are senior to the

securities held by such purchaser(s). Each payment of the purchase price of the Certificates referred to in the first sentence hereof shall be made to an account or accounts designated by the Trustee and each such purchase shall be subject to the terms of this Section 6.01(b). Each Certificateholder agrees by its acceptance of its Certificate that it will, subject to Section 3.04 hereof, upon payment from such Class B Certificateholder(s) or Class C Certificateholder(s), as the case may be, of the purchase price set forth in the first sentence of this paragraph, forthwith sell, assign, transfer and convey to the purchaser(s) thereof (without recourse, representation or warranty of any kind except for its own acts), all of the right, title, interest and obligation of such Certificateholder in this Agreement, the Escrow Agreement, the Deposit Agreement, the Intercreditor Agreement, the Liquidity Facility, the Financing Documents and all Certificates and Escrow Receipts held by such Certificateholder (excluding all right, title and interest under any of the foregoing to the extent such right, title or interest is with respect to an obligation not then due and payable as respects any action or inaction or state of affairs occurring prior to such sale) and the purchaser shall assume all of such Certificateholder's obligations under this Agreement, the Escrow Agreement, the Deposit Agreement, the Intercreditor Agreement, the Liquidity Facility, the Financing Documents and all such Certificates and Escrow Receipts. The Certificates will be deemed to be purchased on the date payment of the purchase price is made notwithstanding the failure of the Certificateholders to deliver any Certificates (whether in the form of Definitive Certificates or beneficial interests in Global Certificates) and, upon such a purchase, (i) the only rights of the Certificateholders will be to deliver the Certificates to the purchaser(s) and receive the purchase price for such Certificates and (ii) if the purchaser(s) shall so request, such Certificateholder will comply with all the provisions of Section 3.04 hereof to enable new Certificates to be issued to the purchaser in such denominations as it shall request. All charges and expenses in connection with the issuance of any such new Certificates shall be borne by the purchaser thereof.

As used in this Section 6.01(b), the terms "Certificateholder", "Class", "Class B Certificate", "Class B Certificateholder", "Class B Trust", "Class B Trustee",

"Class C-I Certificate", "Class C-II Certificate", "Class C-I Trust" and "Class C-II Trust", shall have the

respective meanings assigned to such terms in the Intercreditor Agreement.

Section 6.02. Incidents of Sale of Equipment Notes. Upon any sale of all or any part of the Equipment Notes made either under the power of sale given under this Agreement or otherwise for the enforcement of this Agreement, the following shall be applicable:

(1) Certificateholders and Trustee May Purchase Equipment Notes. Any Certificateholder, the Trustee in its individual or any other capacity or any other Person may bid for and purchase any of the Equipment Notes, and upon compliance with the terms of sale, may hold, retain, possess and dispose of such Equipment Notes in their own absolute right without further accountability.

(2) Receipt of Trustee Shall Discharge Purchaser. The receipt of the Trustee making such sale shall be a sufficient discharge to any purchaser for his purchase money, and, after paying such purchase money and receiving such receipt, such purchaser or its personal representative or assigns shall not be obliged to see to the application of such purchase money, or be in any way answerable for any loss, misapplication or non-application thereof.

(3) Application of Moneys Received upon Sale. Any moneys collected by the Trustee upon any sale made either under the power of sale given by this Agreement or otherwise for the enforcement of this Agreement shall be applied as provided in Section 4.02.

Section 6.03. Judicial Proceedings Instituted by Trustee; Trustee May Bring Suit. If there shall be a failure to make payment of the principal of, premium, if any, or interest on any Equipment Note, or if there shall be any failure to pay Rent (as defined in the relevant Lease) under any Lease when due and payable, then the Trustee, in its own name and as trustee of an express trust, as holder of such Equipment Notes, to the extent permitted by and in accordance with the terms of the Intercreditor Agreement and the Financing Documents (subject to the rights of the applicable Owner Trustee or Owner Participant to cure any such failure to pay principal of, premium, if any, or interest on any Equipment Note or to pay Rent under any Lease in accordance with the applicable Indenture), shall be entitled and

empowered to institute any suits, actions or proceedings at law, in equity or otherwise, for the collection of the sums so due and unpaid on such Equipment Notes or under such Lease and may prosecute any such claim or proceeding to judgment or final decree with respect to the whole amount of any such sums so due and unpaid.

Section 6.04. Control by Certificateholders. Subject to Section 6.03 and the Intercreditor Agreement, the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to the Trust or pursuant to the terms of the Intercreditor Agreement, or exercising any trust or power conferred on the Trustee under this Agreement or the Intercreditor Agreement, including any right of the Trustee as Controlling Party under the Intercreditor Agreement or as holder of the Equipment Notes, provided that

(1) such Direction shall not be in conflict with any rule of law or with this Agreement and would not involve the Trustee in personal liability or expense,

(2) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Certificateholders not taking part in such Direction, and

(3) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such Direction.

Section 6.05. Waiver of Past Defaults. Subject to the Intercreditor Agreement, the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust (i) may on behalf of all of the Certificateholders waive any past Event of Default hereunder and its consequences or (ii) if the Trustee is the Controlling Party, may direct the Trustee to instruct the applicable Loan Trustee to waive any past Indenture Default under any Indenture and its consequences, and thereby annul any Direction given by such Certificateholders or the Trustee to such Loan Trustee with respect thereto, except a default:

(1) in the deposit of any Scheduled Payment or Special Payment under Section 4.01 or in the distribution of any payment under Section 4.02 on the Certificates, or

(2) in the payment of the principal of (premium, if any) or interest on the Equipment Notes, or

(3) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of each Certificateholder holding an Outstanding Certificate affected thereby.

Upon any such waiver, such default shall cease to exist with respect to the Certificates and any Event of Default arising therefrom shall be deemed to have been cured for every purpose and any direction given by the Trustee on behalf of the Certificateholders to the relevant Loan Trustee shall be annulled with respect thereto; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Upon any such waiver, the Trustee shall vote the Equipment Notes issued under the relevant Indenture to waive the corresponding Indenture Default.

Section 6.06. Right of Certificateholders to Receive Payments Not to Be Impaired. Anything in this Agreement to the contrary notwithstanding, including, without limitation, Section 6.07 hereof, but subject to the Intercreditor Agreement, the right of any Certificateholder to receive distributions of payments required pursuant to Section 4.02 hereof on the Certificates when due, or to institute suit for the enforcement of any such payment on or after the applicable Regular Distribution Date or Special Distribution Date, shall not be impaired or affected without the consent of such Certificateholder.

Section 6.07. Certificateholders May Not Bring Suit Except Under Certain Conditions. A Certificateholder shall not have the right to institute any suit, action or proceeding at law or in equity or otherwise with respect to this Agreement, for the appointment of a receiver or for the enforcement of any other remedy under this Agreement, unless:

(1) such Certificateholder previously shall have given written notice to the Trustee of a continuing Event of Default;



(2) Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than 25% of the Trust shall have requested the Trustee in writing to institute such action, suit or proceeding and shall have offered to the Trustee indemnity as provided in Section 7.03(e);

(3) the Trustee shall have refused or neglected to institute such an action, suit or proceeding for 60 days after receipt of such notice, request and offer of indemnity; and

(4) no direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust.

It is understood and intended that no one or more of the Certificateholders shall have any right in any manner whatsoever hereunder or under the Certificates to (i) surrender, impair, waive, affect, disturb or prejudice any property in the Trust Property or the lien of any Indenture on any property subject thereto, or the rights of the Certificateholders or the holders of the Equipment Notes, (ii) obtain or seek to obtain priority over or preference with respect to any other such Certificateholder or (iii) enforce any right under this Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Certificateholders subject to the provisions of this Agreement.

Section 6.08. Remedies Cumulative. Every remedy given hereunder to the Trustee or to any of the Certificateholders shall not be exclusive of any other remedy or remedies, and every such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter given by statute, law, equity or otherwise.

#### ARTICLE VII

#### THE TRUSTEE

Section 7.01. Certain Duties and Responsibilities. (a) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties as are specifically set

forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trustee.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of its own affairs.

(c) No provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section; and

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

(d) Whether or not herein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 7.02. Notice of Defaults. As promptly as practicable after, and in any event within 90 days after, the occurrence of any default (as such term is defined below) hereunder, the Trustee shall transmit by mail to the Company, the Owner Trustees, the Owner Participants, the Loan Trustees and the Certificateholders in accordance with Section 313(c) of the Trust Indenture Act, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default on the payment of the principal, premium, if any, or interest on any Equipment Note held in the Trust, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Certificateholders. For the purpose of this Section, the term "default" means any event that is, or after notice or lapse of time or both would become, an Event of Default.

Section 7.03. Certain Rights of Trustee. Subject to the provisions of Section 315 of the Trust Indenture Act:

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

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a written description of the subject matter thereof accompanied by an Officer's Certificate and an Opinion of Counsel as provided in Section 1.02 of this Agreement;

(c) whenever in the administration of this Agreement the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate of the Company, any Owner Trustee or any Loan Trustee;

(d) the Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the Direction of any of the Certificateholders pursuant to this Agreement, unless such Certificateholders shall have offered to the Trustee reasonable security or indemnity against the cost, expenses and liabilities which might be incurred by it in compliance with such Direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document;

(g) the Trustee may execute any of the trusts or powers under this Agreement or perform any duties under this

Agreement either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it under this Agreement;

(h) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the Direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement; and

(i) the Trustee shall not be required to expend or risk its own funds in the performance of any of its duties under this Agreement, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk is not reasonably assured to it.

Section 7.04. Not Responsible for Recitals or Issuance of Certificates. The recitals contained herein and in the Certificates, except the certificates of authentication, shall not be taken as the statements of the Trustee, and the Trustee assumes no responsibility for their correctness. Subject to Section 7.15, the Trustee makes no representations as to the validity or sufficiency of this Agreement, any Equipment Notes, the Intercreditor Agreement, the Deposit Agreement, the Escrow Agreement, the Certificates or any other Financing Document, except that the Trustee hereby represents and warrants that this Agreement has been, and the Intercreditor Agreement, the Registration Rights Agreement, the Note Purchase Agreement, the Escrow Agreement and each Certificate will be, executed, authenticated and delivered by one of its officers who is duly authorized to execute, authenticate and deliver such document on its behalf.

Section 7.05. May Hold Certificates. The Trustee, any Paying Agent, Registrar or any of their Affiliates or any other agent in their respective individual or any other capacity may become the owner or pledgee of Certificates and, subject to Sections 310(b) and 311 of the Trust Indenture Act, if applicable, may otherwise deal with the Company, the Owner

Trustees or the Loan Trustees with the same rights it would have if it were not Trustee, Paying Agent, Registrar or such other agent.

Section 7.06. Money Held in Trust. Money held by the Trustee or the Paying Agent in trust hereunder need not be segregated from other funds except to the extent required herein or by law and neither the Trustee nor the Paying Agent shall have any liability for interest upon any such moneys except as provided for herein.

Section 7.07. Compensation and Reimbursement. The Company agrees:

(1) to pay, or cause to be paid, to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse, or cause to be reimbursed, the Trustee upon its request for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence, willful misconduct or bad faith or as may be incurred due to the Trustee's breach of its representations and warranties set forth in Section 7.15; and

(3) to indemnify, or cause to be indemnified, the Trustee for, and to hold it harmless against, any loss, liability or expense (other than for or with respect to any tax) incurred without negligence, willful misconduct or bad faith, on its part, arising out of or in connection with the acceptance or administration of this Trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder, except for any such loss, liability or expense incurred by reason of the Trustee's breach of its representations and warranties set forth in Section 7.15; provided, however, that the foregoing paragraph (3) shall cease to have any further force or

effect upon the execution and delivery by the Trustee of any Participation Agreement.

With respect to paragraph (3) above, the Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel with the consent of the Company and the Company will pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made, in settlement or otherwise, without its consent.

The Trustee shall be entitled to reimbursement from, and shall have a lien prior to the Certificates upon, the Trust Property for any tax incurred without negligence, bad faith or willful misconduct, on its part, arising out of or in connection with the acceptance or administration of such Trust (other than any tax attributable to the Trustee's compensation for serving as such), including any costs and expenses incurred in contesting the imposition of any such tax. If the Trustee reimburses itself from the Trust Property of such Trust for any such tax, it will mail a brief report within 30 days setting forth the circumstances thereof to all Certificateholders as their names and addresses appear in the Register.

Section 7.08. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be eligible to act as a trustee under Section 310(a) of the Trust Indenture Act and shall have a combined capital and surplus of at least \$75,000,000 (or a combined capital and surplus in excess of \$5,000,000 and the obligations of which, whether now in existence or hereafter incurred, are fully and unconditionally guaranteed by a corporation organized and doing business under the laws of the United States, any state or territory thereof or of the District of Columbia and having a combined capital and surplus of at least \$75,000,000). If such corporation publishes reports of conditions at least annually, pursuant to law or to the requirements of federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section 7.08, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.08 to act as Trustee, the Trustee shall resign immediately as Trustee in the manner and with the effect specified in Section 7.09.

Section 7.09. Resignation and Removal; Appointment of Successor. (a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 7.10.

(b) The Trustee may resign at any time as trustee by giving prior written notice thereof to the Company, the Authorized Agents, the Owner Trustees and the Loan Trustees. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Company, the Authorized Agents, the Owner Trustees, the Loan Trustees and the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust delivered to the Trustee and to the Company, the Owner Trustees and the Loan Trustees.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 310 of the Trust Indenture Act, if applicable, after written request therefor by the Company or by any Certificateholder who has been a bona fide Certificateholder for at least six months; or

(2) the Trustee shall cease to be eligible under Section 7.08 and shall fail to resign after written request therefor by the Company or by any such Certificateholder; or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any case, (i) the Company may, with the consent of the Owner Participants, which consent may not be unreasonably withheld, remove the Trustee or (ii) any Certificateholder who has been a bona fide Certificateholder for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If a Responsible Officer of the Trustee shall obtain actual knowledge of an Avoidable Tax which has been or is likely to be asserted, the Trustee shall promptly notify the Company and shall, within 30 days of such notification, resign hereunder unless within such 30-day period the Trustee shall have received notice that the Company has agreed to pay such tax. The Company shall promptly appoint a successor Trustee in a jurisdiction where there are no Avoidable Taxes.

(f) If the Trustee shall resign, be removed or become incapable of acting or if a vacancy shall occur in the office of the Trustee for any cause, the Company shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or other occurrence of such vacancy, a successor Trustee shall be appointed by Direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust delivered to the Company, the Owner Trustees, the Loan Trustees and the retiring Trustee, and the Company approves such appointment, which approval shall not be unreasonably withheld, then the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed as provided above. If no successor Trustee shall have been so appointed as provided above and accepted appointment in the manner hereinafter provided, any Certificateholder who has been a bona fide Certificateholder for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(g) The successor Trustee shall give notice of the resignation and removal of the Trustee and appointment of the successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Certificateholders as their names and addresses appear in the Register. Each notice



shall include the name of such successor Trustee and the address of its Corporate Trust Office.

Section 7.10. Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute and deliver to the Company, the Authorized Agents, the Owner Trustees and the Loan Trustees and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall execute and deliver an instrument transferring to such successor Trustee all such rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all Trust Property held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 7.07. Upon request of any such successor Trustee, the Company, the retiring Trustee and such successor Trustee shall execute and deliver any and all instruments containing such provisions as shall be necessary or desirable to transfer and confirm to, and for more fully and certainly vesting in, such successor Trustee all such rights, powers and trusts.

No institution shall accept its appointment as a Trustee hereunder unless at the time of such acceptance such institution shall be qualified and eligible under this Article VII.

Section 7.11. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article VII, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Certificates shall have been executed or authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such execution or authentication and deliver the Certificates so

executed or authenticated with the same effect as if such successor Trustee had itself executed or authenticated such Certificates.

Section 7.12. Maintenance of Agencies. (a) There shall at all times be maintained an office or agency in the location set forth in Section 12.03 where Certificates may be presented or surrendered for registration of transfer or for exchange, and for payment thereof and where notices and demands to or upon the Trustee in respect of such certificates or this Agreement may be served; provided, however, that, if it shall be necessary that the Trustee maintain an office or agency in another location (e.g., the Certificates shall be represented by Definitive Certificates and shall be listed on a national securities exchange), the Trustee will make all reasonable efforts to establish such an office or agency. Written notice of the location of each such other office or agency and of any change of location thereof shall be given by the Trustee to the Company, the Owner Trustees, the Loan Trustees (in the case of any Owner Trustee or Loan Trustee, at its address specified in the Financing Documents or such other address as may be notified to the Trustee) and the Certificateholders. In the event that no such office or agency shall be maintained or no such notice of location or of change of location shall be given, presentations and demands may be made and notices may be served at the Corporate Trust Office of the Trustee.

(b) There shall at all times be a Registrar and a Paying Agent hereunder with respect to the Certificates. Each such Authorized Agent shall be a bank or trust company, shall be a corporation organized and doing business under the laws of the United States or any state, with a combined capital and surplus of at least \$75,000,000, or, if the Trustee shall be acting as the Registrar or Paying Agent hereunder, a corporation having a combined capital and surplus in excess of \$5,000,000, the obligations of which are guaranteed by a corporation organized and doing business under the laws of the United States or any state, with a combined capital and surplus of at least \$75,000,000, and shall be authorized under such laws to exercise corporate trust powers, subject to supervision by Federal or state authorities. The Trustee shall initially be the Paying Agent and, as provided in Section 3.04, Registrar hereunder with respect to the Certificates. Each Registrar shall furnish to the Trustee, at stated intervals of not more than six months, and at

such other times as the Trustee may request in writing, a copy of the Register maintained by such Registrar.

(c) Any corporation into which any Authorized Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Authorized Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authorized Agent, shall be the successor of such Authorized Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the parties hereto or such Authorized Agent or such successor corporation.

(d) Any Authorized Agent may at any time resign by giving written notice of resignation to the Trustee, the Company, the Owner Trustees and the Loan Trustees. The Company may, and at the request of the Trustee shall, at any time terminate the agency of any Authorized Agent by giving written notice of termination to such Authorized Agent and to the Trustee. Upon the resignation or termination of an Authorized Agent or in case at any time any such Authorized Agent shall cease to be eligible under this Section (when, in either case, no other Authorized Agent performing the functions of such Authorized Agent shall have been appointed), the Company shall promptly appoint one or more qualified successor Authorized Agents, reasonably satisfactory to the Trustee, to perform the functions of the Authorized Agent which has resigned or whose agency has been terminated or who shall have ceased to be eligible under this Section. The Company shall give written notice of any such appointment made by it to the Trustee, the Owner Trustees and the Loan Trustees; and in each case the Trustee shall mail notice of such appointment to all Certificateholders as their names and addresses appear on the Register.

(e) The Company agrees to pay, or cause to be paid, from time to time to each Authorized Agent reasonable compensation for its services and to reimburse it for its reasonable expenses.

Section 7.13. Money for Certificate Payments to Be Held in Trust. All moneys deposited with any Paying Agent for the purpose of any payment on Certificates shall be deposited and held in trust for the benefit of the Certificateholders entitled to such payment, subject to the provisions of this Section.

Moneys so deposited and held in trust shall constitute a separate trust fund for the benefit of the Certificateholders with respect to which such money was deposited.

The Trustee may at any time, for the purpose of obtaining the satisfaction and discharge of this Agreement or for any other purpose, direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Section 7.14. Registration of Equipment Notes in Name of Subordination Agent. The Trustee agrees that all Equipment Notes to be purchased by the Trust shall be issued in the name of the Subordination Agent or its nominee and held by the Subordination Agent in trust for the benefit of the Certificateholders, or, if not so held, the Subordination Agent or its nominee shall be reflected as the owner of such Equipment Notes in the register of the issuer of such Equipment Notes.

Section 7.15. Representations and Warranties of Trustee. The Trustee hereby represents and warrants that:

(a) the Trustee is a Delaware banking corporation organized and validly existing in good standing under the laws of the State of Delaware;

(b) the Trustee has full power, authority and legal right to execute, deliver, and perform this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement and the Financing Documents to which it is a party and has taken all necessary action to authorize the execution, delivery, and performance by it of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement and the Financing Documents to which it is a party;

(c) the execution, delivery and performance by the Trustee of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement and the Financing Documents to which it is a party (i) will not violate any provision of United States federal law or the law of the state of the United States where it is

located governing the banking and trust powers of the Trustee or any order, writ, judgment, or decree of any court, arbitrator or governmental authority applicable to the Trustee or any of its assets, (ii) will not violate any provision of the articles of association or by-laws of the Trustee, or (iii) will not violate any provision of, or constitute, with or without notice or lapse of time, a default under, or result in the creation or imposition of any lien on any properties included in the Trust Property pursuant to the provisions of any mortgage, indenture, contract, agreement or other undertaking to which it is a party, which violation, default or lien could reasonably be expected to have an adverse effect on the Trustee's performance or ability to perform its duties hereunder or thereunder or on the transactions contemplated herein or therein;

(d) the execution, delivery and performance by the Trustee of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement, and the Financing Documents to which it is a party will not require the authorization, consent, or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, any governmental authority or agency of the United States or the state of the United States where it is located regulating the banking and corporate trust activities of the Trustee; and

(e) this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement, and the Financing Documents to which it is a party have been duly executed and delivered by the Trustee and constitute the legal, valid, and binding agreements of the Trustee, enforceable against it in accordance with their respective terms, provided that enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (ii) general principles of equity.

Section 7.16. Withholding Taxes, Information Reporting. The Trustee, as trustee of the grantor trust created by this Agreement, shall exclude and withhold from each distribution of principal, premium, if any, and interest and other amounts due under this Agreement or under the Certificates any and all withholding taxes applicable thereto as required by law. In addition, the Trustee shall remit such amounts as would be required by section 1446 of the Internal Revenue Code of 1986,

as amended, if the Trust were characterized as a partnership engaged in a U.S. trade or business for U.S. federal income tax purposes and shall withhold such amounts from amounts distributable to or for the benefit of Certificateholders or Investors that are not United States persons within the meaning of section 7701(a)(30) of the Internal Revenue Code of 1986, as amended. In this regard, the Trustee shall cause the appropriate withholding agent to withhold with respect to such distributions in the manner contemplated by Section 10.04 of Revenue Procedure 89-31 and Treasury Regulation 1.1445-8(b)(3) by filing a notice with the National Association of Securities Dealers, Inc. substantially in the form of Exhibit E hereto on or before the date 10 days prior to the Record Date. The Trustee shall mail such notice to the National Association of Securities Dealers no later than the date than 15 days prior to the Record Date. Investors that are not United States Persons agree to furnish a United States taxpayer identification number ("TIN") to the Trustee and the Trustee shall provide such TINs to the appropriate withholding agent. The Trustee agrees to act as such withholding agent (except to the extent contemplated above with respect to withholding amounts as if the Trust were characterized as a partnership engaged in a U.S. trade or business for U.S. federal income tax purposes) and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect of the Certificates, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Certificateholders, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each such Certificateholder appropriate documentation showing the payment thereof, together with such additional documentary evidence as such Certificateholders may reasonably request from time to time. The Trustee agrees to file any other information reports as it may be required to file under United States law. Each Certificateholder or Investor that is not a United States person within the meaning of section 7701(a)(30) of the Internal Revenue Code, as amended, by its acceptance of a Certificate or a beneficial interest therein, agrees to indemnify and hold harmless the Trust and the Trustee from and against any improper failure to withhold taxes from amounts payable to it or for its benefit, other than an improper failure attributable to the gross negligence or willful misconduct of the Trustee.

Section 7.17. Trustee's Liens. The Trustee in its individual capacity agrees that it will at its own cost and expense promptly take any action as may be necessary to duly discharge and satisfy in full any mortgage, pledge, lien, charge, encumbrance, security interest or claim ("Trustee's Liens") on or with respect to the Trust Property which is attributable to the Trustee either (i) in its individual capacity and which is unrelated to the transactions contemplated by this Agreement, the Intercreditor Agreement, the Note Purchase Agreement or the Financing Documents, or (ii) as Trustee hereunder or in its individual capacity and which arises out of acts or omissions which are not contemplated by this Agreement.

Section 7.18. Preferential Collection of Claims. The Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship listed in Section 311(b) of the Trust Indenture Act. If the Trustee shall resign or be removed as Trustee, it shall be subject to Section 311(a) of the Trust Indenture Act to the extent provided therein.

#### ARTICLE VIII

##### CERTIFICATEHOLDERS' LISTS AND REPORTS BY TRUSTEE

Section 8.01. The Company to Furnish Trustee with Names and Addresses of Certificateholders. The Company will furnish to the Trustee within 15 days after each Record Date with respect to a Scheduled Payment, and at such other times as the Trustee may request in writing within 30 days after receipt by the Company of any such request, a list, in such form as the Trustee may reasonably require, of all information in the possession or control of the Company as to the names and addresses of the Certificateholders, in each case as of a date not more than 15 days prior to the time such list is furnished; provided, however, that so long as the Trustee is the sole Registrar, no such list need be furnished; and provided further, however, that no such list need be furnished for so long as a copy of the Register is being furnished to the Trustee pursuant to Section 7.12.

Section 8.02. Preservation of Information; Communications to Certificateholders. The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Certificateholders contained in the most recent list furnished to the Trustee as provided in Section 7.12

or Section 8.01, as the case may be, and the names and addresses of Certificateholders received by the Trustee in its capacity as Registrar, if so acting. The Trustee may destroy any list furnished to it as provided in Section 7.12 or Section 8.01, as the case may be, upon receipt of a new list so furnished.

Section 8.03. Reports by Trustee. Within 60 days after May 15 of each year commencing with the first full year following the issuance of the Certificates, the Trustee shall transmit to the Certificateholders, as provided in Section 313(c) of the Trust Indenture Act, a brief report dated as of such May 15, if required by Section 313(a) of the Trust Indenture Act.

Section 8.04. Reports by the Company. The Company shall:

(a) file with the Trustee, within 30 days after the Company is required to file the same with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934, as amended; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and the SEC, in accordance with rules and regulations prescribed by the SEC, such of the supplementary and periodic information, documents and reports which may be required pursuant to section 13 of the Securities Exchange Act of 1934, as amended, in respect of a security listed and registered on a national securities exchange as may be prescribed in such rules and regulations;

(b) during any period, prior to the consummation of the Exchange Offer and during which the Shelf Registration Statement is not in effect, in which the Company is not subject to Section 13(a), 13(c) or 15(d) under the Securities Exchange Act of 1934, make available to any Holder of the Certificates in connection with any sale thereof and any prospective purchaser of the Certificates from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act but only for so long as any of the Certificates remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the



Securities Act and, in any event, only until the second anniversary of the Issuance Date;

(c) file with the Trustee and the SEC, in accordance with the rules and regulations prescribed by the SEC, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Agreement, as may be required by such rules and regulations, including, in the case of annual reports, if required by such rules and regulations, certificates or opinions of independent public accountants, conforming to the requirements of Section 1.02;

(d) transmit to all Certificateholders, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (a) and (c) of this Section 8.04 as may be required by rules and regulations prescribed by the SEC; and

(e) furnish to the Trustee, not less often than annually, a brief certificate from the principal executive officer, principal financial officer or principal accounting officer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Agreement (it being understood that for purposes of this paragraph (e), such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Agreement).

#### ARTICLE IX

##### SUPPLEMENTAL AGREEMENTS

Section 9.01. Supplemental Agreements Without Consent of Certificateholders. Without the consent of the Certificateholders, the Company may (but will not be required to), and the Trustee (subject to Section 9.03) shall, at the Company's request, at any time and from time to time, enter into one or more agreements supplemental hereto or, if applicable, to the Intercreditor Agreement, the Escrow Agreement, the Note Purchase Agreement, the Deposit Agreement, the Registration Rights Agreement or any Liquidity Facility in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein contained or of the Company's obligations under the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility; or

(2) to add to the covenants of the Company for the benefit of the Certificateholders, or to surrender any right or power conferred upon the Company in this Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility; or

(3) to correct or supplement any provision in this Agreement, the Intercreditor Agreement, the Escrow Agreement, the Deposit Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility which may be defective or inconsistent with any other provision herein or therein or to cure any ambiguity or correct any mistake or to modify any other provision with respect to matters or questions arising under this Agreement, the Escrow Agreement, the Deposit Agreement, the Note Purchase Agreement, the Intercreditor Agreement, the Registration Rights Agreement or any Liquidity Facility, provided that any such action shall not materially adversely affect the interests of the Certificateholders; or

(4) to comply with any requirement of the SEC, any applicable law, rules or regulations of any exchange or quotation system on which the Certificates are listed, any regulatory body or the Registration Rights Agreement to effectuate the Exchange Offer; or

(5) to modify, eliminate or add to the provisions of this Agreement to such extent as shall be necessary to continue the qualification of this Agreement (including any supplemental agreement) under the Trust Indenture Act or under any similar Federal statute hereafter enacted, and to add to this Agreement such other provisions as may be expressly permitted by the Trust Indenture Act, excluding, however, the provisions referred to in Section 316(a)(2) of the Trust Indenture Act as in effect at the date as of which this instrument was executed or any corresponding provision in any similar Federal statute hereafter enacted; or

(6) to evidence and provide for the acceptance of appointment under this Agreement by the Trustee of a successor Trustee and to add to or change any of the provisions of this Agreement as shall be necessary to provide for or facilitate the administration of the Trust, pursuant to the requirements of Section 7.10; or

(7) to provide the information required under Section 7.12 and Section 12.03 as to the Trustee; or

(8) to modify or eliminate provisions relating to the transfer or exchange of Exchange Certificates or the Initial Certificates upon consummation of the Exchange Offer (as defined in the Registration Rights Agreement) or effectiveness of the Shelf Registration Statement or the Exchange Offer Registration Statement;

provided, however, that no such supplemental agreement shall adversely affect the status of any Trust as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended, for U.S. federal income tax purposes.

Section 9.02. Supplemental Agreements with Consent of Certificateholders. With the consent of the Certificateholders holding Certificates (including consents obtained in connection with a tender offer or exchange offer for the Certificates) evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust, by Direction of said Certificateholders delivered to the Company and the Trustee, the Company may (with the consent of the Owner Trustees, if any, which consent shall not be unreasonably withheld), and the Trustee (subject to Section 9.03) shall, enter into an agreement or agreements for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement, the Intercreditor Agreement, any Liquidity Facility, the Registration Rights Agreement, the Escrow Agreement, the Deposit Agreement or the Note Purchase Agreement to the extent applicable to such Certificateholders or of modifying in any manner the rights and obligations of such Certificateholders under this Agreement, the Intercreditor Agreement, any Liquidity Facility, the Registration Rights Agreement, the Escrow Agreement, the Deposit Agreement or the Note Purchase Agreement to the extent applicable to such Certificateholders or of modifying in any manner the rights and

obligations of such Certificateholders under this Agreement, the Intercreditor Agreement, any Liquidity Facility, the Registration Rights Agreement, the Escrow Agreement, the Deposit Agreement or the Note Purchase Agreement; provided, however, that no such agreement shall, without the consent of the Certificateholder of each Outstanding Certificate affected thereby:

(1) reduce in any manner the amount of, or delay the timing of, any receipt by the Trustee (or, with respect to the Deposits, the Certificateholders) of payments on the Equipment Notes held in the Trust or on the Deposits or distributions that are required to be made herein on any Certificate, or change any date of payment on any Certificate, or change the place of payment where, or the coin or currency in which, any Certificate is payable, or impair the right to institute suit for the enforcement of any such payment or distribution on or after the Regular Distribution Date or Special Distribution Date applicable thereto; or

(2) permit the disposition of any Equipment Note included in the Trust Property except as permitted by this Agreement, or otherwise deprive such Certificateholder of the benefit of the ownership of the Equipment Notes in the Trust; or

(3) reduce the specified percentage of the aggregate Fractional Undivided Interests of the Trust which is required for any such supplemental agreement, or reduce such specified percentage required for any waiver of compliance with certain provisions of this Agreement or certain defaults hereunder and their consequences provided for in this Agreement; or

(4) waive, amend or modify Section 2.4, 3.2 or 3.3 of the Intercreditor Agreement in a manner adverse to the Certificateholders; or

(5) modify any of the provisions of this Section 9.02 or Section 6.05, except to increase any such percentage or to provide that certain other provisions of this Agreement cannot be modified or waived without the consent of the Certificateholder of each Certificate affected thereby; or

(6) adversely affect the status of any Trust as a grantor trust under Subpart E, Part I of Subchapter J of

Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended, for U.S. federal income tax purposes.

It shall not be necessary for any Direction of Certificateholders under this Section to approve the particular form of any proposed supplemental agreement, but it shall be sufficient if such Direction shall approve the substance thereof.

Section 9.03. Documents Affecting Immunity or Indemnity. If in the opinion of the Trustee any document required to be executed by it pursuant to the terms of Section 9.01 or 9.02 affects any interest, right, duty, immunity or indemnity in favor of the Trustee under this Agreement, the Trustee may in its discretion decline to execute such document.

Section 9.04. Execution of Supplemental Agreements. In executing, or accepting the additional trusts created by, any agreement permitted by this Article or the modifications thereby of the trusts created by this Agreement, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental agreement is authorized or permitted by this Agreement.

Section 9.05. Effect of Supplemental Agreements. Upon the execution of any agreement supplemental to this Agreement under this Article, this Agreement shall be modified in accordance therewith, and such supplemental agreement shall form a part of this Agreement for all purposes; and every Holder of a Certificate theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.06. Conformity with Trust Indenture Act. Every supplemental agreement executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 9.07. Reference in Certificates to Supplemental Agreements. Certificates authenticated and delivered after the execution of any supplemental agreement pursuant to this Article may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental agreement; and, in such case, suitable notation may be made upon Outstanding Certificates after proper presentation and demand.

## ARTICLE X

## AMENDMENTS TO INDENTURES AND FINANCING DOCUMENTS

Section 10.01. Amendments and Supplements to Indentures and Financing Documents. In the event that the Trustee, as holder (or beneficial owner through the Subordination Agent) of any Equipment Note in trust for the benefit of the Certificateholders or as Controlling Party under the Intercreditor Agreement, receives (directly or indirectly through the Subordination Agent) a request for a consent to any amendment, modification, waiver or supplement under any Indenture, any other Financing Document, any Equipment Note or any other related document, the Trustee shall forthwith send a notice of such proposed amendment, modification, waiver or supplement to each Certificateholder registered on the Register as of the date of such notice. The Trustee shall request from the Certificateholders a Direction as to (a) whether or not to take or refrain from taking (or direct the Subordination Agent to take or refrain from taking) any action which a holder of such Equipment Note has the option to direct, (b) whether or not to give or execute (or direct the Subordination Agent to give or execute) any waivers, consents, amendments, modifications or supplements as a holder of such Equipment Note or a Controlling Party and (c) how to vote (or direct the Subordination Agent to vote) any Equipment Note if a vote has been called for with respect thereto. Provided such a request for Certificateholder Direction shall have been made, in directing any action or casting any vote or giving any consent as the holder of any Equipment Note (or in directing the Subordination Agent in any of the foregoing), (i) other than as Controlling Party, the Trustee shall vote for or give consent to any such action with respect to such Equipment Note in the same proportion as that of (A) the aggregate face amounts of all Certificates actually voted in favor of or for giving consent to such action by such Direction of Certificateholders to (B) the aggregate face amount of all Outstanding Certificates and (ii) as Controlling Party, the Trustee shall vote as directed in such Certificateholder Direction by the Certificateholders evidencing a Fractional Undivided Interest aggregating not less than a majority in interest in the Trust. For purposes of the immediately preceding sentence, a Certificate shall have been "actually voted" if the Holder of such Certificate has delivered to the Trustee an instrument evidencing such Holder's consent to such Direction prior to two Business Days before the Trustee directs such action

or casts such vote or gives such consent. Notwithstanding the foregoing, but subject to Section 6.04 and the Intercreditor Agreement, the Trustee may, in its own discretion and at its own direction, consent and notify the relevant Loan Trustee of such consent (or direct the Subordination Agent to consent and notify the Loan Trustee of such consent) to any amendment, modification, waiver or supplement under the relevant Indenture, any other Financing Document, any Equipment Note or any other related document, if an Event of Default hereunder shall have occurred and be continuing, or if such amendment, modification, waiver or supplement will not materially adversely affect the interests of the Certificateholders.

#### ARTICLE XI

##### TERMINATION OF TRUST

Section 11.01. Termination of the Trust. The respective obligations and responsibilities of the Company and the Trustee with respect to the Trust shall terminate upon the earlier of (A) the completion of the assignment, transfer and discharge described in the first sentence of the immediately following paragraph and (B) distribution to all Holders of Certificates and the Trustee of all amounts required to be distributed to them pursuant to this Agreement and the disposition of all property held as part of the Trust Property; provided, however, that in no event shall the Trust continue beyond one hundred ten (110) years following the date of the earliest execution of this Trust Agreement.

Upon the earlier of (i) the first Business Day following March 31, 1998, or, if later, the fifth Business Day following the Delivery Period Termination Date and (ii) the fifth Business Day following the date on which a Triggering Event occurs (such date, the "Transfer Date"), or, if later the date on which all of the conditions set forth in the immediately following sentence have been satisfied, the Trustee is hereby directed (subject only to the immediately following sentence) to, and the Company shall direct the institution that will serve as the Related Trustee under the Related Pass Through Trust Agreement to, execute and deliver the Assignment and Assumption Agreement, pursuant to which the Trustee shall assign, transfer and deliver all of the Trustee's right, title and interest to the Trust Property to the Related Trustee under the Related Pass Through Trust Agreement. The Trustee and the Related Trustee

shall execute and deliver the Assignment and Assumption Agreement upon the satisfaction of the following conditions:

(i) The Trustee, the Related Trustee and each of the Rating Agencies then rating the Certificates shall have received an Officer's Certificate and an Opinion of Counsel dated the date of the Assignment and Assumption Agreement and each satisfying the requirements of Section 1.02, which Opinion of Counsel shall be substantially to the effect set forth below and may be relied upon by the Beneficiaries (as defined in the Assignment and Assumption Agreement):

- (a) upon the execution and delivery thereof by the parties thereto in accordance with the terms of this Agreement and the Related Pass Through Trust Agreement, the Assignment and Assumption Agreement will constitute the valid and binding obligation of each of the parties thereto enforceable against each such party in accordance with its terms;
- (b) upon the execution and delivery of the Assignment and Assumption Agreement in accordance with the terms of this Agreement and the Related Pass Through Trust Agreement, each of the Certificates then Outstanding will be entitled to the benefits of the Related Pass Through Trust Agreement;
- (c) the Related Trust is not required to be registered as an investment company under the Investment Company Act of 1940, as amended;
- (d) the Related Pass Through Trust Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms; and
- (e) neither the execution and delivery of the Assignment and Assumption Agreement in accordance with the terms of this Agreement and the Related Pass Through Trust Agreement, nor the consummation by the parties thereto of the transactions contemplated to be consummated thereunder on the date thereof, will violate any law or governmental rule or regulation of the State of New York or the United States of America known to such counsel to



be applicable to the transactions contemplated by the Assignment and Assumption Agreement.

(ii) The Trustee and the Company shall have received (x) a copy of the articles of incorporation and bylaws of the Related Trustee certified as of the Transfer Date by the Secretary or Assistant Secretary of such institution and (y) a copy of the filing (including all attachments thereto) made by the institution serving as the Related Trustee with the Office of the Superintendent, State of New York Banking Department for the qualification of the Related Trustee under Section 131(3) of the New York Banking Law.

Upon the execution of the Assignment and Assumption Agreement by the parties thereto, the Trust shall be terminated, the Certificateholders shall receive beneficial interests in the Related Trust in exchange for their interests in the Trust equal to their respective beneficial interests in the Trust, and the Outstanding Certificates representing Fractional Undivided Interests in the Trust shall be deemed for all purposes of this Agreement and the Related Pass Through Trust Agreement, without further signature or action of any party or Certificateholder, to be certificates representing the same fractional undivided interests in the Related Trust and its trust property. By acceptance of its Certificate, each Certificateholder consents to such assignment, transfer and delivery of the Trust Property to the trustee of the Related Trust upon the execution and delivery of the Assignment and Assumption Agreement.

In connection with the occurrence of the event set forth in clause (B) above, notice of such termination, specifying the Distribution Date upon which the Certificateholders may surrender their Certificates to the Trustee for payment of the final distribution and cancellation, shall be mailed promptly by the Trustee to Certificateholders not earlier than the 60th day and not later than the 20th day next preceding such final Distribution Date specifying (A) the Distribution Date upon which the proposed final payment of the Certificates will be made upon presentation and surrender of Certificates at the office or agency of the Trustee therein specified, (B) the amount of any such proposed final payment, and (c) that the Record Date otherwise applicable to such Distribution Date is not applicable, payments being made only upon presentation and surrender of the Certificates at the office or agency of the Trustee therein specified. The Trustee shall give such notice to the Registrar

at the time such notice is given to Certificateholders. Upon presentation and surrender of the Certificates in accordance with such notice, the Trustee shall cause to be distributed to Certificateholders such final payments.

In the event that all of the Certificateholders shall not surrender their Certificates for cancellation within six months after the date specified in the above-mentioned written notice, the Trustee shall give a second written notice to the remaining Certificateholders to surrender their Certificates for cancellation and receive the final distribution with respect thereto. No additional interest shall accrue on the Certificates after the Distribution Date specified in the first written notice. In the event that any money held by the Trustee for the payment of distributions on the Certificates shall remain unclaimed for two years (or such lesser time as the Trustee shall be satisfied, after sixty days' notice from the Company, is one month prior to the escheat period provided under applicable law) after the final distribution date with respect thereto, the Trustee shall pay to each Loan Trustee the appropriate amount of money relating to such Loan Trustee and shall give written notice thereof to the related Owner Trustees, the Owner Participants and the Company.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

Section 12.01. Limitation on Rights of Certificateholders. The death or incapacity of any Certificateholder shall not operate to terminate this Agreement or the Trust, nor entitle such Certificateholder's legal representatives or heirs to claim an accounting or to take any action or commence any proceeding in any court for a partition or winding up of the Trust, nor otherwise affect the rights, obligations, and liabilities of the parties hereto or any of them.

Section 12.02. Certificates Nonassessable and Fully Paid. Except as set forth in the last sentence of this Section 12.02, Certificateholders shall not be personally liable for obligations of the Trust, the Fractional Undivided Interests represented by the Certificates shall be nonassessable for any losses or expenses of the Trust or for any reason whatsoever, and Certificates, upon authentication thereof by the Trustee pursuant

to Section 3.03, are and shall be deemed fully paid. No Certificateholder shall have any right (except as expressly provided herein) to vote or in any manner otherwise control the operation and management of the Trust Property, the Trust, or the obligations of the parties hereto, nor shall anything set forth herein, or contained in the terms of the Certificates, be construed so as to constitute the Certificateholders from time to time as partners or members of an association. Neither the existence of the Trust nor any provision herein is intended to or shall limit the liability the Certificateholders would otherwise incur if the Certificateholders owned Trust Property as co-owners, or incurred any obligations of the Trust, directly rather than through the Trust.

Section 12.03. Notices. (a) Unless otherwise specifically provided herein, all notices required under the terms and provisions of this Agreement shall be in English and in writing, and any such notice may be given by United States mail, courier service or telecopy, and any such notice shall be effective when delivered or received or, if mailed, three days after deposit in the United States mail with proper postage for ordinary mail prepaid,

if to the Company, to:

Continental Airlines, Inc.  
2929 Allen Parkway  
Houston, TX 77019  
Attention: Chief Financial Officer and  
General Counsel

Facsimile: (713) 523-2831

if to the Trustee, to:

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

Facsimile: (302) 651-8882

Telephone: (302) 651-8584

(b) The Company or the Trustee, by notice to the other, may designate additional or different addresses for subsequent notices or communications.

(c) Any notice or communication to Certificateholders shall be mailed by first-class mail to the addresses for Certificateholders shown on the Register kept by the Registrar. Failure so to mail a notice or communication or any defect in such notice or communication shall not affect its sufficiency with respect to other Certificateholders.

(d) If a notice or communication is mailed in the manner provided above within the time prescribed, it is conclusively presumed to have been duly given, whether or not the addressee receives it.

(e) If the Company mails a notice or communication to the Certificateholders, it shall mail a copy to the Trustee and to the Paying Agent at the same time.

(f) Notwithstanding the foregoing, all communications or notices to the Trustee shall be deemed to be given only when received by a Responsible Officer of the Trustee.

(g) The Trustee shall promptly furnish the Company with a copy of any demand, notice or written communication received by the Trustee hereunder from any Certificateholder, Owner Trustee or Loan Trustee.

Section 12.04. Governing Law. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF DELAWARE AND THIS AGREEMENT AND THE CERTIFICATES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 12.05. Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or the Trust, or of the Certificates or the rights of the Certificateholders thereof.

Section 12.06. Trust Indenture Act Controls. Upon the occurrence of any Registration Event, this Agreement shall become subject to the provisions of the Trust Indenture Act and shall, to the extent applicable, be governed by such provisions. From and after any Registration Event, if any provision of this Agreement limits, qualifies or conflicts with another provision which is required to be included in this Agreement by the Trust Indenture Act, the required provision shall control.

Section 12.07. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 12.08. Successors and Assigns. All covenants, agreements, representations and warranties in this Agreement by the Trustee and the Company shall bind and, to the extent permitted hereby, shall inure to the benefit of and be enforceable by their respective successors and assigns, whether so expressed or not.

Section 12.09. Benefits of Agreement. Nothing in this Agreement or in the Certificates, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Certificateholders, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 12.10. Legal Holidays. In any case where any Regular Distribution Date or Special Distribution Date relating to any Certificate shall not be a Business Day, then (notwithstanding any other provision of this Agreement) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such Regular Distribution Date or Special Distribution Date, and no interest shall accrue during the intervening period.

Section 12.11. Counterparts. For the purpose of facilitating the execution of this Agreement and for other purposes, this Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and all of which counterparts shall constitute but one and the same instrument.

Section 12.12. Intention of Parties. The parties hereto intend that the Trust be classified for U.S. federal income tax purposes as a grantor trust under Subpart E, Part I of

Subchapter J of the Internal Revenue Code of 1986, as amended, and not as a trust or association taxable as a corporation or as a partnership. Each Certificateholder and Investor, by its acceptance of its Certificate or a beneficial interest therein, agrees to treat the Trust as a grantor trust for all U.S. federal, state and local income tax purposes. The powers granted and obligations undertaken pursuant to this Agreement shall be so construed so as to further such intent.

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

CONTINENTAL AIRLINES, INC.

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

WILMINGTON TRUST COMPANY,  
as Trustee

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

## FORM OF CERTIFICATE

REGISTERED

No. \_\_\_\_\_

[THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) (AN "INSTITUTIONAL ACCREDITED INVESTOR") OR (c) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS CERTIFICATE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT; (2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE EXCEPT (A) CONTINENTAL AIRLINES, INC., (B) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (c) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT; AND (3) AGREES THAT IF IT SHOULD RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE IT WILL DELIVER TO EACH PERSON TO WHOM THIS CERTIFICATE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS CERTIFICATE WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH

THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS.](1)

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUSTEE OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN EXCHANGE FOR THIS CERTIFICATE IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 3.05 AND 3.06 OF THE PASS THROUGH TRUST AGREEMENT REFERRED TO HEREIN.](2)

- - - - -
- (1) Not to be included on the face of the Regulation S Global Certificate.
  - (2) To be included on the face of each Global Certificate.



## [GLOBAL CERTIFICATE](3)

CONTINENTAL AIRLINES PASS THROUGH TRUST, SERIES 1997-1A-0

\_\_\_\_\_% Continental Airlines [Initial] [Exchange]  
 Pass Through Certificate,  
 Series 1997-1A-0

Final Maturity Date: October 1, 2016

evidencing a fractional undivided interest in a trust, the property of which includes certain equipment notes each secured by an Aircraft leased to or owned by Continental Airlines, Inc.

\$\_\_\_\_\_ Fractional Undivided Interest representing .\_\_\_\_\_% of the  
 Trust per \$1,000 face amount

THIS CERTIFIES THAT \_\_\_\_\_, for value received, is the registered owner of a \$\_\_\_\_\_ (\_\_\_\_\_dollars) Fractional Undivided Interest in the Continental Airlines Pass Through Trust, Series 1997-1A-0 (the "Trust") created pursuant to a Pass Through Trust Agreement, dated as of March 21, 1997 (the "Agreement"), between Wilmington Trust Company (the "Trustee") and Continental Airlines, Inc., a corporation incorporated under Delaware law (the "Company"), a summary of certain of the pertinent provisions of which is set forth below. To the extent not otherwise defined herein, the capitalized terms used herein have the meanings assigned to them in the Agreement. This Certificate is one of the duly authorized Certificates designated as "7.461% Continental Airlines [Initial] [Exchange] Pass Through Certificates, Series 1997-1A-0" (herein called the "Certificates"). This Certificate is issued under and is subject to the terms, provisions, and conditions of the Agreement. By virtue of its acceptance hereof the Certificateholder of this Certificate assents to and agrees to be bound by the provisions of the Agreement and the Intercreditor Agreement. The property of the Trust includes an interest in certain Equipment Notes and all rights of the Trust to receive payments under the Intercreditor Agreement and any Liquidity Facility (the "Trust Property"). Each issue of the Equipment Notes is secured by, among other things, a security interest in the Aircraft leased to or owned by the Company.

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(3) To be included on the face of each Global Certificate.

The Certificates represent fractional undivided interests in the Trust and the Trust Property, and have no rights, benefits or interest in respect of any assets or property other than the Trust Property.

Subject to and in accordance with the terms of the Agreement and the Intercreditor Agreement, from and to the extent of funds then available to the Trustee, there will be distributed on each April 1 and October 1 (a "Regular Distribution Date"), commencing on October 1, 1997, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Regular Distribution Date, an amount in respect of the Scheduled Payments due on such Regular Distribution Date on the Equipment Notes, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Scheduled Payments. Subject to and in accordance with the terms of the Agreement and the Intercreditor Agreement, in the event that Special Payments on the Equipment Notes are received by the Trustee, from funds then available to the Trustee, there shall be distributed on the applicable Special Distribution Date, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Special Distribution Date, an amount in respect of such Special Payments on the Equipment Notes, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Special Payments so received. If a Regular Distribution Date or Special Distribution Date is not a Business Day, distribution shall be made on the immediately following Business Day with the same force and effect as if made on such Regular Distribution Date or Special Distribution Date and no interest shall accrue during the intervening period. The Trustee shall mail notice of each Special Payment and the Special Distribution Date therefor to the Certificateholder of this Certificate.

The Certificates do not represent a direct obligation of, or an obligation guaranteed by, or an interest in, the Company or the Trustee or any of their affiliates. The Certificates are limited in right or payment, all as more specifically set forth on the face hereof and in the Agreement. All payments or distributions made to Certificateholders under the Agreement shall be made only from the Trust Property and only to the extent that the Trustee shall have sufficient income or

proceeds from the Trust Property to make such payments in accordance with the terms of the Agreement. Each Certificate-holder of this Certificate, by its acceptance hereof, agrees that it will look solely to the income and proceeds from the Trust Property to the extent available for distribution to such Certificateholder as provided in the Agreement. This Certificate does not purport to summarize the Agreement and reference is made to the Agreement for information with respect to the interests, rights, benefits, obligations, proceeds, and duties evidenced hereby. A copy of the Agreement may be examined during normal business hours at the principal office of the Trustee, and at such other places, if any, designated by the Trustee, by any Certificateholder upon request.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Certificateholders under the Agreement at any time by the Company and the Trustee with the consent of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust. Any such consent by the Certificateholder of this Certificate shall be conclusive and binding on such Certificateholder and upon all future Certificateholders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Certificateholders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Register upon surrender of this Certificate for registration of transfer at the offices or agencies maintained by the Trustee in its capacity as Registrar, or by any successor Registrar, in the Borough of Manhattan, the City of New York, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee and the Registrar duly executed by the Certificateholder hereof or such Certificateholder's attorney duly authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust will be issued to the designated transferee or transferees.

[The Holder of this Certificate is entitled to the benefits of the Exchange and Registration Rights Agreement, dated as of March 21, 1997, among the Company, the Trustee and the Initial Purchasers named therein (the "Registration Rights Agreement"). In the event that no Registration Event has occurred on or prior to the 210th day after the date of the issuance of the Certificates, the interest rate per annum payable in respect of the Equipment Notes and the Deposits shall be increased by 0.50%, from and including the 210th day after the Issuance Date to but excluding the earlier of (i) the date on which a Registration Event occurs and (ii) the date on which there cease to be any Registrable Certificates (as defined in the Registration Rights Agreement). In the event that the Shelf Registration Statement ceases to be effective at any time during the period specified by Section 2(b)(B) of the Registration Rights Agreement for more than 60 days, whether or not consecutive, during any 12-month period, the interest rate per annum payable in respect of the Equipment Notes and the Deposits shall be increased by 0.50% from the 61st day of the applicable 12-month period such Shelf Registration Statement ceases to be effective until such time as the Shelf Registration Statement again becomes effective ( or, if earlier, the end of the period specified by Section 2(b)(B) of the Registration Rights Agreement).](4)

Except as otherwise provided in the Agreement and notwithstanding the above, the final distribution on this Certificate will be made after notice mailed by the Trustee of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency of the Trustee specified in such notice.

Under certain circumstances set forth in Section 11.01 of the Agreement, all of the Trustee's right, title and interest to the Trust Property may be assigned, transferred and delivered to the Related Trustee of the Related Trust pursuant to the Assignment and Assumption Agreement. Upon the effectiveness of such Assignment and Assumption Agreement (the "Transfer"), the Trust shall be terminated, the Certificateholders shall receive beneficial interests in the Related Trust in exchange for their interests in the Trust equal to their respective beneficial interests in the Trust, the Certificates representing Fractional

- -----  
(4) To be included only on each Initial Certificate.

Undivided Interests in the Trust shall be deemed for all purposes of the Agreement and the Related Pass Through Trust Agreement to be certificates representing the same fractional undivided interests in the Related Trust and its trust property. Each Certificateholder, by its acceptance of this Certificate or a beneficial interest herein, agrees to be bound by the Assignment and Assumption Agreement and subject to the terms of the Related Pass Through Trust Agreement as a certificateholder thereunder. From and after the Transfer, unless and to the extent the context otherwise requires, references herein to the Trust, the Agreement and the Trustee shall constitute references to the Related Trust, the Related Pass Through Trust Agreement and trustee of the Related Trust, respectively.

The Certificates are issuable only as registered Certificates without coupons in minimum denominations of [\$100,000](5) [\$1,000](6) Fractional Undivided Interest and integral multiples of \$1,000 in excess thereof except that one Certificate may be in a different denomination. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust, as requested by the Certificateholder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee shall require payment by the Holder of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Each Certificateholder or Investor that is not a United States person within the meaning of section 7701(a)(30) of the Internal Revenue Code, as amended, by its acceptance of a Certificate or a beneficial interest therein, agrees to indemnify and hold harmless the Trust and the Trustee from and against any improper failure to withhold taxes from amounts payable to it or for its benefit. Each Certificateholder and Investor, by its acceptance of this Certificate or a beneficial interest herein, agrees to treat the Trust as a grantor trust for all U.S. federal, state and local income tax purposes.

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- (5) To be included only on each Initial Certificate.
  - (6) To be included only on each Initial Certificate.

The Trustee, the Registrar, and any agent of the Trustee or the Registrar may treat the person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Trustee, the Registrar, nor any such agent shall be affected by any notice to the contrary.

The obligations and responsibilities created by the Agreement and the Trust created thereby shall terminate upon the distribution to Certificateholders of all amounts required to be distributed to them pursuant to the Agreement and the disposition of all property held as part of the Trust Property.

UNTIL THE TRANSFER, THE AGREEMENT AND THIS CERTIFICATE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. FROM AND AFTER THE TRANSFER, THE AGREEMENT AND THIS CERTIFICATE SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Unless the certificate of authentication hereon has been executed by the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated: \_\_\_\_\_, 1997

CONTINENTAL AIRLINES PASS THROUGH TRUST,  
SERIES 1997-1A-0

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

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

[Attest:

-----  
Authorized Signature]

[FORM OF THE TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Certificates referred  
to in the within-mentioned Agreement.

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

By: -----

Authorized Officer



## FORM OF TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto

Insert Taxpayer Identification No.

please print or typewrite name and address including zip code of assignee

the within Certificate and all rights thereunder, hereby irrevocably constituting and appointing

attorney to transfer said Certificate on the books of the Trustee with full power of substitution in the premises.

[THE FOLLOWING PROVISION TO BE INCLUDED  
ON ALL CERTIFICATES  
EXCEPT REGULATION S GLOBAL AND  
REGULATION S DEFINITIVE CERTIFICATES]

In connection with any transfer of this Certificate occurring prior to the date that is the earlier of the date of an effective Registration Statement or the date two years after the later of the original issuance of this Certificate or the last date on which this Certificate was held by Continental Airlines, Inc., the Trustee or any affiliate of such Persons, the undersigned confirms that without utilizing any general solicitation or general advertising that:

[Check One]

(a) this Certificate is being transferred in compliance with the exemption from registration under the Securities Act of 1933, as amended, provided by Rule 144A thereunder.

or

(b) this Certificate is being transferred other than in accordance with (a) above and documents are being furnished that

comply with the conditions of transfer set forth in this Certificate and the Agreement.

If neither of the foregoing boxes is checked, the Trustee or other Registrar shall not be obligated to register this Certificate in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 3.06 of the Agreement shall have been satisfied.

Date: \_\_\_\_\_ [Name of Transferor]

NOTE: The signature must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatsoever.

Signature Guarantee: \_\_\_\_\_

TO BE COMPLETED BY PURCHASER IF (a) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Certificate for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

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

NOTE: To be executed by an executive officer.

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION WITH  
TRANSFERS OF CERTIFICATES PURSUANT TO REGULATION S

[date]

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

Re: Continental Airlines Pass Through Trust (the "Trust"), Series  
1997-1A-0, Continental Airlines Pass Through Certificates, Series  
1997-1A-0 (the "Certificates")

Sirs:

In connection with our proposed sale of \$\_\_\_\_\_ Fractional Undivided Interest of the Certificates, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the Securities Act of 1933, as amended, and, accordingly, we represent that:

(1) the offer of the Certificates was not made to a person in the United States;

(2) either (a) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (b) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(3) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable; and

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(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

In addition, if the sale is made during a restricted period and the provisions of Rule 903(c)(3) or Rule 904(c)(1) of Regulation S are applicable thereto, we confirm that such sale has been made in accordance with the applicable provisions of Rule 903(c)(3) or Rule 904(c)(1), as the case may be.

You and Continental Airlines, Inc. are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

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FORM OF CERTIFICATE TO BE DELIVERED IN  
CONNECTION WITH TRANSFERS OF CERTIFICATES TO  
NON-QIB INSTITUTIONAL ACCREDITED INVESTORS

\_\_\_\_\_ / \_\_\_\_\_  
Wilmington Trust Company  
Rodney Square North  
1100 North Market Street  
Wilmington, DE 19890-0001  
Attention: Corporate Trust Trustee Administration  
Continental Airlines, Inc.  
2929 Allen Parkway  
Houston, Texas 77019

CONTINENTAL AIRLINES  
PASS THROUGH TRUST, SERIES 1997-1A-0 (the "Trust")  
Pass Through Certificates, Series 1997-1A-0  
(the "Certificates")

Ladies and Gentlemen:

In connection with our proposed purchase of U.S. \$[\_\_\_\_\_]  
Fractional Undivided Interest of Certificates, we confirm that:

1. We understand that any subsequent transfer of the Certificates is subject to certain restrictions and conditions set forth in the Trust Agreement, dated as of March 21, 1997, between Continental Airlines, Inc. (the "Company") and Wilmington Trust Company (the "Trustee") relating to the Certificates, and we agree to be bound by, and not to resell, pledge or otherwise transfer the Certificates except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the "Securities Act").

2. We are purchasing Certificates having an aggregate principal amount of not less than \$100,000 and each account (if any) for which we are purchasing Certificates is purchasing

Certificates having an aggregate principal amount of not less than \$100,000.

3. We understand that the Certificates have not been registered under the Securities Act, that the Certificates are being sold to us in a transaction that is exempt from the registration requirements of the Securities Act and that the Certificates may not be offered or resold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that, if we should sell any Certificate within two years after the later of the original issuance of such Certificate and the last date on which such Certificate is owned by the Company, the Trustee or any affiliate of any of such persons, we will do so only (A) to the Company, (B) in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined therein), (c) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act or (E) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any person purchasing any of the Certificates from us a notice advising such purchaser that resales of the Certificates are restricted as stated herein.

4. We understand that, on any proposed resale of any Certificates, we will be required to furnish to the Company and the Trustee such certifications, legal opinions and other information as the Company and the Trustee may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Certificates purchased by us will bear a legend to the foregoing effect.

5. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Certificates, and we and any accounts for which we are acting are each able to bear the economic risk of our or their investments.

6. We are acquiring the Certificates purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion and not with a view to any

distribution of the Certificates, subject, nevertheless to the understanding that the disposition of our property shall at all times be and remain within our control.

You are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy thereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

By: -----

Name:

Title:

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FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT  
Continental Airlines Pass Through Trust, Series 1997-[1\_]

ASSIGNMENT AND ASSUMPTION AGREEMENT, dated \_\_\_\_\_, 199\_ (the "Agreement"), between Wilmington Trust Company, a Delaware banking corporation ("WTC"), not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement dated as of March 21, 1997 (as amended, modified or otherwise supplemented from time to time, the "Pass Through Trust Agreement") in respect of the Continental Airlines Pass Through Trust, Series 1997-1\_-0 (the "Assignor"), and Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement dated as of March 21, 1997 (the "New Pass Through Trust Agreement") in respect of the Continental Airlines Pass Through Trust, Series 1997-1\_-S (the "Assignee").

W I T N E S S E T H:

WHEREAS, the parties hereto desire to effect on the date hereof (the "Transfer Date") (a) the transfer by the Assignor to the Assignee of all of the right, title and interest of the Assignor in, under and with respect to, among other things, the Trust Property and each of the documents listed in Schedule I hereto (the "Scheduled Documents") and (b) the assumption by the Assignee of the obligations of the Assignor (i) under the Scheduled Documents and (ii) in respect of the Certificates issued under the Pass Through Trust Agreement; and

WHEREAS, the Scheduled Documents permit such transfer upon satisfaction of certain conditions heretofore or concurrently herewith being complied with;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the parties hereto do hereby agree as follows (capitalized terms used herein without definition having the meaning ascribed thereto in the Pass Through Trust Agreement):

1. Assignment. The Assignor does hereby sell, assign, convey, transfer and set over unto the Assignee as of the Transfer Date all of its present and future right, title and



interest in, under and with respect to the Trust Property and the Scheduled Documents and each other contract, agreement, document or instrument relating to the Trust Property or the Scheduled Documents (such other contracts, agreements, documents or instruments, together with the Scheduled Documents, to be referred to as the "Assigned Documents"), and any proceeds therefrom, together with all documents and instruments evidencing any of such right, title and interest.

2. Assumption. The Assignee hereby assumes for the benefit of the Assignor and each of the parties listed in Schedule II hereto (collectively, the "Beneficiaries") all of the duties and obligations of the Assignor, whenever accrued, pursuant to the Assigned Documents and hereby confirms that it shall be deemed a party to each of the Assigned Documents to which the Assignor is a party and shall be bound by all the terms thereof (including the agreements and obligations of the Assignor set forth therein) as if therein named as the Assignor. Further, the Assignee hereby assumes for the benefit of the Assignor and the Beneficiaries all of the duties and obligations of the Assignor under the Outstanding Certificates and hereby confirms that the Certificates representing Fractional Undivided Interests under the Pass Through Trust Agreement shall be deemed for all purposes of the Pass Through Trust Agreement and the New Pass Through Trust Agreement to be certificates representing the same fractional undivided interests under the New Pass Through Trust Agreement equal to their respective beneficial interests in the trust created under the Pass Through Trust Agreement.

3. Effectiveness. This Agreement shall be effective upon the execution and delivery hereof by the parties hereto, and each Certificateholder, by its acceptance of its Certificate or a beneficial interest therein, agrees to be bound by the terms of this Agreement.

4. Payments. The Assignor hereby covenants and agrees to pay over to the Assignee, if and when received following the Transfer Date, any amounts (including any sums payable as interest in respect thereof) paid to or for the benefit of the Assignor that, under Section 1 hereof, belong to the Assignee.

5. Further Assurances. The Assignor shall, at any time and from time to time, upon the request of the Assignee, promptly and duly execute and deliver any and all such further

instruments and documents and take such further action as the Assignee may reasonably request to obtain the full benefits of this Agreement and of the right and powers herein granted. The Assignor agrees to deliver the Global Certificates, and all Trust Property, if any, then in the physical possession of the Assignor, to the Assignee.

6. Representations and Warranties. (a) The Assignee represents and warrants to the Assignor and each of the Beneficiaries that:

(i) it has all requisite power and authority and legal right to enter into and carry out the transactions contemplated hereby and to carry out and perform the obligations of the "Pass Through Trustee" under the Assigned Documents;

(ii) on and as of the date hereof, the representations and warranties of the Assignee set forth in Section 7.15 of the New Pass Through Trust Agreement are true and correct.

(b) The Assignor represents and warrants to the Assignee that:

(i) it is duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the full trust power, authority and legal right under the laws of the State of Delaware and the United States pertaining to its trust and fiduciary powers to execute and deliver this Agreement;

(ii) the execution and delivery by it of this Agreement and the performance by it of its obligations hereunder have been duly authorized by it and will not violate its articles of association or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which it is a party or by which it is bound; and

(iii) this Agreement constitutes the legal, valid and binding obligations of it enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity, whether considered in a proceeding at law or in equity.

7. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK INCLUDING MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS.

8. Counterparts. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

9. Third Party Beneficiaries. The Assignee hereby agrees, for the benefit of the Beneficiaries, that its representations, warranties and covenants contained herein are also intended to be for the benefit of each Beneficiary, and each Beneficiary shall be deemed to be an express third party beneficiary with respect thereto, entitled to enforce directly and in its own name any rights or claims it may have against such party as such beneficiary.

IN WITNESS WHEREOF, the parties hereto, through their respective officers thereunto duly authorized, have duly executed this Assignment as of the day and year first above written.

ASSIGNOR:

WILMINGTON TRUST COMPANY, not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement in respect of the Continental Airlines Pass Through Trust 1997-1\_0

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

ASSIGNEE:

WILMINGTON TRUST COMPANY, not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement in respect of the Continental Airlines Pass Through Trust 1997-1\_S

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

## Schedule I

## Schedule of Assigned Documents

- (1) Intercreditor Agreement dated as of March 21, 1997 among the Trustee, the Other Trustees, the Liquidity Providers, the liquidity providers, if any, relating to the Certificates issued under (and as defined in) each of the Other Pass Through Trust Agreements and the Subordination Agent.
- (2) Registration Rights Agreement dated as of March 21, 1997 among the Initial Purchasers, the Trustee, the Other Trustees, and the Company.
- (3) Escrow and Paying Agent Agreement (Class \_\_) dated as of March 21, 1997 among the Escrow Agent, the Initial Purchasers, the Trustee and the Paying Agent.
- (4) Note Purchase Agreement dated as of March 21, 1997 among the Company, the Trustee, the Other Trustees, the Depositary, the Escrow Agent, the Paying Agent and the Subordination Agent.
- (5) Deposit Agreement (Class \_\_) dated as of March 21, 1997 between the Escrow Agent and the Depositary.
- (6) Each of the Operative Agreements (as defined in the Participation Agreement for each Aircraft) in effect as of the Transfer Date.

## Schedule of Beneficiaries

Wilmington Trust Company, not in its individual capacity but solely as  
Subordination Agent.

Wilmington Trust Company, not in its individual capacity but solely as Paying  
Agent

ABN AMRO Bank N.V., Chicago Branch, as Liquidity Provider

ING Bank N.V., as Liquidity Provider

Continental Airlines, Inc.

Credit Suisse First Boston Corporation, as Initial Purchaser

Morgan Stanley & Co. Incorporated, as Initial Purchaser

Chase Securities Inc., as Initial Purchaser

Goldman Sachs & Co., as Initial Purchaser

First Security Bank, National Association, as Escrow Agent

Each of the other parties to the Assigned Documents

FORM OF NOTICE TO DESIGNATE NOMINEE AS WITHHOLDING AGENT  
(Treas. Reg. Section 1.1445-8(f); 17 C.F.R. 240.10b-17(b)(1))

[DATE]

National Association of  
Securities Dealers, Inc.  
Market Operations  
80 Merritt Blvd.  
Trumbull, CT 06611

Re: Continental Airlines Pass Through Certificates,  
Series 1997-1A-0 Pass Through Certificates,  
Series 1997-1A-0

With respect to distributions to be made on [INSERT DISTRIBUTION DATE] to holders of the above-referenced Pass Through Certificates in the amount of \$ \_\_\_\_ per \$1,000 principal amount of Certificate, we hereby designate the appropriate nominees to withhold from amounts distributable to any non-U.S. Person such amounts as required by section 1446 of the Internal Revenue Code of 1986, as amended. The term "non-U.S. Person" means any person or entity that, for U.S. federal income tax purposes, is not a "U.S. Person." "U.S. Person" for this purpose means a citizen or resident of the United States, a corporation, partnership or other entity created or organized under the laws of the United States or any political subdivision thereof, or an estate or trust, the income of which is subject to U.S. federal income taxation regardless of its source. The date of record for determining holders of Certificates entitled to receive the distribution on [INSERT DISTRIBUTION DATE] is [INSERT RELATED RECORD DATE].

Very truly yours,

E-1

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PASS THROUGH TRUST AGREEMENT

Dated as of March 21, 1997

between

CONTINENTAL AIRLINES, INC.

and

WILMINGTON TRUST COMPANY,

as Trustee

Continental Airlines Pass Through Trust, Series 1997-1B-0

7.461% Initial Pass Through Certificates, Series 1997-1B-0

7.461% Exchange Pass Through Certificates, Series 1997-1B-0

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Reconciliation and tie between Continental Airlines Pass Through Trust Agreement, Series 1997-1B-0 dated as of March 21, 1997, and the Trust Indenture Act of 1939. This reconciliation does not constitute part of the Pass Through Trust Agreement.

Trust Indenture Act of 1939 Section -----	Pass Through Trust Agreement Section -----
310(a)(1)	7.08
(a)(2)	7.08
312(a)	3.05; 8.01; 8.02
313(a)	7.06; 8.03
314(a)	8.04(a), (c) & (d)
(a)(4)	8.04(e)
(c)(1)	1.02
(c)(2)	1.02
(d)(1)	7.13; 11.01
(d)(2)	7.13; 11.01
(d)(3)	2.01
(e)	1.02
315(b)	7.02
316(a)(last sentence)	1.04(c)
(a)(1)(A)	6.04
(a)(1)(B)	6.05
(b)	6.06
(c)	1.04(e)
317(a)(1)	6.03
(b)	7.13
318(a)	12.06

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## PASS THROUGH TRUST AGREEMENT

This PASS THROUGH TRUST AGREEMENT, dated as of March 21, 1997 (the "Agreement"), between CONTINENTAL AIRLINES, INC., a Delaware corporation, and WILMINGTON TRUST COMPANY, as Trustee, is made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-1B-0 and the issuance of 7.461% Continental Airlines Pass Through Trust, Series 1997-1B-0 Pass Through Certificates representing fractional undivided interests in the Trust.

## WITNESSETH:

WHEREAS, the Company has obtained commitments from Boeing for the delivery of certain Aircraft;

WHEREAS, the Company intends to finance the acquisition of each such Aircraft either (i) through separate leveraged lease transactions in which the Company will lease such aircraft (collectively, the "Leased Aircraft") or (ii) through separate secured loan transactions in which the Company will own such Aircraft (collectively, the "Owned Aircraft");

WHEREAS, in the case of each Leased Aircraft, each Owner Trustee, acting on behalf of the corresponding Owner Participant, will issue pursuant to an Indenture, on a non-recourse basis, three series of Equipment Notes in order to finance a portion of its purchase price of such Leased Aircraft;

WHEREAS, in the case of each Owned Aircraft, the Company, will issue pursuant to an Indenture, on a recourse basis, three series of Equipment Notes to finance a portion of the purchase price of such Owned Aircraft;

WHEREAS, the Trustee, upon execution and delivery of this Agreement, hereby declares the creation of the Trust for the benefit of the Certificateholders, and the initial Certificateholders, as the grantors of the Trust, by their respective acceptances of the Certificates, join in the creation of this Trust with the Trustee;

WHEREAS, all Certificates to be issued by the Trust will evidence fractional undivided interests in the Trust and will convey no rights, benefits or interests in respect of any



property other than the Trust Property except for those Certificates to which an Escrow Receipt has been affixed;

WHEREAS, the Escrow Agent and the Initial Purchasers have contemporaneously herewith entered into an Escrow Agreement with the Escrow Paying Agent pursuant to which the Initial Purchasers have delivered to the Escrow Agent the proceeds from the sale of the Certificates and have irrevocably instructed the Escrow Agent to withdraw and pay funds from such proceeds upon request and proper certification by the Trustee to purchase Equipment Notes as the Aircraft are delivered by Boeing under the Aircraft Purchase Agreement from time to time prior to the Delivery Period Termination Date;

WHEREAS, the Escrow Agent on behalf of the Certificateholders has contemporaneously herewith entered into a Deposit Agreement with the Depository under which the Deposits referred to therein will be made and from which it will withdraw funds to allow the Trustee to purchase Equipment Notes from time to time prior to the Delivery Period Termination Date;

WHEREAS, pursuant to the terms and conditions of this Agreement and the Note Purchase Agreement, upon or shortly following delivery of an Aircraft, the Trustee on behalf of the Trust, using funds withdrawn under the Escrow Agreement, may purchase an Equipment Note having the same interest rate as, and final maturity date not later than the final Regular Distribution Date of, the Certificates issued hereunder and shall hold such Equipment Note in trust for the benefit of the Certificateholders;

WHEREAS, to facilitate the sale of Equipment Notes to, and the purchase of Equipment Notes by, the Trustee on behalf of the Trust, the Company has duly authorized the execution and delivery of this Agreement as the "issuer", as such term is defined in and solely for purposes of the Securities Act, of the Certificates to be issued pursuant hereto and as the "obligor", as such term is defined in and solely for purposes of the Trust Indenture Act of 1939, as amended, with respect to all such Certificates and is undertaking to perform certain administrative and ministerial duties hereunder and is also undertaking to pay the ongoing fees and expenses of the Trustee;

WHEREAS, all of the conditions and requirements necessary to make this Agreement, when duly executed and

delivered, a valid, binding and legal instrument, enforceable in accordance with its terms and for the purposes herein expressed, have been done, performed and fulfilled, and the execution and delivery of this Agreement in the form and with the terms hereof have been in all respects duly authorized; and

WHEREAS, upon issuance of the Exchange Certificates, if any, or the effectiveness of the Shelf Registration Statement, this Agreement, as amended or supplemented from time to time, will be subject to the provisions of the Trust Indenture Act of 1939, and shall, to the extent applicable, be governed by such provisions;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and of other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

#### ARTICLE I

##### DEFINITIONS

Section 1.01. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms used in this Agreement, including in the recitals to this Agreement, that are defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, or by the rules promulgated under the Trust Indenture Act, have the meanings assigned to them therein;

(3) all references in this Agreement to designated "Articles", "Sections", "Subsections" and other subdivisions are to the designated Articles, Sections, Subsections and other subdivisions of this Agreement;

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection or other subdivision; and

(5) unless the context otherwise requires, whenever the words "including", "include" or "includes" are used herein, it shall be deemed to be followed by the phrase "without limitation".

**Affiliate:** Means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person, provided, however, that neither America West Airlines, Inc. nor any of its subsidiaries shall be deemed to be an "Affiliate" of the Company for purposes of this Agreement. For the purposes of this definition, "control" means the power, directly or indirectly, to direct the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

**Agent Members:** Has the meaning specified in Section 3.05.

**Agreement:** Has the meaning specified in the initial paragraph hereto.

**Aircraft:** Means each of the New Aircraft or Substitute Aircraft in respect of which a Participation Agreement is entered into in accordance with the Note Purchase Agreement.

**Aircraft Purchase Agreement:** Has the meaning specified in the Note Purchase Agreement.

**Applicable Delivery Date:** Has the meaning specified in Section 2.01(b).

**Applicable Participation Agreement:** Has the meaning specified in Section 2.01(b).

**Assignment and Assumption Agreement:** Means the assignment and assumption agreement substantially in the form of Exhibit D hereto executed and delivered in accordance with Section 11.01.

**Authorized Agent:** Means any Paying Agent or Registrar for the Certificates.

**Avoidable Tax:** Means a state or local tax (i) upon (w) the Trust, (x) the Trust Property, (y) Certificateholders or (z) the Trustee for which the Trustee is entitled to seek reimbursement from the Trust Property, and (ii) which would be avoided if the Trustee were located in another state, or jurisdiction within a state, within the United States. A tax shall not be an Avoidable Tax if the Company or any Owner Trustee shall agree to pay, and shall pay, such tax.

**Boeing:** Means The Boeing Company.

**Business Day:** Means any day other than a Saturday, a Sunday or a day on which commercial banks are required or authorized to close in Houston, Texas, New York, New York, Salt Lake City, Utah or, so long as any Certificate is outstanding, the city and state in which the Trustee or any Loan Trustee maintains its Corporate Trust Office or receives and disburses funds.

**Cedel:** Means Cedel Bank societe anonyme.

**Certificate:** Means any one of the Initial Certificates or Exchange Certificates and any such Certificates issued in exchange therefor or replacement thereof pursuant to this Agreement.

**Certificate Account:** Means the account or accounts created and maintained pursuant to Section 4.01(a).

**Certificate Purchase Agreement:** Means the Purchase Agreement dated March 12, 1997 among the Initial Purchasers, the Company and the Depository, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**Certificateholder or Holder:** Means the Person in whose name a Certificate is registered in the Register.

**Class C Certificateholder:** Has the meaning specified in Section 6.01.

**Company:** Means Continental Airlines, Inc., a Delaware corporation, or its successor in interest pursuant to Section 5.02, or (only in the context of provisions hereof, if any, where such reference is required for purposes of

compliance with the Trust Indenture Act) any other "obligor" (within the meaning of the Trust Indenture Act) with respect to the Certificates.

Controlling Party: Has the meaning specified in the Intercreditor Agreement.

Corporate Trust Office: With respect to the Trustee or any Loan Trustee, means the office of such trustee in the city at which at any particular time its corporate trust business shall be principally administered.

Cut-off Date: Means the earlier of (a) the Delivery Period Termination Date and (b) the date on which a Triggering Event occurs.

Definitive Certificates: Has the meaning specified in Section 3.01(e).

Delivery Date: Has the meaning specified in the Note Purchase Agreement.

Delivery Notice: Has the meaning specified in the Note Purchase Agreement.

Delivery Period Termination Date: Means the earlier of (a) March 31, 1998, or, if the Equipment Notes relating to all of the New Aircraft (or Substitute Aircraft in lieu thereof) have not been purchased by the Trust and the Other Trusts on or prior to such date due to any reason beyond the control of the Company and not occasioned by the Company's fault or negligence, June 30, 1998 and (b) the date on which Equipment Notes issued with respect to all of the New Aircraft (or Substitute Aircraft in lieu thereof) have been purchased by the Trust and the Other Trusts in accordance with the Note Purchase Agreement.

Deposits: Has the meaning specified in the Deposit Agreement.

Deposit Agreement: Means the Deposit Agreement dated as of March 21, 1997 relating to the Certificates between the Depositary and the Escrow Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

Depository: Means Credit Suisse First Boston, a Swiss bank, acting through its New York branch.

Direction: Has the meaning specified in Section 1.04(a).

Distribution Date: Means any Regular Distribution Date or Special Distribution Date as the context requires.

DTC: Means The Depository Trust Company, its nominees and their respective successors.

Equipment Notes: Means the equipment notes issued under the Indentures.

ERISA: Means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor federal statute.

ERISA Legend: Has the meaning specified in Section 3.12.

Escrow Agent: Means, initially, First Security Bank, National Association, and any replacement or successor therefor appointed in accordance with the Escrow Agreement.

Escrow Agreement: Means the Escrow and Paying Agent Agreement dated as of March 21, 1997 relating to the Certificates, among the Escrow Agent, the Escrow Paying Agent, the Trustee and the Initial Purchasers, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

Escrow Paying Agent: Means the Person acting as paying agent under the Escrow Agreement.

Escrow Receipt: Means the receipt substantially in the form annexed to the Escrow Agreement representing a fractional undivided interest in the funds held in escrow thereunder.

Euroclear: Means the Euroclear System.

Event of Default: Means an Indenture Default under any Indenture pursuant to which Equipment Notes held by the Trust were issued.

**Exchange Certificates:** Means the pass through certificates substantially in the form of Exhibit A hereto issued in exchange for the Initial Certificates pursuant to the Registration Rights Agreement and authenticated hereunder.

**Exchange Offer:** Means the exchange offer which may be made pursuant to the Registration Rights Agreement to exchange Initial Certificates for Exchange Certificates.

**Exchange Offer Registration Statement:** Means the registration statement that, pursuant to the Registration Rights Agreement, is filed by the Company with the SEC with respect to the exchange of Initial Certificates for Exchange Certificates.

**Final Maturity Date:** Means October 1, 2014.

**Final Withdrawal:** Has the meaning specified in the Escrow Agreement.

**Final Withdrawal Date:** Has the meaning specified in the Escrow Agreement.

**Final Withdrawal Notice:** Has the meaning specified in Section 2.02.

**Financing Documents:** With respect to any Equipment Note, means (i) the Indenture and the Participation Agreement relating to such Equipment Note, and (ii) in the case of any Equipment Note related to a Leased Aircraft, the Lease relating to such Leased Aircraft.

**Fractional Undivided Interest:** Means the fractional undivided interest in the Trust that is evidenced by a Certificate.

**Global Certificates:** Has the meaning specified in Section 3.01(d).

**Global Exchange Certificate:** Has the meaning specified in Section 3.01(f).

**Indenture:** Means each of the separate trust indentures and mortgages relating to the Aircraft, each as specified or described in a Delivery Notice delivered pursuant to the

Note Purchase Agreement or the related Participation Agreement, in each case as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

Indenture Default: With respect to any Indenture, means any Event of Default (as such term is defined in such Indenture).

Initial Certificates: Means the certificates issued and authenticated hereunder substantially in the form of Exhibit A hereto other than the Exchange Certificates.

Initial Purchasers: Means, collectively, Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman Sachs & Co.

Institutional Accredited Investor: Means an institutional investor that is an "accredited investor" within the meaning set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act.

Intercreditor Agreement: Means the Intercreditor Agreement dated as of March 21, 1997 among the Trustee, the Other Trustees, the Liquidity Providers, the liquidity providers relating to the Certificates issued under (and as defined in) each of the Other Pass Through Trust Agreements, and Wilmington Trust Company, as Subordination Agent and as trustee thereunder, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

Investors: Means the Initial Purchasers together with all subsequent beneficial owners of the Certificates.

Issuance Date: Means the date of the issuance of the Initial Certificates.

Lease: Means, with respect to each Leased Aircraft, the lease between an Owner Trustee, as the lessor, and the Company, as the lessee, referred to in the related Indenture, as such lease may be amended, supplemented or otherwise modified in accordance with its terms.

Leased Aircraft: Has the meaning specified in the second recital to this Agreement.



**Liquidity Facility:** Means, initially, (i) the Revolving Credit Agreement dated as of March 21, 1997 relating to the Certificates, between ABN Amro Bank N.V. and the Subordination Agent, as agent and trustee for the Trustee, and (ii) the Revolving Credit Agreement dated as of March 21, 1997 relating to the Certificates, between ING Bank N.V. and the Subordination Agent, as agent and trustee for the Trustee, and, from and after the replacement of either such Agreement pursuant to the Intercreditor Agreement, the replacement liquidity facility therefor, in each case as amended, supplemented or otherwise modified from time to time in accordance with their respective terms.

**Liquidity Provider:** Means, initially, each of ABN Amro Bank N.V. and ING Bank N.V., and any replacement or successor therefor appointed in accordance with the Intercreditor Agreement.

**Loan Trustee:** With respect to any Equipment Note or the Indenture applicable thereto, means the bank or trust company designated as trustee under such Indenture, together with any successor to such trustee appointed pursuant thereto.

**New Aircraft:** Has the meaning specified in the Note Purchase Agreement.

**Non-U.S. Person:** Means a Person that is not a "U.S. person", as defined in Regulation S.

**Note Purchase Agreement:** Means the Note Purchase Agreement dated as of March 21, 1997 among the Trustee, the Other Trustees, the Company, the Escrow Agent, the Escrow Paying Agent and the Subordination Agent, providing for, among other things, the purchase of Equipment Notes by the Trustee on behalf of the Trust, as the same may be amended, supplemented or otherwise modified from time to time, in accordance with its terms.

**Notice of Purchase Withdrawal:** Has the meaning specified in the Deposit Agreement.

**Offering Circular:** Means the Offering Circular dated March 12, 1997 relating to the offering of the Certificates and the certificates issued under the Other Pass Through Trust Agreements.

**Officer's Certificate:** Means a certificate signed, (a) in the case of the Company, by (i) the Chairman or Vice Chairman of the Board of Directors, the President, any Executive Vice President, any Senior Vice President or the Treasurer of the Company, signing alone, or (ii) any Vice President of the Company signing together with the Secretary, the Assistant Secretary, the Treasurer or any Assistant Treasurer of the Company or, (b) in the case of an Owner Trustee or a Loan Trustee, a Responsible Officer of such Owner Trustee or such Loan Trustee, as the case may be.

**Opinion of Counsel:** Means a written opinion of legal counsel who (a) in the case of counsel for the Company may be (i) a senior attorney of the Company one of whose principal duties is furnishing advice as to legal matters, (ii) Hughes Hubbard & Reed LLP, or (iii) such other counsel designated by the Company and reasonably acceptable to the Trustee and (b) in the case of counsel for any Owner Trustee or any Loan Trustee may be such counsel as may be designated by any of them whether or not such counsel is an employee of any of them, and who shall be reasonably acceptable to the Trustee.

**Other Pass Through Trust Agreements:** Means each of the three other Continental Airlines 1997-1 Pass Through Trust Agreements relating to Continental Airlines Pass Through Trust, Series 1997-1A-0, Continental Airlines Pass Through Trust, Series 1997-1C-I-0, and Continental Airlines Pass Through Trust, Series 1997-1C- II-0, dated the date hereof.

**Other Trustees:** Means the trustees under the Other Pass Through Trust Agreements, and any successor or other trustee appointed as provided therein.

**Other Trusts:** Means the Continental Airlines Pass Through Trust, Series 1997-1A-0, Continental Airlines Pass Through Trust, Series 1997-1C-I-0, and Continental Airlines Pass Through Trust, Series 1997-1C- II-0, created on the date hereof.

**Outstanding:** When used with respect to Certificates, means, as of the date of determination, all Certificates theretofore authenticated and delivered under this Agreement, except:

(i) Certificates theretofore canceled by the Registrar or delivered to the Trustee or the Registrar for cancellation;

(ii) Certificates for which money in the full amount required to make the final distribution with respect to such Certificates pursuant to Section 11.01 hereof has been theretofore deposited with the Trustee in trust for the Holders of such Certificates as provided in Section 4.01 pending distribution of such money to such Certificateholders pursuant to payment of such final distribution; and

(iii) Certificates in exchange for or in lieu of which other Certificates have been authenticated and delivered pursuant to this Agreement.

Owned Aircraft: Has the meaning specified in the second recital to this Agreement.

Owner Participant: With respect to any Equipment Note relating to a Leased Aircraft, means the "Owner Participant" as referred to in the Indenture pursuant to which such Equipment Note is issued and any permitted successor or assign of such Owner Participant; and Owner Participants at any time of determination means all of the Owner Participants thus referred to in the Indentures.

Owner Trustee: With respect to any Equipment Note relating to a Leased Aircraft, means the "Owner Trustee", as referred to in the Indenture pursuant to which such Equipment Note is issued, not in its individual capacity but solely as trustee; and Owner Trustees means all of the Owner Trustees party to any of the Indentures.

Participation Agreement: Means each Participation Agreement to be entered into by the Trustee pursuant to the Note Purchase Agreement, as the same may be amended, supplemented or otherwise modified in accordance with its terms.

Paying Agent: Means the paying agent maintained and appointed for the Certificates pursuant to Section 7.12.

Permitted Investments: Means obligations of the United States of America or agencies or instrumentalities thereof

for the payment of which the full faith and credit of the United States of America is pledged, maturing in not more than 60 days after the date of acquisition thereof or such lesser time as is required for the distribution of any Special Payments on a Special Distribution Date.

**Person:** Means any person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, trustee, unincorporated organization, or government or any agency or political subdivision thereof.

**Plan Transferee:** Means any Plan or any entity that is using the assets of any Plan to purchase or hold its interest in a Certificate. For purposes of this definition, a "Plan" means any employee benefit plan subject to ERISA as well as any plan that is not subject to ERISA but which is subject to Section 4975 of the Internal Revenue Code of 1986, as amended.

**Pool Balance:** Means, as of any date, (i) the original aggregate face amount of the Certificates less (ii) the aggregate amount of all payments made in respect of such Certificates other than payments made in respect of interest or premium thereon or reimbursement of any costs or expenses incurred in connection therewith less (iii) the aggregate amount of unused Deposits distributed as a Final Withdrawal other than payments in respect of interest or premium thereon. The Pool Balance as of any Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property held in such Trust and the distribution thereof to be made on such Distribution Date and the distribution of the Final Withdrawal to be made on such Distribution Date.

**Pool Factor:** Means, as of any date, the quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance as at such date by (ii) the original aggregate face amount of the Certificates. The Pool Factor as of any Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property and the distribution thereof to be made on such Distribution Date and the distribution of the Final Withdrawal to be made on such Distribution Date.

PTC Event of Default: Means any failure to pay within 10 Business Days of the due date thereof: (i) the outstanding Pool Balance on the Final Maturity Date or (ii) interest due on the Certificates on any Distribution Date (unless the Subordination Agent shall have made an Interest Drawing or Drawings (as defined in the Intercreditor Agreement), or a withdrawal or withdrawals pursuant to section 3.6(f) of the Intercreditor Agreement, with respect thereto in an aggregate amount sufficient to pay such interest and shall have distributed such amount to the Trustee).

QIB: Means a qualified institutional buyer as defined in Rule 144A.

Record Date: Means (i) for Scheduled Payments to be distributed on any Regular Distribution Date, other than the final distribution, the 15th day (whether or not a Business Day) preceding such Regular Distribution Date, and (ii) for Special Payments to be distributed on any Special Distribution Date, other than the final distribution, the 15th day (whether or not a Business Day) preceding such Special Distribution Date.

Register and Registrar: Mean the register maintained and the registrar appointed pursuant to Sections 3.04 and 7.12.

Registration Event: Means the declaration of the effectiveness by the SEC of the Exchange Offer Registration Statement or the Shelf Registration Statement.

Registration Rights Agreement: Means the Exchange and Registration Rights Agreement dated as of March 21, 1997, among the Initial Purchasers, the Trustee, the Other Trustees and the Company, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

Regular Distribution Date: With respect to distributions of Scheduled Payments in respect of the Certificates, means each date designated as a Regular Distribution Date in the Certificates issued pursuant to this Agreement, until payment of all the Scheduled Payments to be made under the Equipment Notes held in the Trust have been made; provided, however, that, if any such day shall

not be a Business Day, the related distribution shall be made on the next succeeding Business Day without additional interest.

Regulation S: Means Regulation S under the Securities Act or any successor regulation thereto.

Regulation S Definitive Certificates: Has the meaning specified in Section 3.01(e).

Regulation S Global Certificates: Has the meaning specified in Section 3.01(d).

Related Pass Through Trust Agreement: Means the Continental Airlines 1997-1 Pass Through Trust Agreement relating to the Continental Airlines Pass Through Trust, Series 1997-1B-S, dated the date hereof, entered into by the Company and the institution acting as trustee thereunder, which agreement becomes effective upon the execution and delivery of the Assignment and Assumption Agreement pursuant to Section 11.01.

Related Trust: Means the Continental Pass Through Trust, Series 1997-1B-S, formed under the Related Pass Through Trust Agreement.

Related Trustee: Means the trustee under the Related Pass Through Trust Agreement.

Responsible Officer: With respect to the Trustee, any Loan Trustee and any Owner Trustee, means any officer in the Corporate Trust Office of the Trustee, Loan Trustee or Owner Trustee or any other officer customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

Restricted Definitive Certificates: Has the meaning specified in Section 3.01(e).

Restricted Global Certificate: Has the meaning specified in Section 3.01(c).

Restricted Legend: Has the meaning specified in Section 3.02.

Restricted Period: Has the meaning specified in Section 3.01(d).

Rule 144A: Means Rule 144A under the Securities Act and any successor rule thereto.

Scheduled Payment: With respect to any Equipment Note, means (i) any payment of principal or interest on such Equipment Note (other than any such payment which is not in fact received by the Subordination Agent within five days of the date on which such payment is scheduled to be made) due from the obligor thereon or (ii) any payment of interest on the Certificates with funds drawn under any Liquidity Facility, which payment represents the installment of principal at the stated maturity of such installment of principal on such Equipment Note, the payment of regularly scheduled interest accrued on the unpaid principal amount of such Equipment Note, or both; provided that any payment of principal, premium, if any, or interest resulting from the redemption or purchase of any Equipment Note shall not constitute a Scheduled Payment.

SEC: Means the Securities and Exchange Commission, as from time to time constituted or created under the United States Securities Exchange Act of 1934, as amended, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties on such date.

Securities Act: Means the United States Securities Act of 1933, as amended from time to time, or any successor thereto.

Shelf Registration Statement: Means the shelf registration statement which may be required to be filed by the Company with the SEC pursuant to any Registration Rights Agreement, other than an Exchange Offer Registration Statement.

Special Distribution Date: Means each date on which a Special Payment is to be distributed as specified in this Agreement; provided, however, that, if any such day shall not be a Business Day, the related distribution shall be made on the next succeeding Business Day without additional interest.

**Special Redemption Premium:** Means the premium payable by the Company in respect of the Final Withdrawal pursuant to the Note Purchase Agreement.

**Special Payment:** Means any payment (other than a Scheduled Payment) in respect of, or any proceeds of, any Equipment Note or Trust Indenture Estate (as defined in each Indenture) or Special Redemption Premium.

**Special Payments Account:** Means the account or accounts created and maintained pursuant to Section 4.01(b).

**Subordination Agent:** Has the meaning specified in the Intercreditor Agreement.

**Substitute Aircraft:** Has the meaning specified in the Note Purchase Agreement.

**TIN:** Has the meaning specified in Section 7.16.

**Transfer Date:** Has the meaning specified in Section 11.01.

**Triggering Event:** Has the meaning assigned to such term in the Intercreditor Agreement.

**Trust:** Means the trust created by this Agreement, the estate of which consists of the Trust Property.

**Trust Indenture Act:** Means the United States Trust Indenture Act of 1939, as amended from time to time, or any successor thereto.

**Trust Property:** Means (i) the Equipment Notes held as the property of the Trust and, subject to the Intercreditor Agreement, all monies at any time paid thereon and all monies due and to become due thereunder, (ii) funds from time to time deposited in the Certificate Account and the Special Payments Account and, subject to the Intercreditor Agreement, any proceeds from the sale by the Trustee pursuant to Article VI hereof of any Equipment Note and (iii) all rights of the Trust and the Trustee, on behalf of the Trust, under the Intercreditor Agreement, the Escrow Agreement, the Note Purchase Agreement and the Liquidity Facilities, including, without limitation, all rights to receive certain payments thereunder, and all monies paid to



the Trustee on behalf of the Trust pursuant to the Intercreditor Agreement or the Liquidity Facilities, provided, that rights with respect to the Deposits or under the Escrow Agreement, except for the right to direct withdrawals for the purchase of Equipment Notes to be held herein, will not constitute Trust Property.

Trustee: Means Wilmington Trust Company, or its successor in interest, and any successor or other trustee appointed as provided herein.

Trustee's Lien: Has the meaning specified in Section 7.17.

Section 1.02. Compliance Certificates and Opinions. Upon any application or request (except with respect to matters set forth in Article II) by the Company, any Owner Trustee or any Loan Trustee to the Trustee to take any action under any provision of this Agreement, the Company, such Owner Trustee or such Loan Trustee, as the case may be, shall furnish to the Trustee (i) an Officer's Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with and (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Agreement relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Agreement (other than a certificate provided pursuant to Section 8.04(e)) shall include:

- (1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions in this Agreement relating thereto;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

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

Section 1.03. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters and any such Person may certify or give an opinion as to such matters in one or several documents.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Agreement or, in respect of the Certificates, this Agreement, they may, but need not, be consolidated and form one instrument.

Section 1.04. Directions of Certificateholders. (a) Any direction, consent, request, demand, authorization, notice, waiver or other action provided by this Agreement to be given or taken by Certificateholders (a "Direction") may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Certificateholders in person or by an agent or proxy duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required pursuant to this Agreement, to the Company or any Loan Trustee. Proof of execution of any such instrument or of a writing appointing any such agent or proxy shall be sufficient for any purpose of this Agreement and conclusive in favor of the Trustee, the Company and any Loan Trustee, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the Person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or such other officer and where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other reasonable manner which the Trustee deems sufficient.

(c) In determining whether the Certificateholders of the requisite Fractional Undivided Interests of Certificates Outstanding have given any Direction under this Agreement, Certificates owned by the Company or any Affiliate thereof shall be disregarded and deemed not to be Outstanding for purposes of any such determination. In determining whether the Trustee shall be protected in relying upon any such Direction, only Certificates which the Trustee knows to be so owned shall be so disregarded. Notwithstanding the foregoing, (i) if any such Person owns 100% of the Certificates Outstanding, such Certificates shall not be so disregarded, and (ii) if any amount of Certificates so owned by any such Person have been pledged in good faith, such Certificates shall not be disregarded if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Certificates and that the pledgee is not the Company or any Affiliate thereof.

(d) For all purposes of this Agreement, all Initial Certificates and all Exchange Certificates shall vote and take all other actions of Certificateholders together as one series of Certificates.

(e) The Company may at its option, by delivery of an Officer's Certificate to the Trustee, set a record date to determine the Certificateholders entitled to give any Direction. Notwithstanding Section 316(c) of the Trust Indenture Act, such record date shall be the record date specified in such Officer's Certificate, which shall be a date not more than 30 days prior to the first solicitation of Certificateholders in connection

therewith. If such a record date is fixed, such Direction may be given before or after such record date, but only the Certificateholders of record at the close of business on such record date shall be deemed to be Certificateholders for the purposes of determining whether Certificateholders of the requisite proportion of Outstanding Certificates have authorized or agreed or consented to such Direction, and for that purpose the Outstanding Certificates shall be computed as of such record date; provided that no such Direction by the Certificateholders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Agreement not later than one year after such record date.

(f) Any Direction by the Holder of any Certificate shall bind the Holder of every Certificate issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such Direction is made upon such Certificate.

(g) Except as otherwise provided in Section 1.04(c), Certificates owned by or pledged to any Person shall have an equal and proportionate benefit under the provisions of this Agreement, without preference, priority, or distinction as among all of the Certificates.

## ARTICLE II

### ORIGINAL ISSUANCE OF CERTIFICATES;

### ACQUISITION OF EQUIPMENT NOTES

Section 2.01. Issuance of Certificates; Acquisition of Equipment Notes. (a) The Trustee is hereby directed (i) to execute and deliver the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement and the Note Purchase Agreement on or prior to the Issuance Date, each in the form delivered to the Trustee by the Company and (ii) subject to the respective terms thereof, to perform its obligations thereunder. Upon request of the Company and the satisfaction or waiver of the closing conditions specified in the Certificate Purchase Agreement, the Trustee shall execute, deliver, authenticate, issue and sell Certificates in authorized denominations equalling in the aggregate the amount set forth, with respect to the Trust, in Schedule II to the Certificate Purchase Agreement evidencing the entire ownership interest in the Trust, which amount equals the maximum aggregate principal amount of Equipment Notes which

may be purchased by the Trustee pursuant to the Note Purchase Agreement. Except as provided in Sections 3.04, 3.05, 3.06, 3.07 and 3.10 hereof, the Trustee shall not execute, authenticate or deliver Certificates in excess of the aggregate amount specified in this paragraph.

(b) On or after the Issuance Date, the Company may deliver from time to time to the Trustee a Delivery Notice relating to one or more Equipment Notes. After receipt of a Delivery Notice and in any case no later than one Business Day prior to a Delivery Date as to which such Delivery Notice relates (the "Applicable Delivery Date") (or, if the Issuance Date is an Applicable Delivery Date, on the Issuance Date), the Trustee shall (as and when specified in the Delivery Notice) instruct the Escrow Agent to provide a Notice of Purchase Withdrawal to the Depository requesting (A) the withdrawal of one or more Deposits on the Applicable Delivery Date in accordance with and to the extent permitted by the terms of the Escrow Agreement and the Deposit Agreement and (B) the payment of all, or a portion, of such Deposit or Deposits in an amount equal in the aggregate to the purchase price of such Equipment Notes to or on behalf of the Owner Trustee or the Company, as the case may be, issuing such Equipment Notes, all as shall be described in the Delivery Notice; provided that, if the Issuance Date is an Applicable Delivery Date, such purchase price shall be paid from a portion of the proceeds of the sale of the Certificates. The Trustee shall (as and when specified in such Delivery Notice), subject to the conditions set forth in Section 2 of the Note Purchase Agreement, enter into and perform its obligations under the Participation Agreement specified in such Delivery Notice (the "Applicable Participation Agreement") and cause such certificates, documents and legal opinions relating to the Trustee to be duly delivered as required by the Applicable Participation Agreement. If at any time prior to the Applicable Delivery Date, the Trustee receives a notice of postponement pursuant to Section 2(e) or 2(f) of the Note Purchase Agreement, then the Trustee shall give the Depository (with a copy to the Escrow Agent) a notice of cancellation of such Notice of Purchase Withdrawal relating to such Deposit or Deposits on such Applicable Delivery Date. Upon satisfaction of the conditions specified in the Note Purchase Agreement and the Applicable Participation Agreement, the Trustee shall purchase the applicable Equipment Notes with the proceeds of the withdrawals of one or more Deposits made on the Applicable Delivery Date in accordance with the terms of the Deposit Agreement and the Escrow

Agreement (or, if the Issuance Date is Applicable Delivery Date with respect to such Applicable Participation Agreement, from a portion of the proceeds of the sale of the Certificates). The purchase price of such Equipment Notes shall equal the principal amount of such Equipment Notes. Amounts withdrawn from such Deposit or Deposits in excess of the purchase price of the Equipment Notes or to the extent not applied on the Applicable Delivery Date to the purchase price of the Equipment Notes, shall be re-deposited by the Trustee with the Depository on the Applicable Delivery Date in accordance with the terms of the Deposit Agreement.

Section 2.02. Withdrawal of Deposits. If any Deposits remain outstanding on the Business Day next succeeding the Cut-Off Date, (i) (A) the Trustee shall give the Escrow Agent notice that the Trustee's obligation to purchase Equipment Notes under the Note Purchase Agreement has terminated and instruct the Escrow Agent to provide a notice of Final Withdrawal to the Depository substantially in the form of Exhibit B to the Deposit Agreement (the "Final Withdrawal Notice") and (B) the Trustee will make a demand upon the Company under the Note Purchase Agreement for an amount equal to the Special Redemption Premium, such payment to be made on the Final Withdrawal Date.

Section 2.03. Acceptance by Trustee. The Trustee, upon the execution and delivery of this Agreement, acknowledges its acceptance of all right, title and interest in and to the Trust Property and declares that the Trustee holds and will hold such right, title and interest for the benefit of all then present and future Certificateholders, upon the trusts herein set forth. Subject to Section 7.14, the Trustee shall take all actions reasonably necessary to effect the registration of all such Equipment Notes in the name of the Subordination Agent. By its payment for and acceptance of each Certificate issued to it under this Agreement, each initial Certificateholder as grantor of the Trust thereby joins in the creation and declaration of the Trust.

Section 2.04. Limitation of Powers. The Trust is constituted solely for the purpose of making the investment in the Equipment Notes, and, except as set forth herein, the Trustee shall not be authorized or empowered to acquire any other investments or engage in any other activities and, in particular, the Trustee shall not be authorized or empowered to do anything that would cause such Trust to fail to qualify as a "grantor

trust" for federal income tax purposes (including as subject to this restriction, acquiring any Aircraft (as defined in the respective Indentures) by bidding such Equipment Notes or otherwise, or taking any action with respect to any such Aircraft once acquired).

### ARTICLE III

#### THE CERTIFICATES

Section 3.01. Title, Form, Denomination and Execution of Certificates. (a) The Initial Certificates shall be known as the "7.461% Initial Pass Through Certificates, Series 1997-1B-0" and the Exchange Certificates shall be known as the "7.461% Exchange Pass Through Certificates, Series 1997-1B-0", in each case, of the Trust. Each Certificate will represent a fractional undivided interest in the Trust and shall be substantially in the form set forth as Exhibit A hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Agreement 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 the rules of any securities exchange or as may, consistently herewith, be determined by the Trustee or the officers executing such Certificates, as evidenced by the Trustee's or officer's execution of the Certificates. At the Escrow Agent's request under the Escrow Agreement, the Trustee shall affix the corresponding Escrow Receipt to each Certificate. In any event, any transfer or exchange of any Certificate shall also effect a transfer or exchange of the related Escrow Receipt. Prior to the Final Withdrawal Date, no transfer or exchange of any Certificate shall be permitted unless the corresponding Escrow Receipt is attached thereto and also is so transferred or exchanged. By acceptance of any Certificate to which an Escrow Receipt is attached, each Holder of such a Certificate acknowledges and accepts the restrictions on transfer of the Escrow Receipt set forth herein and in the Escrow Agreement.

(b) The Initial Certificates shall be issued only in fully registered form without coupons and only in denominations of \$100,000 or integral multiples of \$1,000 in excess thereof, except that one Certificate may be issued in a different denomination. The Exchange Certificates will be issued in denominations of \$1,000 or integral multiples thereof, except that one Certificate may be issued in a different denomination.

Each Certificate shall be dated the date of its authentication. The aggregate Fractional Undivided Interest of Certificates shall not at any time exceed \$148,333,000.

(c) The Initial Certificates offered and sold in reliance on Rule 144A shall be issued in the form of one or more global Certificates substantially in the form of Exhibit A hereto with such applicable legends as are provided for in Section 3.02 (each a "Restricted Global Certificate") duly executed and authenticated by the Trustee as hereinafter provided. Such Restricted Global Certificates shall be in registered form and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC. The aggregate principal amount of any Restricted Global Certificate may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Restricted Global Certificate, as provided in Section 3.06 hereof, which adjustments shall be conclusive as to the aggregate principal amount of any such Global Certificate.

(d) The Initial Certificates offered and sold outside the United States in reliance on Regulation S shall be issued in the form of one or more global Certificates substantially in the form of Exhibit A hereto (each a "Regulation S Global Certificate") duly executed and authenticated by the Trustee as hereinafter provided. Such Regulation S Global Certificates shall be in registered form and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC, for credit initially and during the Restricted Period (hereinafter defined) to the respective accounts of beneficial owners of such Certificates (or to such other accounts as they may direct) at Morgan Guaranty Trust Company of New York, Brussels office, as operator of Euroclear or Cedel. As used herein, the term "Restricted Period", with respect to the Regulation S Global Certificates offered and sold in reliance on Regulation S, means the period of 40 consecutive days beginning on and including the later of (i) the day on which the Certificates are first offered to persons other than distributors (as defined in Regulation S) in reliance on Regulation S and (ii) the date of the closing of the offering under the Certificate Purchase Agreement. The aggregate principal amount of any Regulation S Global Certificate may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Global Certificate, as provided in Section 3.06 hereof, which adjustments shall be



conclusive as to the aggregate principal amount of any such Global Certificate. The Restricted Global Certificate and Regulation S Global Certificate are sometimes collectively referred to herein as the "Global Certificates".

(e) Initial Certificates offered and sold to any Institutional Accredited Investor which is not a QIB in a transaction exempt from registration under the Securities Act (and other than as described in Section 3.01(d)) shall be issued substantially in the form of Exhibit A hereto in definitive, fully registered form without interest coupons with such applicable legends as are provided for in Section 3.02 (the "Restricted Definitive Certificates") duly executed and authenticated by the Trustee as hereinafter provided. Certificates issued pursuant to Section 3.05(b) in exchange for interests in a Regulation S Global Certificate shall be issued in definitive, fully registered form without interest coupons (the "Regulation S Definitive Certificates"). The Restricted Definitive Certificates and the Regulation S Definitive Certificates are sometimes collectively referred to herein as the "Definitive Certificates".

(f) The Exchange Certificates shall be issued in the form of one or more global Certificates substantially in the form of Exhibit A hereto (each, a "Global Exchange Certificate"), except that (i) the Restricted Legend (hereinafter defined) shall be omitted and (ii) such Exchange Certificates shall contain such appropriate insertions, omissions, substitutions and other variations from the form set forth in Exhibit A hereto relating to the nature of the Exchange Certificates as the Responsible Officer of the Trustee executing such Exchange Certificates on behalf of the Trust may determine, as evidenced by such officer's execution on behalf of the Trust of such Exchange Certificates. Such Global Exchange Certificates shall be in registered form and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC. The aggregate principal amount of any Global Exchange Certificate may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Global Exchange Certificate, which adjustments shall be conclusive as to the aggregate principal amount of any such Global Exchange Certificate. Subject to clause (i) and (ii) of the first sentence of this Section 3.01(f), the terms hereof applicable to Restricted Global

Certificates and/or Global Certificates shall apply to the Global Exchange Certificates, mutatis mutandis.

(g) The definitive Certificates shall be in registered form and shall be typed, printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner, all as determined by the officers executing such Certificates, as evidenced by their execution of such Certificates.

Section 3.02. Restrictive Legends. All Initial Certificates issued pursuant to this Agreement for resale pursuant to Rule 144A or offered and sold to any Institutional Accredited Investor which is not a QIB (including any Global Certificate issued upon registration of transfer, in exchange for or in lieu of such Certificates) shall be "Restricted Certificates" and shall bear a legend to the following effect (the "Restricted Legend") unless the Company and the Trustee determine otherwise consistent with applicable law:

"THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) (AN "INSTITUTIONAL ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS CERTIFICATE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT; (2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE EXCEPT (A) TO CONTINENTAL AIRLINES, INC., (B) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT; AND (3) AGREES THAT IF IT SHOULD RESELL OR

OTHERWISE TRANSFER THIS CERTIFICATE IT WILL DELIVER TO EACH PERSON TO WHOM THIS CERTIFICATE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS CERTIFICATE WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

Each Global Certificate shall bear the following legend on the face thereof:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUSTEE OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN EXCHANGE FOR THIS CERTIFICATE IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 3.05 AND 3.06 OF THE PASS THROUGH TRUST AGREEMENT REFERRED TO HEREIN."

Section 3.03. Authentication of Certificates. (a) On the Issuance Date, the Trustee shall duly execute, authenticate and deliver Certificates in authorized denominations equalling in the aggregate the amount set forth, with respect to the Trust, in

Schedule II to the Certificate Purchase Agreement, evidencing the entire ownership of the Trust, which amount equals the maximum aggregate principal amount of Equipment Notes which may be purchased by the Trustee pursuant to the Note Purchase Agreement.

(b) No Certificate shall be entitled to any benefit under this Agreement or be valid or obligatory for any purpose, unless there appears on such Certificate a certificate of authentication substantially in the form provided for herein executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder.

Section 3.04. Transfer and Exchange. The Trustee shall cause to be kept at the office or agency to be maintained by it in accordance with the provisions of Section 7.12 a register (the "Register") of the Certificates in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration of such Certificates and of transfers and exchanges of such Certificates as herein provided. The Trustee shall initially be the registrar (the "Registrar") for the purpose of registering such Certificates and transfers and exchanges of such Certificates as herein provided.

All Certificates issued upon any registration of transfer or exchange of Certificates shall be valid obligations of the Trust, evidencing the same interest therein, and entitled to the same benefits under this Trust Agreement, as the Certificates surrendered upon such registration of transfer or exchange.

A Certificateholder may transfer a Certificate, or request that a Certificate be exchanged for Certificates in an aggregate Fractional Undivided Interest equal to the Fractional Undivided Interest of such Certificate surrendered for exchange of other authorized denominations, by surrender of such Certificate to the Trustee with the form of transfer notice thereon duly completed and executed, and otherwise complying with the terms of this Agreement, including providing evidence of compliance with any restrictions on transfer, in form satisfactory to the Trustee and the Registrar; provided that no exchanges of Initial Certificates for Exchange Certificates shall occur until an Exchange Offer Registration Statement shall have been declared effective by the SEC (notice of which shall be

provided to the Trustee by the Company). No such transfer shall be effected until, and such transferee shall succeed to the rights of a Certificateholder only upon, final acceptance and registration of the transfer by the Registrar in the Register. Prior to the registration of any transfer by a Certificateholder as provided herein, the Trustee shall treat the person in whose name the Certificate is registered as the owner thereof for all purposes, and the Trustee shall not be affected by notice to the contrary. Furthermore, DTC shall, by acceptance of a Global Certificate, agree that transfers of beneficial interests in such Global Certificate may be effected only through a book-entry system maintained by DTC (or its agent), and that ownership of a beneficial interest in the Certificate shall be required to be reflected in a book-entry. When Certificates are presented to the Registrar with a request to register the transfer thereof or to exchange them for other authorized denominations of a Certificate in a Fractional Undivided Interest equal to the aggregate Fractional Undivided Interest of Certificates surrendered for exchange, the Registrar shall register the transfer or make the exchange as requested if its requirements for such transactions are met.

To permit registrations of transfers and exchanges in accordance with the terms, conditions and restrictions hereof, the Trustee shall execute and authenticate Certificates at the Registrar's request. No service charge shall be made to a Certificateholder for any registration of transfer or exchange of Certificates, but the Trustee shall require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Certificates. All Certificates surrendered for registration of transfer or exchange shall be canceled and subsequently destroyed by the Trustee.

Section 3.05. Book-Entry Provisions for Restricted Global Certificates and Regulation S Global Certificates. (a) Members of, or participants in, DTC ("Agent Members") shall have no rights under this Agreement with respect to any Global Certificate held on their behalf by DTC, or the Trustee as its custodian, and DTC may be treated by the Trustee and any agent of the Trustee as the absolute owner of such Global Certificate for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Trustee or any agent of the Trustee from giving effect to any written certification, proxy or other authorization furnished by DTC or shall impair, as between DTC

and its Agent Members, the operation of customary practices governing the exercise of the rights of a holder of any Certificate. Upon the issuance of any Global Certificate, the Registrar or its duly appointed agent shall record DTC as the registered holder of such Global Certificate.

(b) Transfers of any Global Certificate shall be limited to transfers of such Restricted Global Certificate or Regulation S Global Certificate in whole, but not in part, to DTC. Beneficial interests in the Restricted Global Certificate and any Regulation S Global Certificate may be transferred in accordance with the rules and procedures of DTC and the provisions of Section 3.06. Beneficial interests in a Restricted Global Certificate or a Regulation S Global Certificate shall be delivered to all beneficial owners thereof in the form of Restricted Definitive Certificates or Regulation S Definitive Certificates, as the case may be, if (i) DTC notifies the Trustee that it is unwilling or unable to continue as depository for such Restricted Global Certificate or Regulation S Global Certificate, as the case may be, and a successor depository is not appointed by the Trustee within 90 days of such notice, and (ii) after the occurrence and during the continuance of an Event of Default, owners of beneficial interests in a Global Certificate with Fractional Undivided Interests aggregating not less than a majority in interest in the Trust advise the Trustee, the Company and DTC through Agent Members in writing that the continuation of a book-entry system through DTC or its successor is no longer in their best interests.

(c) Any beneficial interest in one of the Global Certificates that is transferred to a Person who takes delivery in the form of an interest in another Global Certificate will, upon such transfer, cease to be an interest in such Global Certificate and become an interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Certificate for as long as it remains such an interest.

(d) In connection with the transfer of an entire Restricted Global Certificate or an entire Regulation S Global Certificate to the beneficial owners thereof pursuant to paragraph (b) of this Section 3.05, such Restricted Global Certificate or Regulation S Global Certificate, as the case may be, shall be deemed to be surrendered to the Trustee for

cancellation, and the Trustee shall execute, authenticate and deliver, to each beneficial owner identified by DTC in exchange for its beneficial interest in such Restricted Global Certificate or Regulation S Global Certificate, as the case may be, an equal aggregate principal amount of Restricted Definitive Certificates or Regulation S Definitive Certificates, as the case may be, of authorized denominations. None of the Company, the Registrar, the Paying Agent nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such registration instructions. Upon the issuance of Definitive Certificates, the Trustee shall recognize the Person in whose name the Definitive Certificates are registered in the Register as Certificateholders hereunder. Neither the Company nor the Trustee shall be liable if the Trustee or the Company is unable to locate a qualified successor clearing agency.

(e) Any Definitive Certificate delivered in exchange for an interest in the Restricted Global Certificate pursuant to paragraph (b) of this Section 3.05 shall, except as otherwise provided by paragraph (e) of Section 3.06, bear the Restricted Legend.

(f) Prior to the expiration of the Restricted Period, any Regulation S Definitive Certificate delivered in exchange for an interest in a Regulation S Global Certificate pursuant to paragraph (b) of this Section shall bear the Restricted Legend.

(g) The registered holder of any Restricted Global Certificate or Regulation S Global Certificate may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Agreement or the Certificates.

Section 3.06. Special Transfer Provisions. Unless and until (i) an Initial Certificate is sold under an effective Shelf Registration Statement, or (ii) an Initial Certificate is exchanged for an Exchange Certificate pursuant to an effective Exchange Offer Registration Statement, in each case pursuant to the terms of the Registration Rights Agreement, the following provisions shall apply to such Initial Certificates:

(a) Transfers to Non-QIB Institutional Accredited Investors. The following provisions shall apply with

respect to the registration of any proposed transfer of a Certificate to any Institutional Accredited Investor which is neither a QIB nor a Non-U.S. Person:

(i) The Registrar shall register the transfer of any Certificate, whether or not bearing the Restricted Legend, only if (x) the requested transfer is at least two years after the later of the original issue date of the Certificates and the last date on which such Certificate was held by the Company, the Trustee or any affiliate of any of such Persons or (y) the proposed transferor is an Initial Purchaser who is transferring Certificates purchased under the Certificates Purchase Agreement and the proposed transferee has delivered to the Registrar a letter substantially in the form of Exhibit C hereto and the aggregate principal amount of the Certificates being transferred is at least \$100,000. Except as provided in the foregoing clause (y), the Registrar shall not register the transfer of any Certificate to any Institutional Accredited Investor which is neither a QIB nor a Non- U.S. Person.

(ii) If the proposed transferor is an Agent Member holding a beneficial interest in a Restricted Global Certificate, upon receipt by the Registrar of (x) the documents, if any, required by paragraph (i) and (y) instructions given in accordance with DTC's and the Registrar's procedures, the Registrar shall reflect on its books and records the date of the transfer and a decrease in the principal amount of such Restricted Global Certificate in an amount equal to the principal amount of the beneficial interest in such Restricted Global Certificate to be transferred, and the Trustee shall execute, authenticate and deliver to the transferor or at its direction, one or more Restricted Definitive Certificates of like tenor and amount.

(b) Transfers to QIBs. The following provisions shall apply with respect to the registration of any proposed transfer of an Initial Certificate to a QIB (excluding Non-U.S. Persons):

(i) If the Certificate to be transferred consists of Restricted Definitive Certificates, or of



an interest in any Regulation S Global Certificate during the Restricted Period, the Registrar shall register the transfer if such transfer is being made by a proposed transferor who has checked the box provided for on the form of Initial Certificate stating, or has otherwise advised the Trustee and the Registrar in writing, that the sale has been made in compliance with the provisions of Rule 144A to a transferee who has signed the certification provided for on the form of Initial Certificate stating, or has otherwise advised the Trustee and the Registrar in writing, that it is purchasing the Initial Certificate for its own account or an account with respect to which it exercises sole investment discretion and that it, or the Person on whose behalf it is acting with respect to any such account, is a QIB within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Trust and/or the Company as it has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A.

(ii) Upon receipt by the Registrar of the documents required by clause (i) above and instructions given in accordance with DTC's and the Registrar's procedures therefor, the Registrar shall reflect on its books and records the date of such transfer and an increase in the principal amount of a Restricted Global Certificate in an amount equal to the principal amount of the Restricted Definitive Certificates or interests in such Regulation S Global Certificate, as the case may be, being transferred, and the Trustee shall cancel such Definitive Certificates or decrease the amount of such Regulation S Global Certificate so transferred.

(c) Transfers of Interests in the Regulation S Global Certificate or Regulation S Definitive Certificates. After the expiration of the Restricted Period, the Registrar shall register any transfer of interests in any Regulation S Global Certificate or Regulation S Definitive Certificates without requiring any additional certification. Until the expiration of the Restricted Period, interests in the

Regulation S Global Certificate may only be held through Agent Members acting for and on behalf of Euroclear and Cedel.

(d) Transfers to Non-U.S. Persons at Any Time. The following provisions shall apply with respect to any registration of any transfer of an Initial Certificate to a Non-U.S. Person:

(i) Prior to the expiration of the Restricted Period, the Registrar shall register any proposed transfer of an Initial Certificate to a Non-U.S. Person upon receipt of a certificate substantially in the form set forth as Exhibit B hereto from the proposed transferor.

(ii) After the expiration of the Restricted Period, the Registrar shall register any proposed transfer to any Non-U.S. Person if the Certificate to be transferred is a Restricted Definitive Certificate or an interest in a Restricted Global Certificate, upon receipt of a certificate substantially in the form of Exhibit B from the proposed transferor. The Registrar shall promptly send a copy of such certificate to the Company.

(iii) Upon receipt by the Registrar of (x) the documents, if any, required by clause (ii) and (y) instructions in accordance with DTC's and the Registrar's procedures, the Registrar shall reflect on its books and records the date of such transfer and a decrease in the principal amount of such Restricted Global Certificate in an amount equal to the principal amount of the beneficial interest in such Restricted Global Certificate to be transferred, and, upon receipt by the Registrar of instructions given in accordance with DTC's and the Registrar's procedures, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Regulation S Global Certificate in an amount equal to the principal amount of the Restricted Definitive Certificate or the Restricted Global Certificate, as the case may be, to be transferred, and the Trustee shall cancel the Definitive Certificate, if any, so

transferred or decrease the amount of such Restricted Global Certificate.

(e) Restricted Legend. Upon the transfer, exchange or replacement of Certificates not bearing the Restricted Legend, the Registrar shall deliver Certificates that do not bear the Restricted Legend. Upon the transfer, exchange or replacement of Certificates bearing the Restricted Legend, the Registrar shall deliver only Certificates that bear the Restricted Legend unless either (i) the circumstances contemplated by paragraph (d)(ii) of this Section 3.06 exist or (ii) there is delivered to the Registrar an Opinion of Counsel to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

(f) General. By acceptance of any Certificate bearing the Restricted Legend, each Holder of such a Certificate acknowledges the restrictions on transfer of such Certificate set forth in this Agreement and agrees that it will transfer such Certificate only as provided in this Agreement. The Registrar shall not register a transfer of any Certificate unless such transfer complies with the restrictions on transfer, if any, of such Certificate set forth in this Agreement. In connection with any transfer of Certificates, each Certificateholder agrees by its acceptance of the Certificates to furnish the Registrar or the Trustee such certifications, legal opinions or other information as either of them may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in accordance with the terms and provisions of this Article III; provided that the Registrar shall not be required to determine the sufficiency of any such certifications, legal opinions or other information.

Until such time as no Certificates remain Outstanding, the Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 3.05 or this Section 3.06. The Trustee, if not the Registrar at such time, shall have the right to inspect and make copies of all such letters, notices or other written communications at any

reasonable time upon the giving of reasonable written notice to the Registrar.

Section 3.07. Mutilated, Destroyed, Lost or Stolen

Certificates. If (a) any mutilated Certificate is surrendered to the Registrar or the Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Certificate and (b) there is delivered to the Registrar and the Trustee such security, indemnity or bond, as may be required by them to save each of them harmless, then, in the absence of notice to the Registrar or the Trustee that such destroyed, lost or stolen Certificate has been acquired by a bona fide purchaser, and provided that the requirements of Section 8-405 of the Uniform Commercial Code in effect in any applicable jurisdiction are met, the Trustee shall execute, authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate or Certificates, in authorized denominations and of like Fractional Undivided Interest and bearing a number not contemporaneously outstanding.

In connection with the issuance of any new Certificate under this Section 3.07, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee and the Registrar) connected therewith.

Any duplicate Certificate issued pursuant to this Section 3.07 shall constitute conclusive evidence of the appropriate Fractional Undivided Interest in the Trust, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates.

Section 3.08. Persons Deemed Owners. Prior to due presentment of a Certificate for registration of transfer, the Trustee, the Registrar and any Paying Agent may treat the Person in whose name any Certificate is registered (as of the day of determination) as the owner of such Certificate for the purpose of receiving distributions pursuant to Article IV and for all other purposes whatsoever, and none of the Trustee, the Registrar

or any Paying Agent shall be affected by any notice to the contrary.

Section 3.09. Cancellation. All Certificates surrendered for payment or transfer or exchange shall, if surrendered to the Trustee or any agent of the Trustee other than the Registrar, be delivered to the Registrar for cancellation and shall promptly be canceled by it. No Certificates shall be authenticated in lieu of or in exchange for any Certificates canceled as provided in this Section, except as expressly permitted by this Agreement. All canceled Certificates held by the Registrar shall be destroyed and a certification of their destruction delivered to the Trustee.

Section 3.10. Temporary Certificates. Until definitive Certificates are ready for delivery, the Trustee shall authenticate temporary Certificates. Temporary Certificates shall be substantially in the form of definitive Certificates but may have insertions, substitutions, omissions and other variations determined to be appropriate by the officers executing the temporary Certificates, as evidenced by their execution of such temporary Certificates. If temporary Certificates are issued, the Trustee will cause definitive Certificates to be prepared without unreasonable delay. After the preparation of definitive Certificates, the temporary Certificates shall be exchangeable for definitive Certificates upon surrender of the temporary Certificates at the office or agency of the Trustee designated for such purpose pursuant to Section 7.12, without charge to the Certificateholder. Upon surrender for cancellation of any one or more temporary Certificates, the Trustee shall execute, authenticate and deliver in exchange therefor a like face amount of definitive Certificates of authorized denominations. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Agreement as definitive Certificates.

Section 3.11. Limitation of Liability for Payments. All payments and distributions made to Certificateholders in respect of the Certificates shall be made only from the Trust Property and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Property to make such payments in accordance with the terms of Article IV of this Agreement. Each Certificateholder, by its acceptance of a Certificate, agrees that it will look solely to the income and proceeds from the Trust Property for any payment or distribution

due to such Certificateholder pursuant to the terms of this Agreement and that it will not have any recourse to the Company, the Trustee, the Loan Trustees, the Liquidity Providers, the Owner Trustees or the Owner Participants, except as otherwise expressly provided herein or in the Intercreditor Agreement.

The Company is a party to this Agreement solely for purposes of meeting the requirements of the Trust Indenture Act, and therefore shall not have any right, obligation or liability hereunder (except as otherwise expressly provided herein).

Section 3.12 ERISA Restrictive Legend. All Certificates issued pursuant to this Agreement shall bear a legend to the following effect (the "ERISA Legend") unless the Company and the Trustee determine otherwise consistent with applicable law:

"BY ITS ACQUISITION HEREOF, THE HOLDER REPRESENTS THAT (A) IT IS NOT A PLAN TRANSFEREE (AS DEFINED IN THE PASS THROUGH TRUST AGREEMENT) OR (B) IT IS AN INSURANCE COMPANY USING THE ASSETS OF ITS GENERAL ACCOUNT TO ACQUIRE THIS CERTIFICATE, AND THE CONDITIONS OF PROHIBITED TRANSACTION CLASS EXEMPTION 95-60 ISSUED BY THE U.S. DEPARTMENT OF LABOR HAVE BEEN AND WILL CONTINUE TO BE SATISFIED IN CONNECTION WITH ITS PURCHASE AND HOLDING OF THIS CERTIFICATE. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

By acceptance of any Certificate bearing the ERISA Legend, each Holder of such a Certificate acknowledges the restrictions on transfer of such Certificate set forth in this Agreement and agrees that it will transfer such Certificate only as provided in this Agreement. The Registrar shall not register a transfer of any Certificate unless such transfer complies with the restrictions on transfer, if any, of such Certificate set forth in such legend.

#### ARTICLE IV

##### DISTRIBUTIONS; STATEMENTS TO

##### CERTIFICATEHOLDERS

##### Section 4.01. Certificate Account and Special Payments

Account. (a) The Trustee shall establish and maintain on behalf

of the Certificateholders a Certificate Account as one or more non-interest-bearing accounts. The Trustee shall hold the Certificate Account in trust for the benefit of the Certificateholders, and shall make or permit withdrawals therefrom only as provided in this Agreement. On each day when a Scheduled Payment is made to the Trustee under the Intercreditor Agreement, the Trustee upon receipt thereof shall immediately deposit the aggregate amount of such Scheduled Payment in the Certificate Account.

(b) The Trustee shall establish and maintain on behalf of the Certificateholders a Special Payments Account as one or more accounts, which shall be non-interest bearing except as provided in Section 4.04. The Trustee shall hold the Special Payments Account in trust for the benefit of the Certificateholders and shall make or permit withdrawals therefrom only as provided in this Agreement. On each day when one or more Special Payments are made to the Trustee under the Intercreditor Agreement and upon the payment of the Special Redemption Premium to the Trustee under the Note Purchase Agreement, the Trustee, upon receipt thereof, shall immediately deposit the aggregate amount of such Special Payments in the Special Payments Account.

(c) The Trustee shall cause the Subordination Agent to present to the related Loan Trustee of each Equipment Note such Equipment Note on the date of its stated final maturity or, in the case of any Equipment Note which is to be redeemed in whole pursuant to the related Indenture, on the applicable redemption date under such Indenture.

Section 4.02. Distributions from Certificate Account and Special Payments Account. (a) On each Regular Distribution Date or as soon thereafter as the Trustee has confirmed receipt of the payment of all or any part of the Scheduled Payments due on such date, the Trustee shall distribute out of the Certificate Account the entire amount deposited therein pursuant to Section 4.01(a). There shall be so distributed to each Certificateholder of record on the Record Date with respect to such Regular Distribution Date (other than as provided in Section 11.01 concerning the final distribution) by check mailed to such Certificateholder, at the address appearing in the Register, such Certificateholder's pro rata share (based on the Fractional Undivided Interest in the Trust held by such Certificateholder) of the total amount in the Certificate Account, except that, with respect to Certificates registered on the Record Date in the name

of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(b) On each Special Distribution Date with respect to any Special Payment or as soon thereafter as the Trustee has confirmed receipt of any Special Payments due on the Equipment Notes held in the related Trust or realized upon the sale of such Equipment Notes or receipt of the Special Redemption Premium, the Trustee shall distribute out of the Special Payments Account the entire amount of such Special Payment deposited therein pursuant to Section 4.01(b). There shall be so distributed to each Certificateholder of record on the Record Date with respect to such Special Distribution Date (other than as provided in Section 11.01 concerning the final distribution) by check mailed to such Certificateholder, at the address appearing in the Register, such Certificateholder's pro rata share (based on the Fractional Undivided Interest in the Trust held by such Certificateholder) of the total amount in the Special Payments Account on account of such Special Payment, except that, with respect to Certificates registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(c) The Trustee shall, at the expense of the Company, cause notice of each Special Payment to be mailed to each Certificateholder at his address as it appears in the Register. In the event of redemption or purchase of Equipment Notes held in the Trust, such notice shall be mailed not less than 20 days prior to the Special Distribution Date for the Special Payment resulting from such redemption or purchase, which Special Distribution Date shall be the date of such redemption or purchase. In the event of the payment of a Special Redemption Premium by the Company to the Trustee under the Note Purchase Agreement, such notice shall be mailed, together with the notice by the Escrow Paying Agent under Section 2.06 of the Escrow Agreement, not less than 20 days prior to the Special Distribution Date for such amount, which Special Distribution Date shall be the Final Withdrawal Date. In the case of any other Special Payments, such notice shall be mailed as soon as practicable after the Trustee has confirmed that it has received funds for such Special Payment, stating the Special Distribution Date for such Special Payment which shall occur not less than 20 days after the date of such notice and as soon as practicable thereafter. Notices mailed by the Trustee shall set forth:



(i) the Special Distribution Date and the Record Date therefor (except as otherwise provided in Section 11.01),

(ii) the amount of the Special Payment for each \$1,000 face amount Certificate and the amount thereof constituting principal, premium, if any, and interest,

(iii) the reason for the Special Payment, and

(iv) if the Special Distribution Date is the same date as a Regular Distribution Date, the total amount to be received on such date for each \$1,000 face amount Certificate.

If the amount of (i) premium, if any, payable upon the redemption or purchase of an Equipment Note or (ii) the Special Redemption Premium, if any, has not been calculated at the time that the Trustee mails notice of a Special Payment, it shall be sufficient if the notice sets forth the other amounts to be distributed and states that any premium received will also be distributed.

If any redemption of the Equipment Notes held in the Trust is canceled, the Trustee, as soon as possible after learning thereof, shall cause notice thereof to be mailed to each Certificateholder at its address as it appears on the Register.

Section 4.03. Statements to Certificateholders. (a) On each Distribution Date, the Trustee will include with each distribution to Certificateholders of a Scheduled Payment or Special Payment, as the case may be, a statement setting forth the information provided below (in the case of a Special Payment, including any Special Redemption Premium, reflecting in part the information provided by the Escrow Paying Agent under the Escrow Agreement). Such statement shall set forth (per \$1,000 face amount Certificate as to (ii), (iii), (iv) and (v) below) the following information:

(i) the aggregate amount of funds distributed on such Distribution Date hereunder and under the Escrow Agreement, indicating the amount allocable to each source;

(ii) the amount of such distribution hereunder allocable to principal and the amount allocable to

premium (including the Special Redemption Premium), if any;

(iii) the amount of such distribution hereunder allocable to interest; and

(iv) the amount of such distribution under the Escrow Agreement allocable to interest;

(v) the amount of such distribution under the Escrow Agreement allocable to Deposits; and

(vi) the Pool Balance and the Pool Factor.

With respect to the Certificates registered in the name of DTC, on the Record Date prior to each Distribution Date, the Trustee will request from DTC a securities position listing setting forth the names of all Agent Members reflected on DTC's books as holding interests in the Certificates on such Record Date. On each Distribution Date, the Trustee will mail to each such Agent Member the statement described above and will make available additional copies as requested by such Agent Member for forwarding to holders of interests in the Certificates.

(b) Within a reasonable period of time after the end of each calendar year but not later than the latest date permitted by law, the Trustee shall furnish to each Person who at any time during such calendar year was a Certificateholder of record a statement containing the sum of the amounts determined pursuant to clauses (a)(i), (a)(ii), (a)(iii), (a)(iv) and (a)(v) above for such calendar year or, in the event such Person was a Certificateholder of record during a portion of such calendar year, for such portion of such year, and such other items as are readily available to the Trustee and which a Certificateholder shall reasonably request as necessary for the purpose of such Certificateholder's preparation of its federal income tax returns. Such statement and such other items shall be prepared on the basis of information supplied to the Trustee by the Agent Members and shall be delivered by the Trustee to such Agent Members to be available for forwarding by such Agent Members to the holders of interests in the Certificates in the manner described in Section 4.03(a).

(c) Promptly following (i) the Delivery Period Termination Date, if there has been any change in the information

set forth in clauses (x), (y) and (z) below from that set forth in page 81 of the Offering Circular, and (ii) any early redemption of purchase of, or any default in the payment of principal or interest in respect of, any of the Equipment Notes held in the Trust, or any Final Withdrawal, the Trustee shall furnish to Certificateholders of record on such date a statement setting forth (x) the expected Pool Balances for each subsequent Regular Distribution Date following the Delivery Period Termination Date, (y) the related Pool Factors for such Regular Distribution Dates and (z) the expected principal distribution schedule of the Equipment Notes, in the aggregate, held as Trust Property at the date of such notice. With respect to the Certificates registered in the name of DTC, on the Delivery Period Termination Date, the Trustee will request from DTC a securities position listing setting forth the names of all Agent Members reflected on DTC's books as holding interests in the Certificates on such date. The Trustee will mail to each such Agent Member the statement described above and will make available additional copies as requested by such Agent Member for forwarding to holders of interests in the Certificates.

Section 4.04. Investment of Special Payment Moneys. Any money received by the Trustee pursuant to Section 4.01(b) representing a Special Payment which is not distributed on the date received shall, to the extent practicable, be invested in Permitted Investments by the Trustee pending distribution of such Special Payment pursuant to Section 4.02. Any investment made pursuant to this Section 4.04 shall be in such Permitted Investments having maturities not later than the date that such moneys are required to be used to make the payment required under Section 4.02 on the applicable Special Distribution Date and the Trustee shall hold any such Permitted Investments until maturity. The Trustee shall have no liability with respect to any investment made pursuant to this Section 4.04, other than by reason of the willful misconduct or negligence of the Trustee. All income and earnings from such investments shall be distributed on such Special Distribution Date as part of such Special Payment.

#### ARTICLE V

#### THE COMPANY

Section 5.01. Maintenance of Corporate Existence. The Company, at its own cost and expense, will do or cause to be done

all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, except as otherwise specifically permitted in Section 5.02; provided, however, that the Company shall not be required to preserve any right or franchise if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company.

Section 5.02. Consolidation, Merger, etc. The Company shall not consolidate with or merge into any other corporation or convey, transfer or lease substantially all of its assets as an entirety to any Person unless:

(a) the corporation formed by such consolidation or into which the Company is merged or the Person that acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety shall be (i) organized and validly existing under the laws of the United States of America or any state thereof or the District of Columbia, (ii) a "citizen of the United States" as defined in 49 U.S.C. 40102(a)(15), as amended, and (iii) a United States certificated air carrier, if and so long as such status is a condition of entitlement to the benefits of Section 1110 of the Bankruptcy Reform Act of 1978, as amended (11 U.S.C. Section 1110), with respect to the Leases;

(b) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety shall execute and deliver to the Trustee a duly authorized, valid, binding and enforceable agreement in form and substance reasonably satisfactory to the Trustee containing an assumption by such successor corporation or Person of the due and punctual performance and observance of each covenant and condition of this Agreement, the Other Pass Through Trust Agreements and each Financing Document to be performed or observed by the Company; and

(c) the Company shall have delivered to the Trustee an Officer's Certificate of the Company and an Opinion of Counsel of the Company reasonably satisfactory to the Trustee, each stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in clause (b) above comply with this Section 5.02

and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger, or any conveyance, transfer or lease of substantially all of the assets of the Company as an entirety in accordance with this Section 5.02, the successor corporation or Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Agreement with the same effect as if such successor corporation or Person had been named as the Company herein. No such conveyance, transfer or lease of substantially all of the assets of the Company as an entirety shall have the effect of releasing any successor corporation or Person which shall have become such in the manner prescribed in this Section 5.02 from its liability in respect of this Agreement and any Financing Document to which it is a party.

#### ARTICLE VI

##### DEFAULT

Section 6.01. Events of Default. (a) Exercise of Remedies. Upon the occurrence and during the continuation of any Indenture Default under any Indenture, the Trustee may, to the extent it is the Controlling Party at such time (as determined pursuant to the Intercreditor Agreement), direct the exercise of remedies as provided in the Intercreditor Agreement.

(b) Purchase Rights of Certificateholders. (i) At any time after the occurrence and during the continuation of a Triggering Event, each Certificateholder shall have the right to purchase all, but not less than all, of the Class A Certificates upon ten days' written notice to the Class A Trustee and each other Certificateholder, provided that (A) if prior to the end of such ten-day period any other Certificateholder notifies such purchasing Certificateholder that such other Certificateholder wants to participate in such purchase, then such other Certificateholder may join with the purchasing Certificateholder to purchase all, but not less than all, of the Class A Certificates pro rata based on the outstanding principal amount of the Certificates held by each such Certificateholder and (B) if prior to the end of such ten-day period any other

Certificateholder fails to notify the purchasing Certificateholder of such other Certificateholder's desire to participate in such a purchase, then such other Certificateholder shall lose its right to purchase the Class A Certificates pursuant to this Section 6.01(b)(i).

(ii) By acceptance of its Certificate, each Certificateholder agrees that at any time after the occurrence and during the continuation of a Triggering Event, each holder of a Class C-I Certificate or Class C-II Certificate (a "Class C Certificateholder") shall have the right (which shall not expire upon any purchase of the Class A Certificates pursuant to paragraph (i) above) to purchase all, but not less than all, of the Class A Certificates and the Certificates upon ten days' written notice to the Class A Trustee, the Trustee and each other Class C Certificateholder, provided that (A) if prior to the end of such ten-day period any other Class C Certificateholder notifies such purchasing Class C Certificateholder that such other Class C Certificateholder wants to participate in such purchase, then such other Class C Certificateholder may join with the purchasing Class C Certificateholder to purchase all, but not less than all, of the Class A Certificates and the Certificates pro rata based on the Fractional Undivided Interest in the Class C-I Trust and Class C-II Trust, taken as a whole, held by each such Class C Certificateholder and (B) if prior to the end of such ten-day period any other Class C Certificateholder fails to notify the purchasing Class C Certificateholder of such other Class C Certificateholder's desire to participate in such a purchase, then such other Class C Certificateholder shall lose its right to purchase the Class A Certificates and the Certificates pursuant to this Section 6.01(b).

The purchase price with respect to the Certificates shall be equal to the Pool Balance of the Certificates, together with accrued and unpaid interest thereon to the date of such purchase, without premium, but including any other amounts then due and payable to the Certificateholders under this Agreement, the Intercreditor Agreement, the Escrow Agreement or any Financing Document or on or in respect of the Certificates; provided, however, that (i) if such purchase occurs after the

record date specified in Section 2.03(b) of the Escrow Agreement relating to the distribution of unused Deposits and accrued and unpaid interest thereunder, such purchase price shall be reduced by the aggregate amount of unused Deposits and interest to be distributed under the Escrow Agreement (which deducted amounts shall remain distributable to, and may be retained by, the Certificateholder as of such Record Date) and (ii) if such purchase occurs after a Record Date, such purchase price shall be reduced by the amount to be distributed hereunder on the related Distribution Date (which deducted amounts shall remain distributable to, and may be retained by, the Certificateholder as of such Record Date); provided, further, that no such purchase of Certificates shall be effective unless the purchaser(s) shall certify to the Trustee that contemporaneously with such purchase, such purchaser(s) is purchasing, pursuant to the terms of this Agreement and the Other Pass Through Trust Agreements, the Class A Certificates and the Certificates which are senior to the securities held by such purchaser(s). Each payment of the purchase price of the Certificates referred to in the first sentence hereof shall be made to an account or accounts designated by the Trustee and each such purchase shall be subject to the terms of this Section 6.01(b). Each Certificateholder agrees by its acceptance of its Certificate that it will, subject to Section 3.04 hereof, upon payment from such Class C Certificateholder(s) of the purchase price set forth in the first sentence of this paragraph, forthwith sell, assign, transfer and convey to the purchaser(s) thereof (without recourse, representation or warranty of any kind except for its own acts), all of the right, title, interest and obligation of such Certificateholder in this Agreement, the Escrow Agreement, the Deposit Agreement, the Intercreditor Agreement, the Liquidity Facility, the Financing Documents and all Certificates and Escrow Receipts held by such Certificateholder (excluding all right, title and interest under any of the foregoing to the extent such right, title or interest is with respect to an obligation not then due and payable as respects any action or inaction or state of affairs occurring prior to such sale) and the purchaser shall assume all of such Certificateholder's obligations under this Agreement, the Escrow Agreement, the Deposit Agreement, the Intercreditor Agreement, the Liquidity Facility, the Financing Documents and all such Certificates and Escrow Receipts. The Certificates will be deemed to be purchased on the date payment of the purchase price is made notwithstanding the failure of the Certificateholders to deliver any Certificates (whether in the form of Definitive Certificates or beneficial interests in Global

Certificates) and, upon such a purchase, (i) the only rights of the Certificateholders will be to deliver the Certificates to the purchaser(s) and receive the purchase price for such Certificates and (ii) if the purchaser(s) shall so request, such Certificateholder will comply with all the provisions of Section 3.04 hereof to enable new Certificates to be issued to the purchaser in such denominations as it shall request. All charges and expenses in connection with the issuance of any such new Certificates shall be borne by the purchaser thereof.

As used in this Section 6.01(b), the terms "Class", "Class A Certificate", "Class A Trustee", "Class C- I Certificate", "Class C-II Certificate", "Class C-I Trust" and "Class C-II Trust" shall have the respective meanings assigned to such terms in the Intercreditor Agreement.

Section 6.02. Incidents of Sale of Equipment Notes. Upon any sale of all or any part of the Equipment Notes made either under the power of sale given under this Agreement or otherwise for the enforcement of this Agreement, the following shall be applicable:

(1) Certificateholders and Trustee May Purchase Equipment Notes. Any Certificateholder, the Trustee in its individual or any other capacity or any other Person may bid for and purchase any of the Equipment Notes, and upon compliance with the terms of sale, may hold, retain, possess and dispose of such Equipment Notes in their own absolute right without further accountability.

(2) Receipt of Trustee Shall Discharge Purchaser. The receipt of the Trustee making such sale shall be a sufficient discharge to any purchaser for his purchase money, and, after paying such purchase money and receiving such receipt, such purchaser or its personal representative or assigns shall not be obliged to see to the application of such purchase money, or be in any way answerable for any loss, misapplication or non- application thereof.

(3) Application of Moneys Received upon Sale. Any moneys collected by the Trustee upon any sale made either under the power of sale given by this Agreement or otherwise for the enforcement of this Agreement shall be applied as provided in Section 4.02.



Section 6.03. Judicial Proceedings Instituted by Trustee; Trustee May Bring Suit. If there shall be a failure to make payment of the principal of, premium, if any, or interest on any Equipment Note, or if there shall be any failure to pay Rent (as defined in the relevant Lease) under any Lease when due and payable, then the Trustee, in its own name and as trustee of an express trust, as holder of such Equipment Notes, to the extent permitted by and in accordance with the terms of the Intercreditor Agreement and the Financing Documents (subject to the rights of the applicable Owner Trustee or Owner Participant to cure any such failure to pay principal of, premium, if any, or interest on any Equipment Note or to pay Rent under any Lease in accordance with the applicable Indenture), shall be entitled and empowered to institute any suits, actions or proceedings at law, in equity or otherwise, for the collection of the sums so due and unpaid on such Equipment Notes or under such Lease and may prosecute any such claim or proceeding to judgment or final decree with respect to the whole amount of any such sums so due and unpaid.

Section 6.04. Control by Certificateholders. Subject to Section 6.03 and the Intercreditor Agreement, the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to the Trust or pursuant to the terms of the Intercreditor Agreement, or exercising any trust or power conferred on the Trustee under this Agreement or the Intercreditor Agreement, including any right of the Trustee as Controlling Party under the Intercreditor Agreement or as holder of the Equipment Notes, provided that

(1) such Direction shall not be in conflict with any rule of law or with this Agreement and would not involve the Trustee in personal liability or expense,

(2) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Certificateholders not taking part in such Direction, and

(3) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such Direction.

Section 6.05. Waiver of Past Defaults. Subject to the Intercreditor Agreement, the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust (i) may on behalf of all of the Certificateholders waive any past Event of Default hereunder and its consequences or (ii) if the Trustee is the Controlling Party, may direct the Trustee to instruct the applicable Loan Trustee to waive any past Indenture Default under any Indenture and its consequences, and thereby annul any Direction given by such Certificateholders or the Trustee to such Loan Trustee with respect thereto, except a default:

- (1) in the deposit of any Scheduled Payment or Special Payment under Section 4.01 or in the distribution of any payment under Section 4.02 on the Certificates, or
- (2) in the payment of the principal of (premium, if any) or interest on the Equipment Notes, or
- (3) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of each Certificateholder holding an Outstanding Certificate affected thereby.

Upon any such waiver, such default shall cease to exist with respect to the Certificates and any Event of Default arising therefrom shall be deemed to have been cured for every purpose and any direction given by the Trustee on behalf of the Certificateholders to the relevant Loan Trustee shall be annulled with respect thereto; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Upon any such waiver, the Trustee shall vote the Equipment Notes issued under the relevant Indenture to waive the corresponding Indenture Default.

Section 6.06. Right of Certificateholders to Receive Payments Not to Be Impaired. Anything in this Agreement to the contrary notwithstanding, including, without limitation, Section 6.07 hereof, but subject to the Intercreditor Agreement, the right of any Certificateholder to receive distributions of payments required pursuant to Section 4.02 hereof on the Certificates when due, or to institute suit for the enforcement of any such payment on or after the applicable Regular Distribution Date or Special Distribution Date, shall not be

impaired or affected without the consent of such Certificateholder.

Section 6.07. Certificateholders May Not Bring Suit Except Under Certain Conditions. A Certificateholder shall not have the right to institute any suit, action or proceeding at law or in equity or otherwise with respect to this Agreement, for the appointment of a receiver or for the enforcement of any other remedy under this Agreement, unless:

- (1) such Certificateholder previously shall have given written notice to the Trustee of a continuing Event of Default;
- (2) Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than 25% of the Trust shall have requested the Trustee in writing to institute such action, suit or proceeding and shall have offered to the Trustee indemnity as provided in Section 7.03(e);
- (3) the Trustee shall have refused or neglected to institute such an action, suit or proceeding for 60 days after receipt of such notice, request and offer of indemnity; and
- (4) no direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust.

It is understood and intended that no one or more of the Certificateholders shall have any right in any manner whatsoever hereunder or under the Certificates to (i) surrender, impair, waive, affect, disturb or prejudice any property in the Trust Property or the lien of any Indenture on any property subject thereto, or the rights of the Certificateholders or the holders of the Equipment Notes, (ii) obtain or seek to obtain priority over or preference with respect to any other such Certificateholder or (iii) enforce any right under this Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Certificateholders subject to the provisions of this Agreement.

Section 6.08. Remedies Cumulative. Every remedy given hereunder to the Trustee or to any of the Certificateholders shall not be exclusive of any other remedy or remedies, and every such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter given by statute, law, equity or otherwise.

#### ARTICLE VII

#### THE TRUSTEE

Section 7.01. Certain Duties and Responsibilities. (a) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trustee.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of its own affairs.

(c) No provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section; and

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

(d) Whether or not herein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 7.02. Notice of Defaults. As promptly as practicable after, and in any event within 90 days after, the occurrence of any default (as such term is defined below) hereunder, the Trustee shall transmit by mail to the Company, the Owner Trustees, the Owner Participants, the Loan Trustees and the

Certificateholders in accordance with Section 313(c) of the Trust Indenture Act, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default on the payment of the principal, premium, if any, or interest on any Equipment Note held in the Trust, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Certificateholders. For the purpose of this Section, the term "default" means any event that is, or after notice or lapse of time or both would become, an Event of Default.

Section 7.03. Certain Rights of Trustee. Subject to the provisions of Section 315 of the Trust Indenture Act:

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

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a written description of the subject matter thereof accompanied by an Officer's Certificate and an Opinion of Counsel as provided in Section 1.02 of this Agreement;

(c) whenever in the administration of this Agreement the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate of the Company, any Owner Trustee or any Loan Trustee;

(d) the Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the Direction of any of the Certificateholders pursuant to this Agreement, unless such Certificateholders shall have offered to the Trustee reasonable security or indemnity against the cost, expenses and liabilities which might be incurred by it in compliance with such Direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document;

(g) the Trustee may execute any of the trusts or powers under this Agreement or perform any duties under this Agreement either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it under this Agreement;

(h) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the Direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement; and

(i) the Trustee shall not be required to expend or risk its own funds in the performance of any of its duties under this Agreement, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk is not reasonably assured to it.

Section 7.04. Not Responsible for Recitals or Issuance of Certificates. The recitals contained herein and in the Certificates, except the certificates of authentication, shall not be taken as the statements of the Trustee, and the Trustee assumes no responsibility for their correctness. Subject to Section 7.15, the Trustee makes no representations as to the validity or sufficiency of this Agreement, any Equipment Notes,

the Intercreditor Agreement, the Deposit Agreement, the Escrow Agreement, the Certificates or any other Financing Document, except that the Trustee hereby represents and warrants that this Agreement has been, and the Intercreditor Agreement, the Registration Rights Agreement, the Note Purchase Agreement, the Escrow Agreement and each Certificate will be, executed, authenticated and delivered by one of its officers who is duly authorized to execute, authenticate and deliver such document on its behalf.

Section 7.05. May Hold Certificates. The Trustee, any Paying Agent, Registrar or any of their Affiliates or any other agent in their respective individual or any other capacity may become the owner or pledgee of Certificates and, subject to Sections 310(b) and 311 of the Trust Indenture Act, if applicable, may otherwise deal with the Company, the Owner Trustees or the Loan Trustees with the same rights it would have if it were not Trustee, Paying Agent, Registrar or such other agent.

Section 7.06. Money Held in Trust. Money held by the Trustee or the Paying Agent in trust hereunder need not be segregated from other funds except to the extent required herein or by law and neither the Trustee nor the Paying Agent shall have any liability for interest upon any such moneys except as provided for herein.

Section 7.07. Compensation and Reimbursement. The Company agrees:

(1) to pay, or cause to be paid, to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse, or cause to be reimbursed, the Trustee upon its request for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence, willful misconduct or bad faith or as may be

incurred due to the Trustee's breach of its representations and warranties set forth in Section 7.15; and

(3) to indemnify, or cause to be indemnified, the Trustee for, and to hold it harmless against, any loss, liability or expense (other than for or with respect to any tax) incurred without negligence, willful misconduct or bad faith, on its part, arising out of or in connection with the acceptance or administration of this Trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder, except for any such loss, liability or expense incurred by reason of the Trustee's breach of its representations and warranties set forth in Section 7.15; provided, however, that the foregoing paragraph (3) shall cease to have any further force or effect upon the execution and delivery by the Trustee of any Participation Agreement.

With respect to paragraph (3) above, the Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel with the consent of the Company and the Company will pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made, in settlement or otherwise, without its consent.

The Trustee shall be entitled to reimbursement from, and shall have a lien prior to the Certificates upon, the Trust Property for any tax incurred without negligence, bad faith or willful misconduct, on its part, arising out of or in connection with the acceptance or administration of such Trust (other than any tax attributable to the Trustee's compensation for serving as such), including any costs and expenses incurred in contesting the imposition of any such tax. If the Trustee reimburses itself from the Trust Property of such Trust for any such tax, it will mail a brief report within 30 days setting forth the circumstances thereof to all Certificateholders as their names and addresses appear in the Register.

Section 7.08. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be eligible to act as a trustee under Section 310(a) of the Trust Indenture Act and shall have a combined capital and surplus of at



least \$75,000,000 (or a combined capital and surplus in excess of \$5,000,000 and the obligations of which, whether now in existence or hereafter incurred, are fully and unconditionally guaranteed by a corporation organized and doing business under the laws of the United States, any state or territory thereof or of the District of Columbia and having a combined capital and surplus of at least \$75,000,000). If such corporation publishes reports of conditions at least annually, pursuant to law or to the requirements of federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section 7.08, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.08 to act as Trustee, the Trustee shall resign immediately as Trustee in the manner and with the effect specified in Section 7.09.

Section 7.09. Resignation and Removal; Appointment of

Successor. (a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 7.10.

(b) The Trustee may resign at any time as trustee by giving prior written notice thereof to the Company, the Authorized Agents, the Owner Trustees and the Loan Trustees. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Company, the Authorized Agents, the Owner Trustees, the Loan Trustees and the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust delivered to the Trustee and to the Company, the Owner Trustees and the Loan Trustees.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 310 of the Trust Indenture Act, if applicable, after written request therefor by the Company or by any Certificateholder who has been a bona fide Certificateholder for at least six months; or

(2) the Trustee shall cease to be eligible under Section 7.08 and shall fail to resign after written request therefor by the Company or by any such Certificateholder; or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any case, (i) the Company may, with the consent of the Owner Participants, which consent may not be unreasonably withheld, remove the Trustee or (ii) any Certificateholder who has been a bona fide Certificateholder for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If a Responsible Officer of the Trustee shall obtain actual knowledge of an Avoidable Tax which has been or is likely to be asserted, the Trustee shall promptly notify the Company and shall, within 30 days of such notification, resign hereunder unless within such 30-day period the Trustee shall have received notice that the Company has agreed to pay such tax. The Company shall promptly appoint a successor Trustee in a jurisdiction where there are no Avoidable Taxes.

(f) If the Trustee shall resign, be removed or become incapable of acting or if a vacancy shall occur in the office of the Trustee for any cause, the Company shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or other occurrence of such vacancy, a successor Trustee shall be appointed by Direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust delivered to the Company, the Owner Trustees, the Loan Trustees and the retiring Trustee, and the Company approves such appointment, which approval shall not be

unreasonably withheld, then the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed as provided above. If no successor Trustee shall have been so appointed as provided above and accepted appointment in the manner hereinafter provided, any Certificateholder who has been a bona fide Certificateholder for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(g) The successor Trustee shall give notice of the resignation and removal of the Trustee and appointment of the successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Certificateholders as their names and addresses appear in the Register. Each notice shall include the name of such successor Trustee and the address of its Corporate Trust Office.

Section 7.10. Acceptance of Appointment by Successor.

Every successor Trustee appointed hereunder shall execute and deliver to the Company, the Authorized Agents, the Owner Trustees and the Loan Trustees and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall execute and deliver an instrument transferring to such successor Trustee all such rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all Trust Property held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 7.07. Upon request of any such successor Trustee, the Company, the retiring Trustee and such successor Trustee shall execute and deliver any and all instruments containing such provisions as shall be necessary or desirable to transfer and confirm to, and for more fully and certainly vesting in, such successor Trustee all such rights, powers and trusts.

No institution shall accept its appointment as a Trustee hereunder unless at the time of such acceptance such institution shall be qualified and eligible under this Article VII.

Section 7.11. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article VII, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Certificates shall have been executed or authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such execution or authentication and deliver the Certificates so executed or authenticated with the same effect as if such successor Trustee had itself executed or authenticated such Certificates.

Section 7.12. Maintenance of Agencies. (a) There shall at all times be maintained an office or agency in the location set forth in Section 12.03 where Certificates may be presented or surrendered for registration of transfer or for exchange, and for payment thereof and where notices and demands to or upon the Trustee in respect of such certificates or this Agreement may be served; provided, however, that, if it shall be necessary that the Trustee maintain an office or agency in another location (e.g., the Certificates shall be represented by Definitive Certificates and shall be listed on a national securities exchange), the Trustee will make all reasonable efforts to establish such an office or agency. Written notice of the location of each such other office or agency and of any change of location thereof shall be given by the Trustee to the Company, the Owner Trustees, the Loan Trustees (in the case of any Owner Trustee or Loan Trustee, at its address specified in the Financing Documents or such other address as may be notified to the Trustee) and the Certificateholders. In the event that no such office or agency shall be maintained or no such notice of location or of change of location shall be given, presentations and demands may be made and notices may be served at the Corporate Trust Office of the Trustee.

(b) There shall at all times be a Registrar and a Paying Agent hereunder with respect to the Certificates. Each such Authorized Agent shall be a bank or trust company, shall be

a corporation organized and doing business under the laws of the United States or any state, with a combined capital and surplus of at least \$75,000,000, or, if the Trustee shall be acting as the Registrar or Paying Agent hereunder, a corporation having a combined capital and surplus in excess of \$5,000,000, the obligations of which are guaranteed by a corporation organized and doing business under the laws of the United States or any state, with a combined capital and surplus of at least \$75,000,000, and shall be authorized under such laws to exercise corporate trust powers, subject to supervision by Federal or state authorities. The Trustee shall initially be the Paying Agent and, as provided in Section 3.04, Registrar hereunder with respect to the Certificates. Each Registrar shall furnish to the Trustee, at stated intervals of not more than six months, and at such other times as the Trustee may request in writing, a copy of the Register maintained by such Registrar.

(c) Any corporation into which any Authorized Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Authorized Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authorized Agent, shall be the successor of such Authorized Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the parties hereto or such Authorized Agent or such successor corporation.

(d) Any Authorized Agent may at any time resign by giving written notice of resignation to the Trustee, the Company, the Owner Trustees and the Loan Trustees. The Company may, and at the request of the Trustee shall, at any time terminate the agency of any Authorized Agent by giving written notice of termination to such Authorized Agent and to the Trustee. Upon the resignation or termination of an Authorized Agent or in case at any time any such Authorized Agent shall cease to be eligible under this Section (when, in either case, no other Authorized Agent performing the functions of such Authorized Agent shall have been appointed), the Company shall promptly appoint one or more qualified successor Authorized Agents, reasonably satisfactory to the Trustee, to perform the functions of the Authorized Agent which has resigned or whose agency has been terminated or who shall have ceased to be eligible under this Section. The Company shall give written notice of any such appointment made by it to the Trustee, the Owner Trustees and the

Loan Trustees; and in each case the Trustee shall mail notice of such appointment to all Certificateholders as their names and addresses appear on the Register.

(e) The Company agrees to pay, or cause to be paid, from time to time to each Authorized Agent reasonable compensation for its services and to reimburse it for its reasonable expenses.

Section 7.13. Money for Certificate Payments to Be Held in Trust. All moneys deposited with any Paying Agent for the purpose of any payment on Certificates shall be deposited and held in trust for the benefit of the Certificateholders entitled to such payment, subject to the provisions of this Section. Moneys so deposited and held in trust shall constitute a separate trust fund for the benefit of the Certificateholders with respect to which such money was deposited.

The Trustee may at any time, for the purpose of obtaining the satisfaction and discharge of this Agreement or for any other purpose, direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Section 7.14. Registration of Equipment Notes in Name of Subordination Agent. The Trustee agrees that all Equipment Notes to be purchased by the Trust shall be issued in the name of the Subordination Agent or its nominee and held by the Subordination Agent in trust for the benefit of the Certificateholders, or, if not so held, the Subordination Agent or its nominee shall be reflected as the owner of such Equipment Notes in the register of the issuer of such Equipment Notes.

Section 7.15. Representations and Warranties of Trustee. The Trustee hereby represents and warrants that:

(a) the Trustee is a Delaware banking corporation organized and validly existing in good standing under the laws of the State of Delaware;

(b) the Trustee has full power, authority and legal right to execute, deliver, and perform this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the

Escrow Agreement, the Note Purchase Agreement and the Financing Documents to which it is a party and has taken all necessary action to authorize the execution, delivery, and performance by it of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement and the Financing Documents to which it is a party;

(c) the execution, delivery and performance by the Trustee of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement and the Financing Documents to which it is a party (i) will not violate any provision of United States federal law or the law of the state of the United States where it is located governing the banking and trust powers of the Trustee or any order, writ, judgment, or decree of any court, arbitrator or governmental authority applicable to the Trustee or any of its assets, (ii) will not violate any provision of the articles of association or by-laws of the Trustee, or (iii) will not violate any provision of, or constitute, with or without notice or lapse of time, a default under, or result in the creation or imposition of any lien on any properties included in the Trust Property pursuant to the provisions of any mortgage, indenture, contract, agreement or other undertaking to which it is a party, which violation, default or lien could reasonably be expected to have an adverse effect on the Trustee's performance or ability to perform its duties hereunder or thereunder or on the transactions contemplated herein or therein;

(d) the execution, delivery and performance by the Trustee of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement, and the Financing Documents to which it is a party will not require the authorization, consent, or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, any governmental authority or agency of the United States or the state of the United States where it is located regulating the banking and corporate trust activities of the Trustee; and

(e) this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement, and the Financing Documents to which it is a party have been duly executed and delivered by the Trustee and constitute the legal, valid, and binding agreements of the

Trustee, enforceable against it in accordance with their respective terms, provided that enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (ii) general principles of equity.

Section 7.16. Withholding Taxes, Information Reporting.

The Trustee, as trustee of the grantor trust created by this Agreement, shall exclude and withhold from each distribution of principal, premium, if any, and interest and other amounts due under this Agreement or under the Certificates any and all withholding taxes applicable thereto as required by law. In addition, the Trustee shall remit such amounts as would be required by section 1446 of the Internal Revenue Code of 1986, as amended, if the Trust were characterized as a partnership engaged in a U.S. trade or business for U.S. federal income tax purposes and shall withhold such amounts from amounts distributable to or for the benefit of Certificateholders or Investors that are not United States persons within the meaning of section 7701(a)(30) of the Internal Revenue Code of 1986, as amended. In this regard, the Trustee shall cause the appropriate withholding agent to withhold with respect to such distributions in the manner contemplated by Section 10.04 of Revenue Procedure 89-31 and Treasury Regulation 1.1445-8(b)(3)) by filing a notice with the National Association of Securities Dealers, Inc. substantially in the form of Exhibit E hereto on or before the date 10 days prior to the Record Date. The Trustee shall mail such notice to the National Association of Securities Dealers no later than the date than 15 days prior to the Record Date. Investors that are not United States Persons agree to furnish a United States taxpayer identification number ("TIN") to the Trustee and the Trustee shall provide such TINs to the appropriate withholding agent. The Trustee agrees to act as such withholding agent (except to the extent contemplated above with respect to withholding amounts as if the Trust were characterized as a partnership engaged in a U.S. trade or business for U.S. federal income tax purposes) and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect of the Certificates, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Certificateholders, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each such Certificateholder appropriate documentation showing



the payment thereof, together with such additional documentary evidence as such Certificateholders may reasonably request from time to time. The Trustee agrees to file any other information reports as it may be required to file under United States law. Each Certificateholder or Investor that is not a United States person within the meaning of section 7701(a)(30) of the Internal Revenue Code, as amended, by its acceptance of a Certificate or a beneficial interest therein, agrees to indemnify and hold harmless the Trust and the Trustee from and against any improper failure to withhold taxes from amounts payable to it or for its benefit, other than an improper failure attributable to the gross negligence or willful misconduct of the Trustee.

Section 7.17. Trustee's Liens. The Trustee in its individual capacity agrees that it will at its own cost and expense promptly take any action as may be necessary to duly discharge and satisfy in full any mortgage, pledge, lien, charge, encumbrance, security interest or claim ("Trustee's Liens") on or with respect to the Trust Property which is attributable to the Trustee either (i) in its individual capacity and which is unrelated to the transactions contemplated by this Agreement, the Intercreditor Agreement, the Note Purchase Agreement or the Financing Documents, or (ii) as Trustee hereunder or in its individual capacity and which arises out of acts or omissions which are not contemplated by this Agreement.

Section 7.18. Preferential Collection of Claims. The Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship listed in Section 311(b) of the Trust Indenture Act. If the Trustee shall resign or be removed as Trustee, it shall be subject to Section 311(a) of the Trust Indenture Act to the extent provided therein.

#### ARTICLE VIII

##### CERTIFICATEHOLDERS' LISTS AND REPORTS BY TRUSTEE

Section 8.01. The Company to Furnish Trustee with Names and Addresses of Certificateholders. The Company will furnish to the Trustee within 15 days after each Record Date with respect to a Scheduled Payment, and at such other times as the Trustee may request in writing within 30 days after receipt by the Company of any such request, a list, in such form as the Trustee may reasonably require, of all information in the possession or control of the Company as to the names and

addresses of the Certificateholders, in each case as of a date not more than 15 days prior to the time such list is furnished; provided, however, that so long as the Trustee is the sole Registrar, no such list need be furnished; and provided further, however, that no such list need be furnished for so long as a copy of the Register is being furnished to the Trustee pursuant to Section 7.12.

Section 8.02. Preservation of Information; Communications to Certificateholders. The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Certificateholders contained in the most recent list furnished to the Trustee as provided in Section 7.12 or Section 8.01, as the case may be, and the names and addresses of Certificateholders received by the Trustee in its capacity as Registrar, if so acting. The Trustee may destroy any list furnished to it as provided in Section 7.12 or Section 8.01, as the case may be, upon receipt of a new list so furnished.

Section 8.03. Reports by Trustee. Within 60 days after May 15 of each year commencing with the first full year following the issuance of the Certificates, the Trustee shall transmit to the Certificateholders, as provided in Section 313(c) of the Trust Indenture Act, a brief report dated as of such May 15, if required by Section 313(a) of the Trust Indenture Act.

Section 8.04. Reports by the Company. The Company shall:

(a) file with the Trustee, within 30 days after the Company is required to file the same with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934, as amended; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and the SEC, in accordance with rules and regulations prescribed by the SEC, such of the supplementary and periodic information, documents and reports which may be required pursuant to section 13 of the Securities Exchange Act of 1934, as amended, in respect of a security listed and

registered on a national securities exchange as may be prescribed in such rules and regulations;

(b) during any period, prior to the consummation of the Exchange Offer and during which the Shelf Registration Statement is not in effect, in which the Company is not subject to Section 13(a), 13(c) or 15(d) under the Securities Exchange Act of 1934, make available to any Holder of the Certificates in connection with any sale thereof and any prospective purchaser of the Certificates from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act but only for so long as any of the Certificates remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and, in any event, only until the second anniversary of the Issuance Date;

(c) file with the Trustee and the SEC, in accordance with the rules and regulations prescribed by the SEC, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Agreement, as may be required by such rules and regulations, including, in the case of annual reports, if required by such rules and regulations, certificates or opinions of independent public accountants, conforming to the requirements of Section 1.02;

(d) transmit to all Certificateholders, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (a) and (c) of this Section 8.04 as may be required by rules and regulations prescribed by the SEC; and

(e) furnish to the Trustee, not less often than annually, a brief certificate from the principal executive officer, principal financial officer or principal accounting officer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Agreement (it being understood that for purposes of this paragraph (e), such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Agreement).

## ARTICLE IX

## SUPPLEMENTAL AGREEMENTS

Section 9.01. Supplemental Agreements Without Consent of Certificateholders. Without the consent of the Certificateholders, the Company may (but will not be required to), and the Trustee (subject to Section 9.03) shall, at the Company's request, at any time and from time to time, enter into one or more agreements supplemental hereto or, if applicable, to the Intercreditor Agreement, the Escrow Agreement, the Note Purchase Agreement, the Deposit Agreement, the Registration Rights Agreement or any Liquidity Facility in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein contained or of the Company's obligations under the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility; or

(2) to add to the covenants of the Company for the benefit of the Certificateholders, or to surrender any right or power conferred upon the Company in this Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility; or

(3) to correct or supplement any provision in this Agreement, the Intercreditor Agreement, the Escrow Agreement, the Deposit Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility which may be defective or inconsistent with any other provision herein or therein or to cure any ambiguity or correct any mistake or to modify any other provision with respect to matters or questions arising under this Agreement, the Escrow Agreement, the Deposit Agreement, the Note Purchase Agreement, the Intercreditor Agreement, the Registration Rights Agreement or any Liquidity Facility, provided that any such action shall not materially adversely affect the interests of the Certificateholders; or

(4) to comply with any requirement of the SEC, any applicable law, rules or regulations of any exchange or quotation system on which the Certificates are listed, any regulatory body or the Registration Rights Agreement to effectuate the Exchange Offer; or

(5) to modify, eliminate or add to the provisions of this Agreement to such extent as shall be necessary to continue the qualification of this Agreement (including any supplemental agreement) under the Trust Indenture Act or under any similar Federal statute hereafter enacted, and to add to this Agreement such other provisions as may be expressly permitted by the Trust Indenture Act, excluding, however, the provisions referred to in Section 316(a)(2) of the Trust Indenture Act as in effect at the date as of which this instrument was executed or any corresponding provision in any similar Federal statute hereafter enacted; or

(6) to evidence and provide for the acceptance of appointment under this Agreement by the Trustee of a successor Trustee and to add to or change any of the provisions of this Agreement as shall be necessary to provide for or facilitate the administration of the Trust, pursuant to the requirements of Section 7.10; or

(7) to provide the information required under Section 7.12 and Section 12.03 as to the Trustee; or

(8) to modify or eliminate provisions relating to the transfer or exchange of Exchange Certificates or the Initial Certificates upon consummation of the Exchange Offer (as defined in the Registration Rights Agreement) or effectiveness of the Shelf Registration Statement or the Exchange Offer Registration Statement;

provided, however, that no such supplemental agreement shall adversely affect the status of any Trust as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended, for U.S. federal income tax purposes.

Section 9.02. Supplemental Agreements with Consent of Certificateholders. With the consent of the Certificateholders holding Certificates (including consents obtained in connection with a tender offer or exchange offer for the Certificates) evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust, by Direction of said Certificateholders delivered to the Company and the Trustee, the Company may (with the consent of the Owner Trustees, if any, which consent shall not be unreasonably withheld), and the Trustee (subject to Section 9.03) shall, enter into an agreement

or agreements for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement, the Intercreditor Agreement, any Liquidity Facility, the Registration Rights Agreement, the Escrow Agreement, the Deposit Agreement or the Note Purchase Agreement to the extent applicable to such Certificateholders or of modifying in any manner the rights and obligations of such Certificateholders under this Agreement, the Intercreditor Agreement, any Liquidity Facility, the Registration Rights Agreement, the Escrow Agreement, the Deposit Agreement or the Note Purchase Agreement; provided, however, that no such agreement shall, without the consent of the Certificateholder of each Outstanding Certificate affected thereby:

(1) reduce in any manner the amount of, or delay the timing of, any receipt by the Trustee (or, with respect to the Deposits, the Certificateholders) of payments on the Equipment Notes held in the Trust or on the Deposits or distributions that are required to be made herein on any Certificate, or change any date of payment on any Certificate, or change the place of payment where, or the coin or currency in which, any Certificate is payable, or impair the right to institute suit for the enforcement of any such payment or distribution on or after the Regular Distribution Date or Special Distribution Date applicable thereto; or

(2) permit the disposition of any Equipment Note included in the Trust Property except as permitted by this Agreement, or otherwise deprive such Certificateholder of the benefit of the ownership of the Equipment Notes in the Trust; or

(3) reduce the specified percentage of the aggregate Fractional Undivided Interests of the Trust which is required for any such supplemental agreement, or reduce such specified percentage required for any waiver of compliance with certain provisions of this Agreement or certain defaults hereunder and their consequences provided for in this Agreement; or

(4) waive, amend or modify Section 2.4, 3.2 or 3.3 of the Intercreditor Agreement in a manner adverse to the Certificateholders; or

(5) modify any of the provisions of this Section 9.02 or Section 6.05, except to increase any such percentage or to provide that certain other provisions of this Agreement cannot be modified or waived without the consent of the Certificateholder of each Certificate affected thereby; or

(6) adversely affect the status of any Trust as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended, for U.S. federal income tax purposes.

It shall not be necessary for any Direction of Certificateholders under this Section to approve the particular form of any proposed supplemental agreement, but it shall be sufficient if such Direction shall approve the substance thereof.

Section 9.03. Documents Affecting Immunity or Indemnity. If in the opinion of the Trustee any document required to be executed by it pursuant to the terms of Section 9.01 or 9.02 affects any interest, right, duty, immunity or indemnity in favor of the Trustee under this Agreement, the Trustee may in its discretion decline to execute such document.

Section 9.04. Execution of Supplemental Agreements. In executing, or accepting the additional trusts created by, any agreement permitted by this Article or the modifications thereby of the trusts created by this Agreement, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental agreement is authorized or permitted by this Agreement.

Section 9.05. Effect of Supplemental Agreements. Upon the execution of any agreement supplemental to this Agreement under this Article, this Agreement shall be modified in accordance therewith, and such supplemental agreement shall form a part of this Agreement for all purposes; and every Holder of a Certificate theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.06. Conformity with Trust Indenture Act. Every supplemental agreement executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 9.07. Reference in Certificates to Supplemental Agreements. Certificates authenticated and delivered after the execution of any supplemental agreement pursuant to this Article may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental agreement; and, in such case, suitable notation may be made upon Outstanding Certificates after proper presentation and demand.

#### ARTICLE X

##### AMENDMENTS TO INDENTURES AND FINANCING DOCUMENTS

Section 10.01. Amendments and Supplements to Indentures and Financing Documents. In the event that the Trustee, as holder (or beneficial owner through the Subordination Agent) of any Equipment Note in trust for the benefit of the Certificateholders or as Controlling Party under the Intercreditor Agreement, receives (directly or indirectly through the Subordination Agent) a request for a consent to any amendment, modification, waiver or supplement under any Indenture, any other Financing Document, any Equipment Note or any other related document, the Trustee shall forthwith send a notice of such proposed amendment, modification, waiver or supplement to each Certificateholder registered on the Register as of the date of such notice. The Trustee shall request from the Certificateholders a Direction as to (a) whether or not to take or refrain from taking (or direct the Subordination Agent to take or refrain from taking) any action which a holder of such Equipment Note has the option to direct, (b) whether or not to give or execute (or direct the Subordination Agent to give or execute) any waivers, consents, amendments, modifications or supplements as a holder of such Equipment Note or a Controlling Party and (c) how to vote (or direct the Subordination Agent to vote) any Equipment Note if a vote has been called for with respect thereto. Provided such a request for Certificateholder Direction shall have been made, in directing any action or casting any vote or giving any consent as the holder of any Equipment Note (or in directing the Subordination Agent in any of the foregoing), (i) other than as Controlling Party, the Trustee shall vote for or give consent to any such action with respect to such Equipment Note in the same proportion as that of (A) the aggregate face amounts of all Certificates actually voted in favor of or for giving consent to such action by such Direction of Certificateholders to (B) the aggregate face amount of all Outstanding Certificates and (ii) as Controlling Party, the



Trustee shall vote as directed in such Certificateholder Direction by the Certificateholders evidencing a Fractional Undivided Interest aggregating not less than a majority in interest in the Trust. For purposes of the immediately preceding sentence, a Certificate shall have been "actually voted" if the Holder of such Certificate has delivered to the Trustee an instrument evidencing such Holder's consent to such Direction prior to two Business Days before the Trustee directs such action or casts such vote or gives such consent. Notwithstanding the foregoing, but subject to Section 6.04 and the Intercreditor Agreement, the Trustee may, in its own discretion and at its own direction, consent and notify the relevant Loan Trustee of such consent (or direct the Subordination Agent to consent and notify the Loan Trustee of such consent) to any amendment, modification, waiver or supplement under the relevant Indenture, any other Financing Document, any Equipment Note or any other related document, if an Event of Default hereunder shall have occurred and be continuing, or if such amendment, modification, waiver or supplement will not materially adversely affect the interests of the Certificateholders.

#### ARTICLE XI

##### TERMINATION OF TRUST

Section 11.01. Termination of the Trust. The respective obligations and responsibilities of the Company and the Trustee with respect to the Trust shall terminate upon the earlier of (A) the completion of the assignment, transfer and discharge described in the first sentence of the immediately following paragraph and (B) distribution to all Holders of Certificates and the Trustee of all amounts required to be distributed to them pursuant to this Agreement and the disposition of all property held as part of the Trust Property; provided, however, that in no event shall the Trust continue beyond one hundred ten (110) years following the date of the earliest execution of this Trust Agreement.

Upon the earlier of (i) the first Business Day following March 31, 1998, or, if later, the fifth Business Day following the Delivery Period Termination Date and (ii) the fifth Business Day following the date on which a Triggering Event occurs (such date, the "Transfer Date"), or, if later, the date on which all of the conditions set forth in the immediately following sentence have been satisfied, the Trustee is hereby

directed (subject only to the immediately following sentence) to, and the Company shall direct the institution that will serve as the Related Trustee under the Related Pass Through Trust Agreement to, execute and deliver the Assignment and Assumption Agreement, pursuant to which the Trustee shall assign, transfer and deliver all of the Trustee's right, title and interest to the Trust Property to the Related Trustee under the Related Pass Through Trust Agreement. The Trustee and the Related Trustee shall execute and deliver the Assignment and Assumption Agreement upon the satisfaction of the following conditions:

(i) The Trustee, the Related Trustee and each of the Rating Agencies then rating the Certificates shall have received an Officer's Certificate and an Opinion of Counsel dated the date of the Assignment and Assumption Agreement and each satisfying the requirements of Section 1.02, which Opinion of Counsel shall be substantially to the effect set forth below and may be relied upon by the Beneficiaries (as defined in the Assignment and Assumption Agreement):

- (a) upon the execution and delivery thereof by the parties thereto in accordance with the terms of this Agreement and the Related Pass Through Trust Agreement, the Assignment and Assumption Agreement will constitute the valid and binding obligation of each of the parties thereto enforceable against each such party in accordance with its terms;
- (b) upon the execution and delivery of the Assignment and Assumption Agreement in accordance with the terms of this Agreement and the Related Pass Through Trust Agreement, each of the Certificates then Outstanding is entitled to the benefits of the Related Pass Through Trust Agreement;
- (c) the Related Trust is not required to be registered as an investment company under the Investment Company Act of 1940, as amended;
- (d) the Related Pass Through Trust Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms; and

- (e) neither the execution and delivery of the Assignment and Assumption Agreement in accordance with the terms of this Agreement and the Related Pass Through Trust Agreement, nor the consummation by the Parties thereto of the transactions contemplated to be consummated thereunder on the date thereof, violate any law or governmental rule or regulation of the State of New York or the United States of America known to such counsel to be applicable to the transactions contemplated by the Assignment and Assumption Agreement.

(ii) The Trustee and the Company shall have received (x) a copy of the articles of incorporation and bylaws of the Related Trustee certified as of the Transfer Date by the Secretary or Assistant Secretary of such institution and (y) a copy of the filing (including all attachments thereto) made by the institution serving as the Related Trustee with the Office of the Superintendent, State of New York Banking Department for the qualification of the Related Trustee under section 131(3) of the New York Banking Law.

Upon the execution of the Assignment and Assumption Agreement by the parties thereto, the Trust shall be terminated, the Certificateholders shall receive beneficial interests in the Related Trust in exchange for their interests in the Trust equal to their respective beneficial interests in the Trust, and the Outstanding Certificates representing Fractional Undivided Interests in the Trust shall be deemed for all purposes of this Agreement and the Related Pass Through Trust Agreement, without further signature or action of any party or Certificateholder, to be certificates representing the same fractional undivided interests in the Related Trust and its trust property. By acceptance of its Certificate, each Certificateholder consents to such assignment, transfer and delivery of the Trust Property to the trustee of the Related Trust upon the execution and delivery of the Assignment and Assumption Agreement.

In connection with the occurrence of the event set forth in clause (B) above, notice of such termination, specifying the Distribution Date upon which the Certificateholders may surrender their Certificates to the Trustee for payment of the final distribution and cancellation, shall be mailed promptly by the Trustee to Certificateholders not earlier than the 60th day

and not later than the 20th day next preceding such final Distribution Date specifying (A) the Distribution Date upon which the proposed final payment of the Certificates will be made upon presentation and surrender of Certificates at the office or agency of the Trustee therein specified, (B) the amount of any such proposed final payment, and (C) that the Record Date otherwise applicable to such Distribution Date is not applicable, payments being made only upon presentation and surrender of the Certificates at the office or agency of the Trustee therein specified. The Trustee shall give such notice to the Registrar at the time such notice is given to Certificateholders. Upon presentation and surrender of the Certificates in accordance with such notice, the Trustee shall cause to be distributed to Certificateholders such final payments.

In the event that all of the Certificateholders shall not surrender their Certificates for cancellation within six months after the date specified in the above-mentioned written notice, the Trustee shall give a second written notice to the remaining Certificateholders to surrender their Certificates for cancellation and receive the final distribution with respect thereto. No additional interest shall accrue on the Certificates after the Distribution Date specified in the first written notice. In the event that any money held by the Trustee for the payment of distributions on the Certificates shall remain unclaimed for two years (or such lesser time as the Trustee shall be satisfied, after sixty days' notice from the Company, is one month prior to the escheat period provided under applicable law) after the final distribution date with respect thereto, the Trustee shall pay to each Loan Trustee the appropriate amount of money relating to such Loan Trustee and shall give written notice thereof to the related Owner Trustees, the Owner Participants and the Company.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

#### Section 12.01. Limitation on Rights of Certificateholders.

The death or incapacity of any Certificateholder shall not operate to terminate this Agreement or the Trust, nor entitle such Certificateholder's legal representatives or heirs to claim an accounting or to take any action or commence any proceeding in any court for a partition or winding up of the Trust, nor otherwise affect the rights,

obligations, and liabilities of the parties hereto or any of them.

Section 12.02. Certificates Nonassessable and Fully Paid.

Except as set forth in the last sentence of this Section 12.02, Certificateholders shall not be personally liable for obligations of the Trust, the Fractional Undivided Interests represented by the Certificates shall be nonassessable for any losses or expenses of the Trust or for any reason whatsoever, and Certificates, upon authentication thereof by the Trustee pursuant to Section 3.03, are and shall be deemed fully paid. No Certificateholder shall have any right (except as expressly provided herein) to vote or in any manner otherwise control the operation and management of the Trust Property, the Trust, or the obligations of the parties hereto, nor shall anything set forth herein, or contained in the terms of the Certificates, be construed so as to constitute the Certificateholders from time to time as partners or members of an association. Neither the existence of the Trust nor any provision herein is intended to or shall limit the liability the Certificateholders would otherwise incur if the Certificateholders owned Trust Property as co-owners, or incurred any obligations of the Trust, directly rather than through the Trust.

Section 12.03. Notices. (a) Unless otherwise specifically provided herein, all notices required under the terms and provisions of this Agreement shall be in English and in writing, and any such notice may be given by United States mail, courier service or telecopy, and any such notice shall be effective when delivered or received or, if mailed, three days after deposit in the United States mail with proper postage for ordinary mail prepaid,

if to the Company, to:

Continental Airlines, Inc. 2929 Allen  
Parkway Houston, TX 77019 Attention:  
Chief Financial Officer and General  
Counsel Facsimile: (713) 523-2831

if to the Trustee, to:

Wilmington Trust Company Rodney Square  
North 1100 North Market Street  
Wilmington, DE 19890-0001 Attention:  
Corporate Trust Department Facsimile:  
(302) 651-8882 Telephone: (302)  
651-8584

(b) The Company or the Trustee, by notice to the other, may designate additional or different addresses for subsequent notices or communications.

(c) Any notice or communication to Certificateholders shall be mailed by first-class mail to the addresses for Certificateholders shown on the Register kept by the Registrar. Failure so to mail a notice or communication or any defect in such notice or communication shall not affect its sufficiency with respect to other Certificateholders.

(d) If a notice or communication is mailed in the manner provided above within the time prescribed, it is conclusively presumed to have been duly given, whether or not the addressee receives it.

(e) If the Company mails a notice or communication to the Certificateholders, it shall mail a copy to the Trustee and to the Paying Agent at the same time.

(f) Notwithstanding the foregoing, all communications or notices to the Trustee shall be deemed to be given only when received by a Responsible Officer of the Trustee.

(g) The Trustee shall promptly furnish the Company with a copy of any demand, notice or written communication received by the Trustee hereunder from any Certificateholder, Owner Trustee or Loan Trustee.

Section 12.04. Governing Law. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF DELAWARE AND THIS AGREEMENT AND THE CERTIFICATES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 12.05. Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or the Trust, or of the Certificates or the rights of the Certificateholders thereof.

Section 12.06. Trust Indenture Act Controls. Upon the occurrence of any Registration Event, this Agreement shall become subject to the provisions of the Trust Indenture Act and shall, to the extent applicable, be governed by such provisions. From and after any Registration Event, if any provision of this Agreement limits, qualifies or conflicts with another provision which is required to be included in this Agreement by the Trust Indenture Act, the required provision shall control.

Section 12.07. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 12.08. Successors and Assigns. All covenants, agreements, representations and warranties in this Agreement by the Trustee and the Company shall bind and, to the extent permitted hereby, shall inure to the benefit of and be enforceable by their respective successors and assigns, whether so expressed or not.

Section 12.09. Benefits of Agreement. Nothing in this Agreement or in the Certificates, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Certificateholders, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 12.10. Legal Holidays. In any case where any Regular Distribution Date or Special Distribution Date relating to any Certificate shall not be a Business Day, then (notwithstanding any other provision of this Agreement) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such Regular Distribution Date or Special Distribution Date, and no interest shall accrue during the intervening period.

Section 12.11. Counterparts. For the purpose of facilitating the execution of this Agreement and for other purposes, this Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and all of which counterparts shall constitute but one and the same instrument.

Section 12.12. Intention of Parties. The parties hereto intend that the Trust be classified for U.S. federal income tax purposes as a grantor trust under Subpart E, Part I of Subchapter J of the Internal Revenue Code of 1986, as amended, and not as a trust or association taxable as a corporation or as a partnership. Each Certificateholder and Investor, by its acceptance of its Certificate or a beneficial interest therein, agrees to treat the Trust as a grantor trust for all U.S. federal, state and local income tax purposes. The powers granted and obligations undertaken pursuant to this Agreement shall be so construed so as to further such intent.

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

CONTINENTAL AIRLINES, INC.

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

WILMINGTON TRUST COMPANY, as Trustee

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



## FORM OF CERTIFICATE

REGISTERED

No. \_\_\_\_\_

[THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) (AN "INSTITUTIONAL ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS CERTIFICATE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT; (2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE EXCEPT (A) CONTINENTAL AIRLINES, INC., (B) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT; AND (3) AGREES THAT IF IT SHOULD RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE IT WILL DELIVER TO EACH PERSON TO WHOM THIS CERTIFICATE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS CERTIFICATE WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER

OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS.](1)

BY ITS ACQUISITION HEREOF, THE HOLDER REPRESENTS THAT (A) IT IS NOT A PLAN TRANSFEREE (AS DEFINED IN THE PASS THROUGH TRUST AGREEMENT) OR (B) IT IS AN INSURANCE COMPANY USING THE ASSETS OF ITS GENERAL ACCOUNT TO ACQUIRE THIS CERTIFICATE, AND THE CONDITIONS OF PROHIBITED TRANSACTION CLASS EXEMPTION 95-60 ISSUED BY THE U.S. DEPARTMENT OF LABOR HAVE BEEN AND WILL CONTINUE TO BE SATISFIED IN CONNECTION WITH ITS PURCHASE AND HOLDING OF THIS CERTIFICATE. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS. [UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUSTEE OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN EXCHANGE FOR THIS CERTIFICATE IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 3.05 AND 3.06 OF THE PASS THROUGH TRUST AGREEMENT REFERRED TO HEREIN.](2)

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- (1) Not to be included on the face of the Regulation S Global Certificate.  
(2) To be included on the face of each Global Certificate.

[GLOBAL CERTIFICATE](3)

CONTINENTAL AIRLINES PASS THROUGH TRUST, SERIES 1997-1B-0

7.461% Continental Airlines [Initial] [Exchange]  
 Pass Through Certificate,  
 Series 1  
 997-1B-0

Final Maturity Date: October 1, 2014

evidencing a fractional undivided interest in a trust, the property of which includes certain equipment notes each secured by an Aircraft leased to or owned by Continental Airlines, Inc.

\$ \_\_\_\_\_ Fractional Undivided Interest representing  
 . \_\_\_\_\_% of the Trust per \$1,000 face amount

THIS CERTIFIES THAT \_\_\_\_\_, for value received, is the registered owner of a \$ \_\_\_\_\_ (\_\_\_\_\_dollars) Fractional Undivided Interest in the Continental Airlines Pass Through Trust, Series 1997-1B-0 (the "Trust") created pursuant to a Pass Through Trust Agreement, dated as of March 21, 1997 (the "Agreement"), between Wilmington Trust Company (the "Trustee") and Continental Airlines, Inc., a corporation incorporated under Delaware law (the "Company"), a summary of certain of the pertinent provisions of which is set forth below. To the extent not otherwise defined herein, the capitalized terms used herein have the meanings assigned to them in the Agreement. This Certificate is one of the duly authorized Certificates designated as "7.461% Continental Airlines [Initial] [Exchange] Pass Through Certificates, Series 1997-1B-0" (herein called the "Certificates"). This Certificate is issued under and is subject to the terms, provisions, and conditions of the Agreement. By virtue of its acceptance hereof the Certificateholder of this Certificate assents to and agrees to be bound by the provisions of the Agreement and the Intercreditor Agreement. The property of the Trust includes an interest in certain Equipment Notes and all rights of the Trust to receive payments under the Intercreditor Agreement and any Liquidity Facility (the "Trust Property"). Each issue of the Equipment Notes is secured by, among other things, a security interest in the Aircraft leased to or owned by the Company.

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(3) To be included on the face of each Global Certificate.

The Certificates represent fractional undivided interests in the Trust and the Trust Property, and have no rights, benefits or interest in respect of any assets or property other than the Trust Property.

Subject to and in accordance with the terms of the Agreement and the Intercreditor Agreement, from and to the extent of funds then available to the Trustee, there will be distributed on each April 1 and October 1 (a "Regular Distribution Date"), commencing on October 1, 1997, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Regular Distribution Date, an amount in respect of the Scheduled Payments due on such Regular Distribution Date on the Equipment Notes, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Scheduled Payments. Subject to and in accordance with the terms of the Agreement and the Intercreditor Agreement, in the event that Special Payments on the Equipment Notes are received by the Trustee, from funds then available to the Trustee, there shall be distributed on the applicable Special Distribution Date, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Special Distribution Date, an amount in respect of such Special Payments on the Equipment Notes, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Special Payments so received. If a Regular Distribution Date or Special Distribution Date is not a Business Day, distribution shall be made on the immediately following Business Day with the same force and effect as if made on such Regular Distribution Date or Special Distribution Date and no interest shall accrue during the intervening period. The Trustee shall mail notice of each Special Payment and the Special Distribution Date therefor to the Certificateholder of this Certificate.

The Certificates do not represent a direct obligation of, or an obligation guaranteed by, or an interest in, the Company or the Trustee or any of their affiliates. The Certificates are limited in right or payment, all as more specifically set forth on the face hereof and in the Agreement. All payments or distributions made to Certificateholders under the Agreement shall be made only from the Trust Property and only to the extent that the Trustee shall have sufficient income or

proceeds from the Trust Property to make such payments in accordance with the terms of the Agreement. Each Certificateholder of this Certificate, by its acceptance hereof, agrees that it will look solely to the income and proceeds from the Trust Property to the extent available for distribution to such Certificateholder as provided in the Agreement. This Certificate does not purport to summarize the Agreement and reference is made to the Agreement for information with respect to the interests, rights, benefits, obligations, proceeds, and duties evidenced hereby. A copy of the Agreement may be examined during normal business hours at the principal office of the Trustee, and at such other places, if any, designated by the Trustee, by any Certificateholder upon request.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Certificateholders under the Agreement at any time by the Company and the Trustee with the consent of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust. Any such consent by the Certificateholder of this Certificate shall be conclusive and binding on such Certificateholder and upon all future Certificateholders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Certificateholders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Register upon surrender of this Certificate for registration of transfer at the offices or agencies maintained by the Trustee in its capacity as Registrar, or by any successor Registrar, in the Borough of Manhattan, the City of New York, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee and the Registrar duly executed by the Certificateholder hereof or such Certificateholder's attorney duly authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust will be issued to the designated transferee or transferees.

[The Holder of this Certificate is entitled to the benefits of the Exchange and Registration Rights Agreement, dated as of March 21, 1997, among the Company, the Trustee and the Initial Purchasers named therein (the "Registration Rights Agreement"). In the event that no Registration Event has occurred on or prior to the 210th day after the date of the issuance of the Certificates, the interest rate per annum payable in respect of the Equipment Notes and the Deposits shall be increased by 0.50%, from and including the 210th day after the Issuance Date to but excluding (i) the earlier of the date on which a Registration Event occurs and (ii) the date on which there cease to be any Registrable Certificates (as defined in the Registration Rights Agreement). In the event that the Shelf Registration Statement ceases to be effective at any time during the period specified by Section 2(b)(B) of the Registration Rights Agreement for more than 60 days, whether or not consecutive, during any 12-month period, the interest rate per annum payable in respect of the Equipment Notes and the Deposits shall be increased by 0.50% from the 61st day of the applicable 12-month period such Shelf Registration Statement ceases to be effective until such time as the Shelf Registration Statement again becomes effective ( or, if earlier, the end of the period specified by Section 2(b)(B) of the Registration Rights Agreement).](4)

Except as otherwise provided in the Agreement and notwithstanding the above, the final distribution on this Certificate will be made after notice mailed by the Trustee of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency of the Trustee specified in such notice.

Under certain circumstances set forth in Section 11.01 of the Agreement, all of the Trustee's right, title and interest to the Trust Property may be assigned, transferred and delivered to the Related Trustee of the Related Trust pursuant to the Assignment and Assumption Agreement. Upon the effectiveness of such Assignment and Assumption Agreement (the "Transfer"), the Trust shall be terminated, the Certificateholders shall receive beneficial interests in the Related Trust in exchange for their interests in the Trust equal to their respective beneficial interests in the Trust, the Certificates representing Fractional

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(4) To be included only on each Initial Certificate.

Undivided Interests in the Trust shall be deemed for all purposes of the Agreement and the Related Pass Through Trust Agreement to be certificates representing the same fractional undivided interests in the Related Trust and its trust property. Each Certificateholder, by its acceptance of this Certificate or a beneficial interest herein, agrees to be bound by the Assignment and Assumption Agreement and subject to the terms of the Related Pass Through Trust Agreement as a certificateholder thereunder. From and after the Transfer, unless and to the extent the context otherwise requires, references herein to the Trust, the Agreement and the Trustee shall constitute references to the Related Trust, the Related Pass Through Trust Agreement and trustee of the Related Trust, respectively.

The Certificates are issuable only as registered Certificates without coupons in minimum denominations of [\$100,000](5) [\$1,000](6) Fractional Undivided Interest and integral multiples of \$1,000 in excess thereof except that one Certificate may be in a different denomination. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust, as requested by the Certificateholder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee shall require payment by the Holder of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Each Certificateholder or Investor that is not a United States person within the meaning of section 7701(a)(30) of the Internal Revenue Code, as amended, by its acceptance of a Certificate or a beneficial interest therein, agrees to indemnify and hold harmless the Trust and the Trustee from and against any improper failure to withhold taxes from amounts payable to it or for its benefit. Each Certificateholder and Investor, by its acceptance of this Certificate or a beneficial interest herein, agrees to treat the Trust as a grantor trust for all U.S. federal, state and local income tax purposes.

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- (5) To be included only on each Initial Certificate.  
(6) To be included only on each Exchange Certificate

The Trustee, the Registrar, and any agent of the Trustee or the Registrar may treat the person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Trustee, the Registrar, nor any such agent shall be affected by any notice to the contrary.

The obligations and responsibilities created by the Agreement and the Trust created thereby shall terminate upon the distribution to Certificateholders of all amounts required to be distributed to them pursuant to the Agreement and the disposition of all property held as part of the Trust Property.

UNTIL THE TRANSFER, THE AGREEMENT AND THIS CERTIFICATE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. FROM AND AFTER THE TRANSFER, THE AGREEMENT AND THIS CERTIFICATE SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Unless the certificate of authentication hereon has been executed by the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.



IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated: \_\_\_\_\_, 1997

CONTINENTAL AIRLINES  
PASS THROUGH TRUST, SERIES  
1997-1B-0

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

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

Name:  
Title:

Attest:  
\_\_\_\_\_  
Authorized Signature

[FORM OF THE TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Certificates referred  
to in the within-mentioned Agreement.

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

By: -----  
Authorized Officer

## FORM OF TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned registered holder hereby  
sell(s), assign(s) and transfer(s) unto

Insert Taxpayer Identification No.

please print or typewrite name and address including zip code of assignee

the within Certificate and all rights thereunder, hereby irrevocably  
constituting and appointing

attorney to transfer said Certificate on the books of the Trustee with full  
power of substitution in the premises.

[THE FOLLOWING PROVISION TO BE INCLUDED  
ON ALL CERTIFICATES  
EXCEPT REGULATIONS GLOBAL AND  
REGULATIONS DEFINITIVE CERTIFICATES]

In connection with any transfer of this Certificate occurring  
prior to the date that is the earlier of the date of an effective Registration  
Statement or the date two years after the later of the original issuance of  
this Certificate or the last date on which this Certificate was held by  
Continental Airlines, Inc., the Trustee or any affiliate of such Persons, the  
undersigned confirms that without utilizing any general solicitation or general  
advertising that:

[Check One]

(a) this Certificate is being transferred in compliance with the exemption  
from registration under the Securities Act of 1933, as amended, provided by  
Rule 144A thereunder.

or

[ ] (b) this Certificate is being transferred other than in accordance with (a) above and documents are being furnished that comply with the conditions of transfer set forth in this Certificate and the Agreement.

If neither of the foregoing boxes is checked, the Trustee or other Registrar shall not be obligated to register this Certificate in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 3.06 of the Agreement shall have been satisfied.

Date: \_\_\_\_\_ [Name of Transferor]  
\_\_\_\_\_

NOTE: The signature must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatsoever.

Signature Guarantee: \_\_\_\_\_

TO BE COMPLETED BY PURCHASER IF (a) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Certificate for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: \_\_\_\_\_  
\_\_\_\_\_ NOTE: To be executed by an executive officer.

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION WITH  
TRANSFERS OF CERTIFICATES PURSUANT TO REGULATION S

[date]

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

Re: Continental Airlines Pass Through Trust (the "Trust"), Series  
1997-1B-0, Continental Airlines Pass Through Certificates,  
Series 1997-1B-0 (the "Certificates")

Sirs:

In connection with our proposed sale of \$\_\_\_\_\_ Fractional  
Undivided Interest of the Certificates, we confirm that such sale has been  
effected pursuant to and in accordance with Regulation S under the Securities  
Act of 1933, as amended, and, accordingly, we represent that:

- (1) the offer of the Certificates was not made to a  
person in the United States;
- (2) either (a) at the time the buy order was originated,  
the transferee was outside the United States or we and any person  
acting on our behalf reasonably believed that the transferee was  
outside the United States or (b) the transaction was executed in, on  
or through the facilities of a designated off-shore securities market  
and neither we nor any person acting on our behalf knows that the  
transaction has been pre-arranged with a buyer in the United States;
- (3) no directed selling efforts have been made in the  
United States in contravention of the requirements of Rule 903(b) or  
Rule 904(b) of Regulation S, as applicable; and
- (4) the transaction is not part of a plan or scheme to  
evade the registration requirements of the Securities Act.

In addition, if the sale is made during a restricted period and the provisions of Rule 903(c)(3) or Rule 904(c)(1) of Regulation S are applicable thereto, we confirm that such sale has been made in accordance with the applicable provisions of Rule 903(c)(3) or Rule 904(c)(1), as the case may be.

You and Continental Airlines, Inc. are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION  
WITH TRANSFERS OF CERTIFICATES TO  
NON-QIB INSTITUTIONAL ACCREDITED INVESTORS

\_\_\_\_\_ / \_\_\_\_\_  
Wilmington Trust Company  
Rodney Square North  
1100 North Market Street  
Wilmington, DE 19890-0001  
Attention: Corporate Trust Trustee Administration

Continental Airlines, Inc.  
2929 Allen Parkway  
Houston, Texas 77019

CONTINENTAL AIRLINES  
PASS THROUGH TRUST, SERIES 1997-1B-0 (the "Trust")  
Pass Through Certificates, Series 1997-1B-0  
(the "Certificates")

Ladies and Gentlemen:

In connection with our proposed purchase of U.S.  
\$[\_\_\_\_\_] Fractional Undivided Interest of Certificates, we confirm  
that:

1. We understand that any subsequent transfer of the Certificates is subject to certain restrictions and conditions set forth in the Trust Agreement, dated as of March 21, 1997, between Continental Airlines, Inc. (the "Company") and Wilmington Trust Company (the "Trustee") relating to the Certificates, and we agree to be bound by, and not to resell, pledge or otherwise transfer the Certificates except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the "Securities Act").

2. We are purchasing Certificates having an aggregate principal amount of not less than \$100,000 and each account (if

any) for which we are purchasing Certificates is purchasing Certificates having an aggregate principal amount of not less than \$100,000.

3. We understand that the Certificates have not been registered under the Securities Act, that the Certificates are being sold to us in a transaction that is exempt from the registration requirements of the Securities Act and that the Certificates may not be offered or resold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that, if we should sell any Certificates within two years after the later of the original issuance of such Certificate and the last date on which such Certificate is owned by the Company, the Trustee or any affiliate of any of such persons, we will do so only (A) to the Company, (B) in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined therein), (C) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act or (E) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any person purchasing any of the Certificates from us a notice advising such purchaser that resales of the Certificates are restricted as stated herein.

4. We understand that, on any proposed resale of any Certificates, we will be required to furnish to the Company and the Trustee such certifications, legal opinions and other information as the Company and the Trustee may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Certificates purchased by us will bear a legend to the foregoing effect.

5. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Certificates, and we and any accounts for which we are acting are each able to bear the economic risk of our or their investments.

6. We are acquiring the Certificates purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we



exercise sole investment discretion and not with a view to any distribution of the Certificates, subject, nevertheless to the understanding that the disposition of our property shall at all times be and remain within our control.

You are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy thereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

By: -----  
Name:  
Title:

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT  
Continental Airlines Pass Through Trust, Series 1997-[1\_]

ASSIGNMENT AND ASSUMPTION AGREEMENT, dated \_\_\_\_\_, 199\_ (the "Agreement"), between Wilmington Trust Company, a Delaware banking corporation ("WTC"), not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement dated as of March 21, 1997 (as amended, modified or otherwise supplemented from time to time, the "Pass Through Trust Agreement") in respect of the Continental Airlines Pass Through Trust, Series 1997-1\_-0 (the "Assignor"), and Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement dated as of March 21, 1997 (the "New Pass Through Trust Agreement") in respect of the Continental Airlines Pass Through Trust, Series 1997-1\_-S (the "Assignee").

W I T N E S S E T H:

WHEREAS, the parties hereto desire to effect on the date hereof (the "Transfer Date") (a) the transfer by the Assignor to the Assignee of all of the right, title and interest of the Assignor in, under and with respect to, among other things, the Trust Property and each of the documents listed in Schedule I hereto (the "Scheduled Documents") and (b) the assumption by the Assignee of the obligations of the Assignor (i) under the Scheduled Documents and (ii) in respect of the Certificates issued under the Pass Through Trust Agreement; and

WHEREAS, the Scheduled Documents permit such transfer upon satisfaction of certain conditions heretofore or concurrently herewith being complied with;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the parties hereto do hereby agree as follows (capitalized terms used herein without definition having the meaning ascribed thereto in the Pass Through Trust Agreement):

1. Assignment. The Assignor does hereby sell, assign, convey, transfer and set over unto the Assignee as of the Transfer Date all of its present and future right, title and

interest in, under and with respect to the Trust Property and the Scheduled Documents and each other contract, agreement, document or instrument relating to the Trust Property or the Scheduled Documents (such other contracts, agreements, documents or instruments, together with the Scheduled Documents, to be referred to as the "Assigned Documents"), and any proceeds therefrom, together with all documents and instruments evidencing any of such right, title and interest.

2. Assumption. The Assignee hereby assumes for the benefit of the Assignor and each of the parties listed in Schedule II hereto (collectively, the "Beneficiaries") all of the duties and obligations of the Assignor, whenever accrued, pursuant to the Assigned Documents and hereby confirms that it shall be deemed a party to each of the Assigned Documents to which the Assignor is a party and shall be bound by all the terms thereof (including the agreements and obligations of the Assignor set forth therein) as if therein named as the Assignor. Further, the Assignee hereby assumes for the benefit of the Assignor and the Beneficiaries all of the duties and obligations of the Assignor under the Outstanding Certificates and hereby confirms that the Certificates representing Fractional Undivided Interests under the Pass Through Trust Agreement shall be deemed for all purposes of the Pass Through Trust Agreement and the New Pass Through Trust Agreement to be certificates representing the same fractional undivided interests under the New Pass Through Trust Agreement equal to their respective beneficial interests in the trust created under the Pass Through Trust Agreement.

3. Effectiveness. This Agreement shall be effective upon the execution and delivery hereof by the parties hereto, and each Certificateholder, by its acceptance of its Certificate or a beneficial interest therein, agrees to be bound by the terms of this Agreement.

4. Payments. The Assignor hereby covenants and agrees to pay over to the Assignee, if and when received following the Transfer Date, any amounts (including any sums payable as interest in respect thereof) paid to or for the benefit of the Assignor that, under Section 1 hereof, belong to the Assignee.

5. Further Assurances. The Assignor shall, at any time and from time to time, upon the request of the Assignee, promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the

Assignee may reasonably request to obtain the full benefits of this Agreement and of the right and powers herein granted. The Assignor agrees to deliver the Global Certificates, and all Trust Property, if any, then in the physical possession of the Assignor, to the Assignee.

6. Representations and Warranties. (a) The Assignee represents and warrants to the Assignor and each of the Beneficiaries that:

(i) it has all requisite power and authority and legal right to enter into and carry out the transactions contemplated hereby and to carry out and perform the obligations of the "Pass Through Trustee" under the Assigned Documents;

(ii) on and as of the date hereof, the representations and warranties of the Assignee set forth in Section 7.15 of the New Pass Through Trust Agreement are true and correct.

(b) The Assignor represents and warrants to the Assignee

that:

(i) it is duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the full trust power, authority and legal right under the laws of the State of Delaware and the United States pertaining to its trust and fiduciary powers to execute and deliver this Agreement;

(ii) the execution and delivery by it of this Agreement and the performance by it of its obligations hereunder have been duly authorized by it and will not violate its articles of association or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which it is a party or by which it is bound; and

(iii) this Agreement constitutes the legal, valid and binding obligations of it enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general

principles of equity, whether considered in a proceeding at law or in equity.

7. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK INCLUDING MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS.

8. Counterparts. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

9. Third Party Beneficiaries. The Assignee hereby agrees, for the benefit of the Beneficiaries, that its representations, warranties and covenants contained herein are also intended to be for the benefit of each Beneficiary, and each Beneficiary shall be deemed to be an express third party beneficiary with respect thereto, entitled to enforce directly and in its own name any rights or claims it may have against such party as such beneficiary.

IN WITNESS WHEREOF, the parties hereto, through their respective officers thereunto duly authorized, have duly executed this Assignment as of the day and year first above written.

ASSIGNOR:

WILMINGTON TRUST COMPANY, not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement in respect of the Continental Airlines Pass Through Trust 1997-1\_-0

By:

-----

Title:

ASSIGNEE:

WILMINGTON TRUST COMPANY, not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement in respect of the Continental Airlines Pass Through Trust 1997-1\_-S

By:

-----

Title:

## Schedule of Assigned Documents

- (1) Intercreditor Agreement dated as of March 21, 1997 among the Trustee, the Other Trustees, the Liquidity Providers, the liquidity providers, if any, relating to the Certificates issued under (and as defined in) each of the Other Pass Through Trust Agreements and the Subordination Agent.
- (2) Registration Rights Agreement dated as of March 21, 1997 among the Initial Purchasers, the Trustee, the Other Trustees, and the Company.
- (3) Escrow and Paying Agent Agreement (Class \_\_) dated as of March 21, 1997 among the Escrow Agent, the Initial Purchasers, the Trustee and the Paying Agent.
- (4) Note Purchase Agreement dated as of March 21, 1997 among the Company, the Trustee, the Other Trustees, the Depositary, the Escrow Agent, the Paying Agent and the Subordination Agent.
- (5) Deposit Agreement (Class \_\_) dated as of March 21, 1997 between the Escrow Agent and the Depositary.
- (6) Each of the Operative Agreements (as defined in the Participation Agreement for each Aircraft) in effect as of the Transfer Date.

## Schedule of Beneficiaries

Wilmington Trust Company, not in its individual capacity but solely as  
Subordination Agent.

Wilmington Trust Company, not in its individual capacity but solely as Paying  
Agent

ABN AMRO Bank N.V., Chicago Branch, as Liquidity Provider

ING Bank N.V., as Liquidity Provider

Continental Airlines, Inc.

Credit Suisse First Boston Corporation, as Initial Purchaser

Morgan Stanley & Co. Incorporated, as Initial Purchaser

Chase Securities Inc., as Initial Purchaser

Goldman Sachs & Co., as Initial Purchaser

First Security Bank, National Association, as Escrow Agent

Each of the other parties to the Assigned Documents



FORM OF NOTICE TO DESIGNATE NOMINEE AS WITHHOLDING AGENT  
(Treas. Reg. Section 1.1445-8(f); 17 C.F.R. 240.10b-17(b)(1))

[DATE]

National Association of  
Securities Dealers, Inc.  
Market Operations  
80 Merritt Blvd.  
Trumbull, CT 06611

Re: Continental Airlines Pass Through Certificates,  
Series 1997-1B-0 Pass Through Certificates, Series  
1997-1B-0

With respect to distributions to be made on [INSERT DISTRIBUTION DATE] to holders of the above- referenced Pass Through Certificates in the amount of \$ \_\_\_\_ per \$1,000 principal amount of Certificate, we hereby designate the appropriate nominees to withhold from amounts distributable to any non-U.S. Person such amounts as required by section 1446 of the Internal Revenue Code of 1986, as amended. The term "non-U.S. Person" means any person or entity that, for U.S. federal income tax purposes, is not a "U.S. Person." "U.S. Person" for this purpose means a citizen or resident of the United States, a corporation, partnership or other entity created or organized under the laws of the United States or any political subdivision thereof, or an estate or trust, the income of which is subject to U.S. federal income taxation regardless of its source. The date of record for determining holders of Certificates entitled to receive the distribution on [INSERT DISTRIBUTION DATE] is [INSERT RELATED RECORD DATE].

Very truly yours,

E-1

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PASS THROUGH TRUST AGREEMENT

Dated as of March 21, 1997

between

CONTINENTAL AIRLINES, INC.

and

WILMINGTON TRUST COMPANY,

as Trustee

Continental Airlines Pass Through Trust, Series 1997-1C-I-0

7.420% Initial Pass Through Certificates, Series 1997-1C-I-0

7.420% Exchange Pass Through Certificates, Series 1997-1C-I-0  
-----

Reconciliation and tie between Continental Airlines Pass Through Trust Agreement, Series 1997-1C-I-0 dated as of March 21, 1997, and the Trust Indenture Act of 1939. This reconciliation does not constitute part of the Pass Through Trust Agreement.

Trust Indenture Act of 1939 Section		Pass Through Trust Agreement Section
-----		-----
310	(a)(1)	7.08
	(a)(2)	7.08
312	(a)	3.05; 8.01; 8.02
313	(a)	7.06; 8.03
314	(a)	8.04(a), (c) & (d)
	(a)(4)	8.04(e)
	(c)(1)	1.02
	(c)(2)	1.02
	(d)(1)	7.13; 11.01
	(d)(2)	7.13; 11.01
	(d)(3)	2.01
	(e)	1.02
315	(b)	7.02
316	(a)(last sentence)	1.04(c)
	(a)(1)(A)	6.04
	(a)(1)(B)	6.05
	(b)	6.06
	(c)	1.04(e)
317	(a)(1)	6.03
	(b)	7.13
318	(a)	12.06

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## PASS THROUGH TRUST AGREEMENT

This PASS THROUGH TRUST AGREEMENT, dated as of March 21, 1997 (the "Agreement"), between CONTINENTAL AIRLINES, INC., a Delaware corporation, and WILMINGTON TRUST COMPANY, as Trustee, is made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-1C-I-0 and the issuance of 7.420% Continental Airlines Pass Through Trust, Series 1997-1C-I-0 Pass Through Certificates representing fractional undivided interests in the Trust.

## WITNESSETH:

WHEREAS, the Company has obtained commitments from Boeing for the delivery of certain Aircraft;

WHEREAS, the Company intends to finance the acquisition of each such Aircraft either (i) through separate leveraged lease transactions in which the Company will lease such aircraft (collectively, the "Leased Aircraft") or (ii) through separate secured loan transactions in which the Company will own such Aircraft (collectively, the "Owned Aircraft");

WHEREAS, in the case of each Leased Aircraft, each Owner Trustee, acting on behalf of the corresponding Owner Participant, will issue pursuant to an Indenture, on a non-recourse basis, three series of Equipment Notes in order to finance a portion of its purchase price of such Leased Aircraft;

WHEREAS, in the case of each Owned Aircraft, the Company, will issue pursuant to an Indenture, on a recourse basis, three series of Equipment Notes to finance a portion of the purchase price of such Owned Aircraft;

WHEREAS, the Trustee, upon execution and delivery of this Agreement, hereby declares the creation of the Trust for the benefit of the Certificateholders, and the initial Certificateholders, as the grantors of the Trust, by their respective acceptances of the Certificates, join in the creation of this Trust with the Trustee;

WHEREAS, all Certificates to be issued by the Trust will evidence fractional undivided interests in the Trust and will convey no rights, benefits or interests in respect of any

property other than the Trust Property except for those Certificates to which an Escrow Receipt has been affixed;

WHEREAS, the Escrow Agent and the Initial Purchasers have contemporaneously herewith entered into an Escrow Agreement with the Escrow Paying Agent pursuant to which the Initial Purchasers have delivered to the Escrow Agent the proceeds from the sale of the Certificates and have irrevocably instructed the Escrow Agent to withdraw and pay funds from such proceeds upon request and proper certification by the Trustee to purchase Equipment Notes as the Aircraft are delivered by Boeing under the Aircraft Purchase Agreement from time to time prior to the Delivery Period Termination Date;

WHEREAS, the Escrow Agent on behalf of the Certificateholders has contemporaneously herewith entered into a Deposit Agreement with the Depository under which the Deposits referred to therein will be made and from which it will withdraw funds to allow the Trustee to purchase Equipment Notes from time to time prior to the Delivery Period Termination Date;

WHEREAS, pursuant to the terms and conditions of this Agreement and the Note Purchase Agreement, upon or shortly following delivery of an Aircraft, the Trustee on behalf of the Trust, using funds withdrawn under the Escrow Agreement, may purchase an Equipment Note having the same interest rate as, and final maturity date not later than the final Regular Distribution Date of, the Certificates issued hereunder and shall hold such Equipment Note in trust for the benefit of the Certificateholders;

WHEREAS, to facilitate the sale of Equipment Notes to, and the purchase of Equipment Notes by, the Trustee on behalf of the Trust, the Company has duly authorized the execution and delivery of this Agreement as the "issuer", as such term is defined in and solely for purposes of the Securities Act, of the Certificates to be issued pursuant hereto and as the "obligor", as such term is defined in and solely for purposes of the Trust Indenture Act of 1939, as amended, with respect to all such Certificates and is undertaking to perform certain administrative and ministerial duties hereunder and is also undertaking to pay the ongoing fees and expenses of the Trustee;

WHEREAS, all of the conditions and requirements necessary to make this Agreement, when duly executed and

delivered, a valid, binding and legal instrument, enforceable in accordance with its terms and for the purposes herein expressed, have been done, performed and fulfilled, and the execution and delivery of this Agreement in the form and with the terms hereof have been in all respects duly authorized; and

WHEREAS, upon issuance of the Exchange Certificates, if any, or the effectiveness of the Shelf Registration Statement, this Agreement, as amended or supplemented from time to time, will be subject to the provisions of the Trust Indenture Act of 1939, and shall, to the extent applicable, be governed by such provisions;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and of other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

#### ARTICLE I

##### DEFINITIONS

Section 1.01. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms used in this Agreement, including in the recitals to this Agreement, that are defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, or by the rules promulgated under the Trust Indenture Act, have the meanings assigned to them therein;

(3) all references in this Agreement to designated "Articles", "Sections", "Subsections" and other subdivisions are to the designated Articles, Sections, Subsections and other subdivisions of this Agreement;

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection or other subdivision; and

(5) unless the context otherwise requires, whenever the words "including", "include" or "includes" are used herein, it shall be deemed to be followed by the phrase "without limitation".

**Affiliate:** Means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person, provided, however, that neither America West Airlines, Inc. nor any of its subsidiaries shall be deemed to be an "Affiliate" of the Company for purposes of this Agreement. For the purposes of this definition, "control" means the power, directly or indirectly, to direct the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

**Agent Members:** Has the meaning specified in Section 3.05.

**Agreement:** Has the meaning specified in the initial paragraph hereto.

**Aircraft:** Means each of the New Aircraft or Substitute Aircraft in respect of which a Participation Agreement is entered into in accordance with the Note Purchase Agreement.

**Aircraft Purchase Agreement:** Has the meaning specified in the Note Purchase Agreement.

**Applicable Delivery Date:** Has the meaning specified in Section 2.01(b).

**Applicable Participation Agreement:** Has the meaning specified in Section 2.01(b).

**Assignment and Assumption Agreement:** Means the assignment and assumption agreement substantially in the form of Exhibit D hereto executed and delivered in accordance with Section 11.01.

**Authorized Agent:** Means any Paying Agent or Registrar for the Certificates.

**Avoidable Tax:** Means a state or local tax (i) upon (w) the Trust, (x) the Trust Property, (y) Certificateholders or (z) the Trustee for which the Trustee is entitled to seek reimbursement from the Trust Property, and (ii) which would be avoided if the Trustee were located in another state, or jurisdiction within a state, within the United States. A tax shall not be an Avoidable Tax if the Company or any Owner Trustee shall agree to pay, and shall pay, such tax.

**Boeing:** Means The Boeing Company.

**Business Day:** Means any day other than a Saturday, a Sunday or a day on which commercial banks are required or authorized to close in Houston, Texas, New York, New York, Salt Lake City, Utah or, so long as any Certificate is outstanding, the city and state in which the Trustee or any Loan Trustee maintains its Corporate Trust Office or receives and disburses funds.

**Cedel:** Means Cedel Bank societe anonyme.

**Certificate:** Means any one of the Initial Certificates or Exchange Certificates and any such Certificates issued in exchange therefor or replacement thereof pursuant to this Agreement.

**Certificate Account:** Means the account or accounts created and maintained pursuant to Section 4.01(a).

**Certificate Purchase Agreement:** Means the Purchase Agreement dated March 12, 1997 among the Initial Purchasers, the Company and the Depository, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**Certificateholder or Holder:** Means the Person in whose name a Certificate is registered in the Register.

**Class C Certificateholder:** Has the meaning specified in Section 6.01.

**Company:** Means Continental Airlines, Inc., a Delaware corporation, or its successor in interest pursuant to Section 5.02, or (only in the context of provisions hereof, if any, where such reference is required for purposes of compliance with the Trust Indenture Act) any other "obligor"

(within the meaning of the Trust Indenture Act) with respect to the Certificates.

**Controlling Party:** Has the meaning specified in the Intercreditor Agreement.

**Corporate Trust Office:** With respect to the Trustee or any Loan Trustee, means the office of such trustee in the city at which at any particular time its corporate trust business shall be principally administered.

**Cut-off Date:** Means the earlier of (a) the Delivery Period Termination Date and (b) the date on which a Triggering Event occurs.

**Definitive Certificates:** Has the meaning specified in Section 3.01(e).

**Delivery Date:** Has the meaning specified in the Note Purchase Agreement.

**Delivery Notice:** Has the meaning specified in the Note Purchase Agreement.

**Delivery Period Termination Date:** Means the earlier of (a) March 31, 1998, or, if the Equipment Notes relating to all of the New Aircraft (or Substitute Aircraft in lieu thereof) have not been purchased by the Trust and the Other Trusts on or prior to such date due to any reason beyond the control of the Company and not occasioned by the Company's fault or negligence, June 30, 1998 and (b) the date on which Equipment Notes issued with respect to all of the New Aircraft (or Substitute Aircraft in lieu thereof) have been purchased by the Trust and the Other Trusts in accordance with the Note Purchase Agreement.

**Deposits:** Has the meaning specified in the Deposit Agreement.

**Deposit Agreement:** Means the Deposit Agreement dated as of March 21, 1997 relating to the Certificates between the Depositary and the Escrow Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**Depository:** Means Credit Suisse First Boston, a Swiss bank, acting through its New York branch.

**Direction:** Has the meaning specified in Section 1.04(a).

**Distribution Date:** Means any Regular Distribution Date or Special Distribution Date as the context requires.

**DTC:** Means The Depository Trust Company, its nominees and their respective successors.

**Equipment Notes:** Means the equipment notes issued under the Indentures.

**ERISA:** Means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor federal statute.

**ERISA Legend:** Has the meaning specified in Section 3.12.

**Escrow Agent:** Means, initially, First Security Bank, National Association, and any replacement or successor therefor appointed in accordance with the Escrow Agreement.

**Escrow Agreement:** Means the Escrow and Paying Agent Agreement dated as of March 21, 1997 relating to the Certificates, among the Escrow Agent, the Escrow Paying Agent, the Trustee and the Initial Purchasers, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**Escrow Paying Agent:** Means the Person acting as paying agent under the Escrow Agreement.

**Escrow Receipt:** Means the receipt substantially in the form annexed to the Escrow Agreement representing a fractional undivided interest in the funds held in escrow thereunder.

**Euroclear:** Means the Euroclear System.

**Event of Default:** Means an Indenture Default under any Indenture pursuant to which Equipment Notes held by the Trust were issued.



**Exchange Certificates:** Means the pass through certificates substantially in the form of Exhibit A hereto issued in exchange for the Initial Certificates pursuant to the Registration Rights Agreement and authenticated hereunder.

**Exchange Offer:** Means the exchange offer which may be made pursuant to the Registration Rights Agreement to exchange Initial Certificates for Exchange Certificates.

**Exchange Offer Registration Statement:** Means the registration statement that, pursuant to the Registration Rights Agreement, is filed by the Company with the SEC with respect to the exchange of Initial Certificates for Exchange Certificates.

**Final Maturity Date:** Means October 1, 2008.

**Final Withdrawal:** Has the meaning specified in the Escrow Agreement.

**Final Withdrawal Date:** Has the meaning specified in the Escrow Agreement.

**Final Withdrawal Notice:** Has the meaning specified in Section 2.02.

**Financing Documents:** With respect to any Equipment Note, means (i) the Indenture and the Participation Agreement relating to such Equipment Note, and (ii) in the case of any Equipment Note related to a Leased Aircraft, the Lease relating to such Leased Aircraft.

**Fractional Undivided Interest:** Means the fractional undivided interest in the Trust that is evidenced by a Certificate.

**Global Certificates:** Has the meaning specified in Section 3.01(d).

**Global Exchange Certificate:** Has the meaning specified in Section 3.01(f).

**Indenture:** Means each of the separate trust indentures and mortgages relating to the Aircraft, each as specified or described in a Delivery Notice delivered pursuant to the

Note Purchase Agreement or the related Participation Agreement, in each case as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

Indenture Default: With respect to any Indenture, means any Event of Default (as such term is defined in such Indenture).

Initial Certificates: Means the certificates issued and authenticated hereunder substantially in the form of Exhibit A hereto other than the Exchange Certificates.

Initial Purchasers: Means, collectively, Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman Sachs & Co.

Institutional Accredited Investor: Means an institutional investor that is an "accredited investor" within the meaning set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act.

Intercreditor Agreement: Means the Intercreditor Agreement dated as of March 21, 1997 among the Trustee, the Other Trustees, the Liquidity Providers, the liquidity providers relating to the Certificates issued under (and as defined in) each of the Other Pass Through Trust Agreements, and Wilmington Trust Company, as Subordination Agent and as trustee thereunder, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

Investors: Means the Initial Purchasers together with all subsequent beneficial owners of the Certificates.

Issuance Date: Means the date of the issuance of the Initial Certificates.

Lease: Means, with respect to each Leased Aircraft, the lease between an Owner Trustee, as the lessor, and the Company, as the lessee, referred to in the related Indenture, as such lease may be amended, supplemented or otherwise modified in accordance with its terms.

Leased Aircraft: Has the meaning specified in the second recital to this Agreement.

**Liquidity Facility:** Means, initially, (i) the Revolving Credit Agreement dated as of March 21, 1997 relating to the Certificates, between ABN Amro Bank N.V. and the Subordination Agent, as agent and trustee for the Trustee, and (ii) the Revolving Credit Agreement dated as of March 21, 1997 relating to the Certificates, between ING Bank N.V. and the Subordination Agent, as agent and trustee for the Trustee, and, from and after the replacement of either such Agreement pursuant to the Intercreditor Agreement, the replacement liquidity facility therefor, in each case as amended, supplemented or otherwise modified from time to time in accordance with their respective terms.

**Liquidity Provider:** Means, initially, each of ABN Amro Bank N.V. and ING Bank N.V., and any replacement or successor therefor appointed in accordance with the Intercreditor Agreement.

**Loan Trustee:** With respect to any Equipment Note or the Indenture applicable thereto, means the bank or trust company designated as trustee under such Indenture, together with any successor to such trustee appointed pursuant thereto.

**New Aircraft:** Has the meaning specified in the Note Purchase Agreement.

**Non-U.S. Person:** Means a Person that is not a "U.S. person", as defined in Regulation S.

**Note Purchase Agreement:** Means the Note Purchase Agreement dated as of March 21, 1997 among the Trustee, the Other Trustees, the Company, the Escrow Agent, the Escrow Paying Agent and the Subordination Agent, providing for, among other things, the purchase of Equipment Notes by the Trustee on behalf of the Trust, as the same may be amended, supplemented or otherwise modified from time to time, in accordance with its terms.

**Notice of Purchase Withdrawal:** Has the meaning specified in the Deposit Agreement.

**Offering Circular:** Means the Offering Circular dated March 12, 1997 relating to the offering of the Certificates and the certificates issued under the Other Pass Through Trust Agreements.

Officer's Certificate: Means a certificate signed, (a) in the case of the Company, by (i) the Chairman or Vice Chairman of the Board of Directors, the President, any Executive Vice President, any Senior Vice President or the Treasurer of the Company, signing alone, or (ii) any Vice President of the Company signing together with the Secretary, the Assistant Secretary, the Treasurer or any Assistant Treasurer of the Company or, (b) in the case of an Owner Trustee or a Loan Trustee, a Responsible Officer of such Owner Trustee or such Loan Trustee, as the case may be.

Opinion of Counsel: Means a written opinion of legal counsel who (a) in the case of counsel for the Company may be (i) a senior attorney of the Company one of whose principal duties is furnishing advice as to legal matters, (ii) Hughes Hubbard & Reed LLP, or (iii) such other counsel designated by the Company and reasonably acceptable to the Trustee and (b) in the case of counsel for any Owner Trustee or any Loan Trustee may be such counsel as may be designated by any of them whether or not such counsel is an employee of any of them, and who shall be reasonably acceptable to the Trustee.

Other Pass Through Trust Agreements: Means each of the three other Continental Airlines 1997-1 Pass Through Trust Agreements relating to Continental Airlines Pass Through Trust, Series 1997-1A-0, Continental Airlines Pass Through Trust, Series 1997-1B-0, and Continental Airlines Pass Through Trust, Series 1997-1C-II-0, dated the date hereof.

Other Trustees: Means the trustees under the Other Pass Through Trust Agreements, and any successor or other trustee appointed as provided therein.

Other Trusts: Means the Continental Airlines Pass Through Trust, Series 1997-1A-0, Continental Airlines Pass Through Trust, Series 1997-1B-0, and Continental Airlines Pass Through Trust, Series 1997-1C- II-0, created on the date hereof.

Outstanding: When used with respect to Certificates, means, as of the date of determination, all Certificates theretofore authenticated and delivered under this Agreement, except:

(i) Certificates theretofore canceled by the Registrar or delivered to the Trustee or the Registrar for cancellation;

(ii) Certificates for which money in the full amount required to make the final distribution with respect to such Certificates pursuant to Section 11.01 hereof has been theretofore deposited with the Trustee in trust for the Holders of such Certificates as provided in Section 4.01 pending distribution of such money to such Certificateholders pursuant to payment of such final distribution; and

(iii) Certificates in exchange for or in lieu of which other Certificates have been authenticated and delivered pursuant to this Agreement. Owned Aircraft: Has the meaning specified in the second recital to this Agreement.

Owner Participant: With respect to any Equipment Note relating to a Leased Aircraft, means the "Owner Participant" as referred to in the Indenture pursuant to which such Equipment Note is issued and any permitted successor or assign of such Owner Participant; and Owner Participants at any time of determination means all of the Owner Participants thus referred to in the Indentures.

Owner Trustee: With respect to any Equipment Note relating to a Leased Aircraft, means the "Owner Trustee", as referred to in the Indenture pursuant to which such Equipment Note is issued, not in its individual capacity but solely as trustee; and Owner Trustees means all of the Owner Trustees party to any of the Indentures.

Participation Agreement: Means each Participation Agreement to be entered into by the Trustee pursuant to the Note Purchase Agreement, as the same may be amended, supplemented or otherwise modified in accordance with its terms.

Paying Agent: Means the paying agent maintained and appointed for the Certificates pursuant to Section 7.12.

Permitted Investments: Means obligations of the United States of America or agencies or instrumentalities thereof

for the payment of which the full faith and credit of the United States of America is pledged, maturing in not more than 60 days after the date of acquisition thereof or such lesser time as is required for the distribution of any Special Payments on a Special Distribution Date.

Person: Means any person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, trustee, unincorporated organization, or government or any agency or political subdivision thereof.

Plan Transferee: Means any Plan or any entity that is using the assets of any Plan to purchase or hold its interest in a Certificate. For purposes of this definition, a "Plan" means any employee benefit plan subject to ERISA as well as any plan that is not subject to ERISA but which is subject to Section 4975 of the Internal Revenue Code of 1986, as amended.

Pool Balance: Means, as of any date, (i) the original aggregate face amount of the Certificates less (ii) the aggregate amount of all payments made in respect of such Certificates other than payments made in respect of interest or premium thereon or reimbursement of any costs or expenses incurred in connection therewith less (iii) the aggregate amount of unused Deposits distributed as a Final Withdrawal other than payments in respect of interest or premium thereon. The Pool Balance as of any Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property held in such Trust and the distribution thereof to be made on such Distribution Date and the distribution of the Final Withdrawal to be made on such Distribution Date.

Pool Factor: Means, as of any date, the quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance as at such date by (ii) the original aggregate face amount of the Certificates. The Pool Factor as of any Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property and the distribution thereof to be made on such Distribution Date and the distribution of the Final Withdrawal to be made on such Distribution Date.

PTC Event of Default: Means any failure to pay within 10 Business Days of the due date thereof: (i) the outstanding Pool Balance on the Final Maturity Date or (ii) interest due on the Certificates on any Distribution Date (unless the Subordination Agent shall have made an Interest Drawing or Drawings (as defined in the Intercreditor Agreement), or a withdrawal or withdrawals pursuant to section 3.6(f) of the Intercreditor Agreement, with respect thereto in an aggregate amount sufficient to pay such interest and shall have distributed such amount to the Trustee).

QIB: Means a qualified institutional buyer as defined in Rule 144A.

Record Date: Means (i) for Scheduled Payments to be distributed on any Regular Distribution Date, other than the final distribution, the 15th day (whether or not a Business Day) preceding such Regular Distribution Date, and (ii) for Special Payments to be distributed on any Special Distribution Date, other than the final distribution, the 15th day (whether or not a Business Day) preceding such Special Distribution Date.

Register and Registrar: Mean the register maintained and the registrar appointed pursuant to Sections 3.04 and 7.12.

Registration Event: Means the declaration of the effectiveness by the SEC of the Exchange Offer Registration Statement or the Shelf Registration Statement.

Registration Rights Agreement: Means the Exchange and Registration Rights Agreement dated as of March 21, 1997, among the Initial Purchasers, the Trustee, the Other Trustees and the Company, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

Regular Distribution Date: With respect to distributions of Scheduled Payments in respect of the Certificates, means each date designated as a Regular Distribution Date in the Certificates issued pursuant to this Agreement, until payment of all the Scheduled Payments to be made under the Equipment Notes held in the Trust have been made; provided, however, that, if any such day shall

not be a Business Day, the related distribution shall be made on the next succeeding Business Day without additional interest.

Regulation S: Means Regulation S under the Securities Act or any successor regulation thereto.

Regulation S Definitive Certificates: Has the meaning specified in Section 3.01(e).

Regulation S Global Certificates: Has the meaning specified in Section 3.01(d).

Related Pass Through Trust Agreement: Means the Continental Airlines 1997-1 Pass Through Trust Agreement relating to the Continental Airlines Pass Through Trust, Series 1997-1C-I-S, dated the date hereof, entered into by the Company and the institution acting as trustee thereunder, which agreement becomes effective upon the execution and delivery of the Assignment and Assumption Agreement pursuant to Section 11.01.

Related Trust: Means the Continental Pass Through Trust, Series 1997-1C-I-S, formed under the Related Pass Through Trust Agreement.

Related Trustee: Means the trustee under the Related Pass Through Trust Agreement.

Responsible Officer: With respect to the Trustee, any Loan Trustee and any Owner Trustee, means any officer in the Corporate Trust Office of the Trustee, Loan Trustee or Owner Trustee or any other officer customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

Restricted Definitive Certificates: Has the meaning specified in Section 3.01(e).

Restricted Global Certificate: Has the meaning specified in Section 3.01(c).

Restricted Legend: Has the meaning specified in Section 3.02.



Restricted Period: Has the meaning specified in Section 3.01(d).

Rule 144A: Means Rule 144A under the Securities Act and any successor rule thereto.

Scheduled Payment: With respect to any Equipment Note, means (i) any payment of principal or interest on such Equipment Note (other than any such payment which is not in fact received by the Subordination Agent within five days of the date on which such payment is scheduled to be made) due from the obligor thereon or (ii) any payment of interest on the Certificates with funds drawn under any Liquidity Facility, which payment represents the installment of principal at the stated maturity of such installment of principal on such Equipment Note, the payment of regularly scheduled interest accrued on the unpaid principal amount of such Equipment Note, or both; provided that any payment of principal, premium, if any, or interest resulting from the redemption or purchase of any Equipment Note shall not constitute a Scheduled Payment.

SEC: Means the Securities and Exchange Commission, as from time to time constituted or created under the United States Securities Exchange Act of 1934, as amended, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties on such date.

Securities Act: Means the United States Securities Act of 1933, as amended from time to time, or any successor thereto.

Shelf Registration Statement: Means the shelf registration statement which may be required to be filed by the Company with the SEC pursuant to any Registration Rights Agreement, other than an Exchange Offer Registration Statement.

Special Distribution Date: Means each date on which a Special Payment is to be distributed as specified in this Agreement; provided, however, that, if any such day shall not be a Business Day, the related distribution shall be made on the next succeeding Business Day without additional interest.

**Special Redemption Premium:** Means the premium payable by the Company in respect of the Final Withdrawal pursuant to the Note Purchase Agreement.

**Special Payment:** Means any payment (other than a Scheduled Payment) in respect of, or any proceeds of, any Equipment Note or Trust Indenture Estate (as defined in each Indenture) or Special Redemption Premium.

**Special Payments Account:** Means the account or accounts created and maintained pursuant to Section 4.01(b).

**Subordination Agent:** Has the meaning specified in the Intercreditor Agreement.

**Substitute Aircraft:** Has the meaning specified in the Note Purchase Agreement.

**TIN:** Has the meaning specified in Section 7.16.

**Transfer Date:** Has the meaning specified in Section 11.01.

**Triggering Event:** Has the meaning assigned to such term in the Intercreditor Agreement.

**Trust:** Means the trust created by this Agreement, the estate of which consists of the Trust Property.

**Trust Indenture Act:** Means the United States Trust Indenture Act of 1939, as amended from time to time, or any successor thereto.

**Trust Property:** Means (i) the Equipment Notes held as the property of the Trust and, subject to the Intercreditor Agreement, all monies at any time paid thereon and all monies due and to become due thereunder, (ii) funds from time to time deposited in the Certificate Account and the Special Payments Account and, subject to the Intercreditor Agreement, any proceeds from the sale by the Trustee pursuant to Article VI hereof of any Equipment Note and (iii) all rights of the Trust and the Trustee, on behalf of the Trust, under the Intercreditor Agreement, the Escrow Agreement, the Note Purchase Agreement and the Liquidity Facilities, including, without limitation, all rights to receive certain payments thereunder, and all monies paid to

the Trustee on behalf of the Trust pursuant to the Intercreditor Agreement or the Liquidity Facilities, provided, that rights with respect to the Deposits or under the Escrow Agreement, except for the right to direct withdrawals for the purchase of Equipment Notes to be held herein, will not constitute Trust Property.

Trustee: Means Wilmington Trust Company, or its successor in interest, and any successor or other trustee appointed as provided herein.

Trustee's Lien: Has the meaning specified in Section 7.17.

Section 1.02. Compliance Certificates and Opinions. Upon any application or request (except with respect to matters set forth in Article II) by the Company, any Owner Trustee or any Loan Trustee to the Trustee to take any action under any provision of this Agreement, the Company, such Owner Trustee or such Loan Trustee, as the case may be, shall furnish to the Trustee (i) an Officer's Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with and (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Agreement relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Agreement (other than a certificate provided pursuant to Section 8.04(e)) shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions in this Agreement relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

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

Section 1.03. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters and any such Person may certify or give an opinion as to such matters in one or several documents.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Agreement or, in respect of the Certificates, this Agreement, they may, but need not, be consolidated and form one instrument.

Section 1.04. Directions of Certificateholders.

(a) Any direction, consent, request, demand, authorization, notice, waiver or other action provided by this Agreement to be given or taken by Certificateholders (a "Direction") may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Certificateholders in person or by an agent or proxy duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required pursuant to this Agreement, to the Company or any Loan Trustee. Proof of execution of any such instrument or of a writing appointing any such agent or proxy shall be sufficient for any purpose of this Agreement and conclusive in favor of the Trustee, the Company and any Loan Trustee, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the Person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or such other officer and where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other reasonable manner which the Trustee deems sufficient.

(c) In determining whether the Certificateholders of the requisite Fractional Undivided Interests of Certificates Outstanding have given any Direction under this Agreement, Certificates owned by the Company or any Affiliate thereof shall be disregarded and deemed not to be Outstanding for purposes of any such determination. In determining whether the Trustee shall be protected in relying upon any such Direction, only Certificates which the Trustee knows to be so owned shall be so disregarded. Notwithstanding the foregoing, (i) if any such Person owns 100% of the Certificates Outstanding, such Certificates shall not be so disregarded, and (ii) if any amount of Certificates so owned by any such Person have been pledged in good faith, such Certificates shall not be disregarded if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Certificates and that the pledgee is not the Company or any Affiliate thereof.

(d) For all purposes of this Agreement, all Initial Certificates and all Exchange Certificates shall vote and take all other actions of Certificateholders together as one series of Certificates.

(e) The Company may at its option, by delivery of an Officer's Certificate to the Trustee, set a record date to determine the Certificateholders entitled to give any Direction. Notwithstanding Section 316(c) of the Trust Indenture Act, such record date shall be the record date specified in such Officer's Certificate, which shall be a date not more than 30 days prior to the first solicitation of Certificateholders in connection

therewith. If such a record date is fixed, such Direction may be given before or after such record date, but only the Certificateholders of record at the close of business on such record date shall be deemed to be Certificateholders for the purposes of determining whether Certificateholders of the requisite proportion of Outstanding Certificates have authorized or agreed or consented to such Direction, and for that purpose the Outstanding Certificates shall be computed as of such record date; provided that no such Direction by the Certificateholders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Agreement not later than one year after such record date.

(f) Any Direction by the Holder of any Certificate shall bind the Holder of every Certificate issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such Direction is made upon such Certificate.

(g) Except as otherwise provided in Section 1.04(c), Certificates owned by or pledged to any Person shall have an equal and proportionate benefit under the provisions of this Agreement, without preference, priority, or distinction as among all of the Certificates.

## ARTICLE II

### ORIGINAL ISSUANCE OF CERTIFICATES; ACQUISITION OF EQUIPMENT NOTES

Section 2.01. Issuance of Certificates; Acquisition of Equipment Notes. (a) The Trustee is hereby directed (i) to execute and deliver the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement and the Note Purchase Agreement on or prior to the Issuance Date, each in the form delivered to the Trustee by the Company and (ii) subject to the respective terms thereof, to perform its obligations thereunder. Upon request of the Company and the satisfaction or waiver of the closing conditions specified in the Certificate Purchase Agreement, the Trustee shall execute, deliver, authenticate, issue and sell Certificates in authorized denominations equalling in the aggregate the amount set forth, with respect to the Trust, in Schedule II to the Certificate Purchase Agreement evidencing the entire ownership interest in the Trust, which amount equals the maximum aggregate principal amount of Equipment Notes which

may be purchased by the Trustee pursuant to the Note Purchase Agreement. Except as provided in Sections 3.04, 3.05, 3.06, 3.07 and 3.10 hereof, the Trustee shall not execute, authenticate or deliver Certificates in excess of the aggregate amount specified in this paragraph.

(b) On or after the Issuance Date, the Company may deliver from time to time to the Trustee a Delivery Notice relating to one or more Equipment Notes. After receipt of a Delivery Notice and in any case no later than one Business Day prior to a Delivery Date as to which such Delivery Notice relates (the "Applicable Delivery Date") (or, if the Issuance Date is an Applicable Delivery Date, on the Issuance Date), the Trustee shall (as and when specified in the Delivery Notice) instruct the Escrow Agent to provide a Notice of Purchase Withdrawal to the Depository requesting (A) the withdrawal of one or more Deposits on the Applicable Delivery Date in accordance with and to the extent permitted by the terms of the Escrow Agreement and the Deposit Agreement and (B) the payment of all, or a portion, of such Deposit or Deposits in an amount equal in the aggregate to the purchase price of such Equipment Notes to or on behalf of the Owner Trustee or the Company, as the case may be, issuing such Equipment Notes, all as shall be described in the Delivery Notice; provided that, if the Issuance Date is an Applicable Delivery Date, such purchase price shall be paid from a portion of the proceeds of the sale of the Certificates. The Trustee shall (as and when specified in such Delivery Notice), subject to the conditions set forth in Section 2 of the Note Purchase Agreement, enter into and perform its obligations under the Participation Agreement specified in such Delivery Notice (the "Applicable Participation Agreement") and cause such certificates, documents and legal opinions relating to the Trustee to be duly delivered as required by the Applicable Participation Agreement. If at any time prior to the Applicable Delivery Date, the Trustee receives a notice of postponement pursuant to Section 2(e) or 2(f) of the Note Purchase Agreement, then the Trustee shall give the Depository with a copy to the Escrow Agent a notice of cancellation of such Notice of Purchase Withdrawal relating to such Deposit or Deposits on such Applicable Delivery Date. Upon satisfaction of the conditions specified in the Note Purchase Agreement and the Applicable Participation Agreement, the Trustee shall purchase the applicable Equipment Notes with the proceeds of the withdrawals of one or more Deposits made on the Applicable Delivery Date in accordance with the terms of the Deposit Agreement and the Escrow

Agreement (or, if the Issuance Date is Applicable Delivery Date with respect to such Applicable Participation Agreement, from a portion of the proceeds of the sale of the Certificates). The purchase price of such Equipment Notes shall equal the principal amount of such Equipment Notes. Amounts withdrawn from such Deposit or Deposits in excess of the purchase price of the Equipment Notes or to the extent not applied on the Applicable Delivery Date to the purchase price of the Equipment Notes, shall be re-deposited by the Trustee with the Depository on the Applicable Delivery Date in accordance with the terms of the Deposit Agreement.

Section 2.02. Withdrawal of Deposits. If any Deposits remain outstanding on the Business Day next succeeding the Cut-Off Date, (i) (A) the Trustee shall give the Escrow Agent notice that the Trustee's obligation to purchase Equipment Notes under the Note Purchase Agreement has terminated and instruct the Escrow Agent to provide a notice of Final Withdrawal to the Depository substantially in the form of Exhibit B to the Deposit Agreement (the "Final Withdrawal Notice") and (B) the Trustee will make a demand upon the Company under the Note Purchase Agreement for an amount equal to the Special Redemption Premium, such payment to be made on the Final Withdrawal Date.

Section 2.03. Acceptance by Trustee. The Trustee, upon the execution and delivery of this Agreement, acknowledges its acceptance of all right, title and interest in and to the Trust Property and declares that the Trustee holds and will hold such right, title and interest for the benefit of all then present and future Certificateholders, upon the trusts herein set forth. Subject to Section 7.14, the Trustee shall take all actions reasonably necessary to effect the registration of all such Equipment Notes in the name of the Subordination Agent. By its payment for and acceptance of each Certificate issued to it under this Agreement, each initial Certificateholder as grantor of the Trust thereby joins in the creation and declaration of the Trust.

Section 2.04. Limitation of Powers. The Trust is constituted solely for the purpose of making the investment in the Equipment Notes, and, except as set forth herein, the Trustee shall not be authorized or empowered to acquire any other investments or engage in any other activities and, in particular, the Trustee shall not be authorized or empowered to do anything that would cause such Trust to fail to qualify as a "grantor



trust" for federal income tax purposes (including as subject to this restriction, acquiring any Aircraft (as defined in the respective Indentures) by bidding such Equipment Notes or otherwise, or taking any action with respect to any such Aircraft once acquired).

### ARTICLE III

#### THE CERTIFICATES

Section 3.01. Title, Form, Denomination and Execution of Certificates. (a) The Initial Certificates shall be known as the "7.420% Initial Pass Through Certificates, Series 1997-1C-I-0" and the Exchange Certificates shall be known as the "7.420% Exchange Pass Through Certificates, Series 1997-1C-I-0", in each case, of the Trust. Each Certificate will represent a fractional undivided interest in the Trust and shall be substantially in the form set forth as Exhibit A hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Agreement 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 the rules of any securities exchange or as may, consistently herewith, be determined by the Trustee or the officers executing such Certificates, as evidenced by the Trustee's or officer's execution of the Certificates. At the Escrow Agent's request under the Escrow Agreement, the Trustee shall affix the corresponding Escrow Receipt to each Certificate. In any event, any transfer or exchange of any Certificate shall also effect a transfer or exchange of the related Escrow Receipt. Prior to the Final Withdrawal Date, no transfer or exchange of any Certificate shall be permitted unless the corresponding Escrow Receipt is attached thereto and also is so transferred or exchanged. By acceptance of any Certificate to which an Escrow Receipt is attached, each Holder of such a Certificate acknowledges and accepts the restrictions on transfer of the Escrow Receipt set forth herein and in the Escrow Agreement.

(b) The Initial Certificates shall be issued only in fully registered form without coupons and only in denominations of \$100,000 or integral multiples of \$1,000 in excess thereof, except that one Certificate may be issued in a different denomination. The Exchange Certificates will be issued in denominations of \$1,000 or integral multiples thereof, except that one Certificate may be issued in a different denomination.

Each Certificate shall be dated the date of its authentication. The aggregate Fractional Undivided Interest of Certificates shall not at any time exceed \$111,093,000.

(c) The Initial Certificates offered and sold in reliance on Rule 144A shall be issued in the form of one or more global Certificates substantially in the form of Exhibit A hereto with such applicable legends as are provided for in Section 3.02 (each a "Restricted Global Certificate") duly executed and authenticated by the Trustee as hereinafter provided. Such Restricted Global Certificates shall be in registered form and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC. The aggregate principal amount of any Restricted Global Certificate may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Restricted Global Certificate, as provided in Section 3.06 hereof, which adjustments shall be conclusive as to the aggregate principal amount of any such Global Certificate.

(d) The Initial Certificates offered and sold outside the United States in reliance on Regulation S shall be issued in the form of one or more global Certificates substantially in the form of Exhibit A hereto (each a "Regulation S Global Certificate") duly executed and authenticated by the Trustee as hereinafter provided. Such Regulation S Global Certificates shall be in registered form and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC, for credit initially and during the Restricted Period (hereinafter defined) to the respective accounts of beneficial owners of such Certificates (or to such other accounts as they may direct) at Morgan Guaranty Trust Company of New York, Brussels office, as operator of Euroclear or Cedel. As used herein, the term "Restricted Period", with respect to the Regulation S Global Certificates offered and sold in reliance on Regulation S, means the period of 40 consecutive days beginning on and including the later of (i) the day on which the Certificates are first offered to persons other than distributors (as defined in Regulation S) in reliance on Regulation S and (ii) the date of the closing of the offering under the Certificate Purchase Agreement. The aggregate principal amount of any Regulation S Global Certificate may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Global Certificate, as provided in Section 3.06 hereof, which adjustments shall be

conclusive as to the aggregate principal amount of any such Global Certificate. The Restricted Global Certificate and Regulation S Global Certificate are sometimes collectively referred to herein as the "Global Certificates".

(e) Initial Certificates offered and sold to any Institutional Accredited Investor which is not a QIB in a transaction exempt from registration under the Securities Act (and other than as described in Section 3.01(d)) shall be issued substantially in the form of Exhibit A hereto in definitive, fully registered form without interest coupons with such applicable legends as are provided for in Section 3.02 (the "Restricted Definitive Certificates") duly executed and authenticated by the Trustee as hereinafter provided. Certificates issued pursuant to Section 3.05(b) in exchange for interests in a Regulation S Global Certificate shall be issued in definitive, fully registered form without interest coupons (the "Regulation S Definitive Certificates"). The Restricted Definitive Certificates and the Regulation S Definitive Certificates are sometimes collectively referred to herein as the "Definitive Certificates".

(f) The Exchange Certificates shall be issued in the form of one or more global Certificates substantially in the form of Exhibit A hereto (each, a "Global Exchange Certificate"), except that (i) the Restricted Legend (hereinafter defined) shall be omitted and (ii) such Exchange Certificates shall contain such appropriate insertions, omissions, substitutions and other variations from the form set forth in Exhibit A hereto relating to the nature of the Exchange Certificates as the Responsible Officer of the Trustee executing such Exchange Certificates on behalf of the Trust may determine, as evidenced by such officer's execution on behalf of the Trust of such Exchange Certificates. Such Global Exchange Certificates shall be in registered form and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC. The aggregate principal amount of any Global Exchange Certificate may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Global Exchange Certificate, which adjustments shall be conclusive as to the aggregate principal amount of any such Global Exchange Certificate. Subject to clause (i) and (ii) of the first sentence of this Section 3.01(f), the terms hereof applicable to Restricted Global Certificates and/or Global

Certificates shall apply to the Global Exchange Certificates, mutatis mutandis.

(g) The definitive Certificates shall be in registered form and shall be typed, printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner, all as determined by the officers executing such Certificates, as evidenced by their execution of such Certificates.

Section 3.02. Restrictive Legends. All Initial Certificates issued pursuant to this Agreement for resale pursuant to Rule 144A or offered and sold to any Institutional Accredited Investor which is not a QIB (including any Global Certificate issued upon registration of transfer, in exchange for or in lieu of such Certificates) shall be "Restricted Certificates" and shall bear a legend to the following effect (the "Restricted Legend") unless the Company and the Trustee determine otherwise consistent with applicable law:

"THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) (AN "INSTITUTIONAL ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS CERTIFICATE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT; (2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE EXCEPT (A) TO CONTINENTAL AIRLINES, INC., (B) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO

THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT; AND (3) AGREES THAT IF IT SHOULD RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE IT WILL DELIVER TO EACH PERSON TO WHOM THIS CERTIFICATE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS CERTIFICATE WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

Each Global Certificate shall bear the following legend on the

face thereof:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUSTEE OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN EXCHANGE FOR THIS CERTIFICATE IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS

GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 3.05 AND 3.06 OF THE PASS THROUGH TRUST AGREEMENT REFERRED TO HEREIN."

Section 3.03. Authentication of Certificates. (a) On the Issuance Date, the Trustee shall duly execute, authenticate and deliver Certificates in authorized denominations equalling in the aggregate the amount set forth, with respect to the Trust, in Schedule II to the Certificate Purchase Agreement, evidencing the entire ownership of the Trust, which amount equals the maximum aggregate principal amount of Equipment Notes which may be purchased by the Trustee pursuant to the Note Purchase Agreement.

(b) No Certificate shall be entitled to any benefit under this Agreement or be valid or obligatory for any purpose, unless there appears on such Certificate a certificate of authentication substantially in the form provided for herein executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder.

Section 3.04. Transfer and Exchange. The Trustee shall cause to be kept at the office or agency to be maintained by it in accordance with the provisions of Section 7.12 a register (the "Register") of the Certificates in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration of such Certificates and of transfers and exchanges of such Certificates as herein provided. The Trustee shall initially be the registrar (the "Registrar") for the purpose of registering such Certificates and transfers and exchanges of such Certificates as herein provided.

All Certificates issued upon any registration of transfer or exchange of Certificates shall be valid obligations of the Trust, evidencing the same interest therein, and entitled to the same benefits under this Trust Agreement, as the Certificates surrendered upon such registration of transfer or exchange.

A Certificateholder may transfer a Certificate, or request that a Certificate be exchanged for Certificates in an aggregate Fractional Undivided Interest equal to the Fractional Undivided Interest of such Certificate surrendered for exchange

of other authorized denominations, by surrender of such Certificate to the Trustee with the form of transfer notice thereon duly completed and executed, and otherwise complying with the terms of this Agreement, including providing evidence of compliance with any restrictions on transfer, in form satisfactory to the Trustee and the Registrar; provided that no exchanges of Initial Certificates for Exchange Certificates shall occur until an Exchange Offer Registration Statement shall have been declared effective by the SEC (notice of which shall be provided to the Trustee by the Company). No such transfer shall be effected until, and such transferee shall succeed to the rights of a Certificateholder only upon, final acceptance and registration of the transfer by the Registrar in the Register. Prior to the registration of any transfer by a Certificateholder as provided herein, the Trustee shall treat the person in whose name the Certificate is registered as the owner thereof for all purposes, and the Trustee shall not be affected by notice to the contrary. Furthermore, DTC shall, by acceptance of a Global Certificate, agree that transfers of beneficial interests in such Global Certificate may be effected only through a book-entry system maintained by DTC (or its agent), and that ownership of a beneficial interest in the Certificate shall be required to be reflected in a book-entry. When Certificates are presented to the Registrar with a request to register the transfer thereof or to exchange them for other authorized denominations of a Certificate in a Fractional Undivided Interest equal to the aggregate Fractional Undivided Interest of Certificates surrendered for exchange, the Registrar shall register the transfer or make the exchange as requested if its requirements for such transactions are met.

To permit registrations of transfers and exchanges in accordance with the terms, conditions and restrictions hereof, the Trustee shall execute and authenticate Certificates at the Registrar's request. No service charge shall be made to a Certificateholder for any registration of transfer or exchange of Certificates, but the Trustee shall require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Certificates. All Certificates surrendered for registration of transfer or exchange shall be canceled and subsequently destroyed by the Trustee.

Section 3.05. Book-Entry Provisions for Restricted Global Certificates and Regulation S Global Certificates. (a) Members of, or participants in, DTC ("Agent Members") shall have no rights under this Agreement with respect to any Global Certificate held on their behalf by DTC, or the Trustee as its custodian, and DTC may be treated by the Trustee and any agent of the Trustee as the absolute owner of such Global Certificate for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Trustee or any agent of the Trustee from giving effect to any written certification, proxy or other authorization furnished by DTC or shall impair, as between DTC and its Agent Members, the operation of customary practices governing the exercise of the rights of a holder of any Certificate. Upon the issuance of any Global Certificate, the Registrar or its duly appointed agent shall record DTC as the registered holder of such Global Certificate.

(b) Transfers of any Global Certificate shall be limited to transfers of such Restricted Global Certificate or Regulation S Global Certificate in whole, but not in part, to DTC. Beneficial interests in the Restricted Global Certificate and any Regulation S Global Certificate may be transferred in accordance with the rules and procedures of DTC and the provisions of Section 3.06. Beneficial interests in a Restricted Global Certificate or a Regulation S Global Certificate shall be delivered to all beneficial owners thereof in the form of Restricted Definitive Certificates or Regulation S Definitive Certificates, as the case may be, if (i) DTC notifies the Trustee that it is unwilling or unable to continue as depository for such Restricted Global Certificate or Regulation S Global Certificate, as the case may be, and a successor depository is not appointed by the Trustee within 90 days of such notice, and (ii) after the occurrence and during the continuance of an Event of Default, owners of beneficial interests in a Global Certificate with Fractional Undivided Interests aggregating not less than a majority in interest in the Trust advise the Trustee, the Company and DTC through Agent Members in writing that the continuation of a book-entry system through DTC or its successor is no longer in their best interests.

(c) Any beneficial interest in one of the Global Certificates that is transferred to a Person who takes delivery in the form of an interest in another Global Certificate will, upon such transfer, cease to be an interest in such Global Certificate and become an interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to



beneficial interests in such other Global Certificate for as long as it remains such an interest.

(d) In connection with the transfer of an entire Restricted Global Certificate or an entire Regulation S Global Certificate to the beneficial owners thereof pursuant to paragraph (b) of this Section 3.05, such Restricted Global Certificate or Regulation S Global Certificate, as the case may be, shall be deemed to be surrendered to the Trustee for cancellation, and the Trustee shall execute, authenticate and deliver, to each beneficial owner identified by DTC in exchange for its beneficial interest in such Restricted Global Certificate or Regulation S Global Certificate, as the case may be, an equal aggregate principal amount of Restricted Definitive Certificates or Regulation S Definitive Certificates, as the case may be, of authorized denominations. None of the Company, the Registrar, the Paying Agent nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such registration instructions. Upon the issuance of Definitive Certificates, the Trustee shall recognize the Person in whose name the Definitive Certificates are registered in the Register as Certificateholders hereunder. Neither the Company nor the Trustee shall be liable if the Trustee or the Company is unable to locate a qualified successor clearing agency.

(e) Any Definitive Certificate delivered in exchange for an interest in the Restricted Global Certificate pursuant to paragraph (b) of this Section 3.05 shall, except as otherwise provided by paragraph (e) of Section 3.06, bear the Restricted Legend.

(f) Prior to the expiration of the Restricted Period, any Regulation S Definitive Certificate delivered in exchange for an interest in a Regulation S Global Certificate pursuant to paragraph (b) of this Section shall bear the Restricted Legend.

(g) The registered holder of any Restricted Global Certificate or Regulation S Global Certificate may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Agreement or the Certificates.

Section 3.06. Special Transfer Provisions. Unless and until (i) an Initial Certificate is sold under an effective Shelf Registration Statement, or (ii) an Initial Certificate is exchanged for an Exchange Certificate pursuant to an effective Exchange Offer Registration Statement, in each case pursuant to the terms of the Registration Rights Agreement, the following provisions shall apply to such Initial Certificates:

(a) Transfers to Non-QIB Institutional Accredited Investors. The following provisions shall apply with respect to the registration of any proposed transfer of a Certificate to any Institutional Accredited Investor which is neither a QIB nor a Non-U.S. Person:

(i) The Registrar shall register the transfer of any Certificate, whether or not bearing the Restricted Legend, only if (x) the requested transfer is at least two years after the later of the original issue date of the Certificates and the last date on which such Certificate was held by the Company, the Trustee or any affiliate of any of such Persons or (y) the proposed transferor is an Initial Purchaser who is transferring Certificates purchased under the Certificates Purchase Agreement and the proposed transferee has delivered to the Registrar a letter substantially in the form of Exhibit C hereto and the aggregate principal amount of the Certificates being transferred is at least \$100,000. Except as provided in the foregoing clause (y), the Registrar shall not register the transfer of any Certificate to any Institutional Accredited Investor which is neither a QIB nor a Non-U.S. Person.

(ii) If the proposed transferor is an Agent Member holding a beneficial interest in a Restricted Global Certificate, upon receipt by the Registrar of (x) the documents, if any, required by paragraph (i) and (y) instructions given in accordance with DTC's and the Registrar's procedures, the Registrar shall reflect on its books and records the date of the transfer and a decrease in the principal amount of such Restricted Global Certificate in an amount equal to the principal amount of the beneficial interest in such Restricted Global Certificate to be transferred, and the Trustee shall execute, authenticate and deliver to the

transferor or at its direction, one or more Restricted Definitive Certificates of like tenor and amount.

(b) Transfers to QIBs. The following provisions shall apply with respect to the registration of any proposed transfer of an Initial Certificate to a QIB (excluding Non-U.S. Persons):

(i) If the Certificate to be transferred consists of Restricted Definitive Certificates, or of an interest in any Regulation S Global Certificate during the Restricted Period, the Registrar shall register the transfer if such transfer is being made by a proposed transferor who has checked the box provided for on the form of Initial Certificate stating, or has otherwise advised the Trustee and the Registrar in writing, that the sale has been made in compliance with the provisions of Rule 144A to a transferee who has signed the certification provided for on the form of Initial Certificate stating, or has otherwise advised the Trustee and the Registrar in writing, that it is purchasing the Initial Certificate for its own account or an account with respect to which it exercises sole investment discretion and that it, or the Person on whose behalf it is acting with respect to any such account, is a QIB within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Trust and/or the Company as it has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A.

(ii) Upon receipt by the Registrar of the documents required by clause (i) above and instructions given in accordance with DTC's and the Registrar's procedures therefor, the Registrar shall reflect on its books and records the date of such transfer and an increase in the principal amount of a Restricted Global Certificate in an amount equal to the principal amount of the Restricted Definitive Certificates or interests in such Regulation S Global Certificate, as the case may be, being transferred, and the Trustee shall cancel

such Definitive Certificates or decrease the amount of such Regulation S Global Certificate so transferred.

(c) Transfers of Interests in the Regulation S Global Certificate or Regulation S Definitive Certificates. After the expiration of the Restricted Period, the Registrar shall register any transfer of interests in any Regulation S Global Certificate or Regulation S Definitive Certificates without requiring any additional certification. Until the expiration of the Restricted Period, interests in the Regulation S Global Certificate may only be held through Agent Members acting for and on behalf of Euroclear and Cedel.

(d) Transfers to Non-U.S. Persons at Any Time. The following provisions shall apply with respect to any registration of any transfer of an Initial Certificate to a Non-U.S. Person:

(i) Prior to the expiration of the Restricted Period, the Registrar shall register any proposed transfer of an Initial Certificate to a Non-U.S. Person upon receipt of a certificate substantially in the form set forth as Exhibit B hereto from the proposed transferor.

(ii) After the expiration of the Restricted Period, the Registrar shall register any proposed transfer to any Non-U.S. Person if the Certificate to be transferred is a Restricted Definitive Certificate or an interest in a Restricted Global Certificate, upon receipt of a certificate substantially in the form of Exhibit B from the proposed transferor. The Registrar shall promptly send a copy of such certificate to the Company.

(iii) Upon receipt by the Registrar of (x) the documents, if any, required by clause (ii) and (y) instructions in accordance with DTC's and the Registrar's procedures, the Registrar shall reflect on its books and records the date of such transfer and a decrease in the principal amount of such Restricted Global Certificate in an amount equal to the principal amount of the beneficial interest in such Restricted Global Certificate to be transferred, and, upon receipt by the Registrar of instructions given in accordance with DTC's and the Registrar's procedures, the

Registrar shall reflect on its books and records the date and an increase in the principal amount of the Regulation S Global Certificate in an amount equal to the principal amount of the Restricted Definitive Certificate or the Restricted Global Certificate, as the case may be, to be transferred, and the Trustee shall cancel the Definitive Certificate, if any, so transferred or decrease the amount of such Restricted Global Certificate.

(e) Restricted Legend. Upon the transfer, exchange or replacement of Certificates not bearing the Restricted Legend, the Registrar shall deliver Certificates that do not bear the Restricted Legend. Upon the transfer, exchange or replacement of Certificates bearing the Restricted Legend, the Registrar shall deliver only Certificates that bear the Restricted Legend unless either (i) the circumstances contemplated by paragraph (d)(ii) of this Section 3.06 exist or (ii) there is delivered to the Registrar an Opinion of Counsel to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

(f) General. By acceptance of any Certificate bearing the Restricted Legend, each Holder of such a Certificate acknowledges the restrictions on transfer of such Certificate set forth in this Agreement and agrees that it will transfer such Certificate only as provided in this Agreement. The Registrar shall not register a transfer of any Certificate unless such transfer complies with the restrictions on transfer, if any, of such Certificate set forth in this Agreement. In connection with any transfer of Certificates, each Certificateholder agrees by its acceptance of the Certificates to furnish the Registrar or the Trustee such certifications, legal opinions or other information as either of them may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in accordance with the terms and provisions of this Article III; provided that the Registrar shall not be required to determine the sufficiency of any such certifications, legal opinions or other information.

Until such time as no Certificates remain Outstanding, the Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 3.05 or

this Section 3.06. The Trustee, if not the Registrar at such time, shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

Section 3.07. Mutilated, Destroyed, Lost or Stolen

Certificates. If (a) any mutilated Certificate is surrendered to the Registrar or the Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Certificate and (b) there is delivered to the Registrar and the Trustee such security, indemnity or bond, as may be required by them to save each of them harmless, then, in the absence of notice to the Registrar or the Trustee that such destroyed, lost or stolen Certificate has been acquired by a bona fide purchaser, and provided that the requirements of Section 8-405 of the Uniform Commercial Code in effect in any applicable jurisdiction are met, the Trustee shall execute, authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate or Certificates, in authorized denominations and of like Fractional Undivided Interest and bearing a number not contemporaneously outstanding.

In connection with the issuance of any new Certificate under this Section 3.07, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee and the Registrar) connected therewith.

Any duplicate Certificate issued pursuant to this Section 3.07 shall constitute conclusive evidence of the appropriate Fractional Undivided Interest in the Trust, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates.

Section 3.08. Persons Deemed Owners. Prior to due presentment of a Certificate for registration of transfer, the Trustee, the Registrar and any Paying Agent may treat the Person in whose name any Certificate is registered (as of the day of

determination) as the owner of such Certificate for the purpose of receiving distributions pursuant to Article IV and for all other purposes whatsoever, and none of the Trustee, the Registrar or any Paying Agent shall be affected by any notice to the contrary.

Section 3.09. Cancellation. All Certificates surrendered for payment or transfer or exchange shall, if surrendered to the Trustee or any agent of the Trustee other than the Registrar, be delivered to the Registrar for cancellation and shall promptly be canceled by it. No Certificates shall be authenticated in lieu of or in exchange for any Certificates canceled as provided in this Section, except as expressly permitted by this Agreement. All canceled Certificates held by the Registrar shall be destroyed and a certification of their destruction delivered to the Trustee.

Section 3.10. Temporary Certificates. Until definitive Certificates are ready for delivery, the Trustee shall authenticate temporary Certificates. Temporary Certificates shall be substantially in the form of definitive Certificates but may have insertions, substitutions, omissions and other variations determined to be appropriate by the officers executing the temporary Certificates, as evidenced by their execution of such temporary Certificates. If temporary Certificates are issued, the Trustee will cause definitive Certificates to be prepared without unreasonable delay. After the preparation of definitive Certificates, the temporary Certificates shall be exchangeable for definitive Certificates upon surrender of the temporary Certificates at the office or agency of the Trustee designated for such purpose pursuant to Section 7.12, without charge to the Certificateholder. Upon surrender for cancellation of any one or more temporary Certificates, the Trustee shall execute, authenticate and deliver in exchange therefor a like face amount of definitive Certificates of authorized denominations. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Agreement as definitive Certificates.

Section 3.11. Limitation of Liability for Payments. All payments and distributions made to Certificateholders in respect of the Certificates shall be made only from the Trust Property and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Property to make such payments in accordance with the terms of Article IV of this

Agreement. Each Certificateholder, by its acceptance of a Certificate, agrees that it will look solely to the income and proceeds from the Trust Property for any payment or distribution due to such Certificateholder pursuant to the terms of this Agreement and that it will not have any recourse to the Company, the Trustee, the Loan Trustees, the Liquidity Providers, the Owner Trustees or the Owner Participants, except as otherwise expressly provided herein or in the Intercreditor Agreement.

The Company is a party to this Agreement solely for purposes of meeting the requirements of the Trust Indenture Act, and therefore shall not have any right, obligation or liability hereunder (except as otherwise expressly provided herein).

Section 3.12 ERISA Restrictive Legend. All Certificates issued pursuant to this Agreement shall bear a legend to the following effect (the "ERISA Legend") unless the Company and the Trustee determine otherwise consistent with applicable law:

"BY ITS ACQUISITION HEREOF, THE HOLDER REPRESENTS THAT (A) IT IS NOT A PLAN TRANSFEREE (AS DEFINED IN THE PASS THROUGH TRUST AGREEMENT) OR (B) IT IS AN INSURANCE COMPANY USING THE ASSETS OF ITS GENERAL ACCOUNT TO ACQUIRE THIS CERTIFICATE, AND THE CONDITIONS OF PROHIBITED TRANSACTION CLASS EXEMPTION 95-60 ISSUED BY THE U.S. DEPARTMENT OF LABOR HAVE BEEN AND WILL CONTINUE TO BE SATISFIED IN CONNECTION WITH ITS PURCHASE AND HOLDING OF THIS CERTIFICATE. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

By acceptance of any Certificate bearing the ERISA Legend, each Holder of such a Certificate acknowledges the restrictions on transfer of such Certificate set forth in this Agreement and agrees that it will transfer such Certificate only as provided in this Agreement. The Registrar shall not register a transfer of any Certificate unless such transfer complies with the restrictions on transfer, if any, of such Certificate set forth in this Agreement.



## ARTICLE IV

DISTRIBUTIONS; STATEMENTS TO  
CERTIFICATEHOLDERS

## Section 4.01. Certificate Account and Special Payments

Account. (a) The Trustee shall establish and maintain on behalf of the Certificateholders a Certificate Account as one or more non-interest-bearing accounts. The Trustee shall hold the Certificate Account in trust for the benefit of the Certificateholders, and shall make or permit withdrawals therefrom only as provided in this Agreement. On each day when a Scheduled Payment is made to the Trustee under the Intercreditor Agreement, the Trustee upon receipt thereof shall immediately deposit the aggregate amount of such Scheduled Payment in the Certificate Account.

(b) The Trustee shall establish and maintain on behalf of the Certificateholders a Special Payments Account as one or more accounts, which shall be non-interest bearing except as provided in Section 4.04. The Trustee shall hold the Special Payments Account in trust for the benefit of the Certificateholders and shall make or permit withdrawals therefrom only as provided in this Agreement. On each day when one or more Special Payments are made to the Trustee under the Intercreditor Agreement and upon the payment of the Special Redemption Premium to the Trustee under the Note Purchase Agreement, the Trustee, upon receipt thereof, shall immediately deposit the aggregate amount of such Special Payments in the Special Payments Account.

(c) The Trustee shall cause the Subordination Agent to present to the related Loan Trustee of each Equipment Note such Equipment Note on the date of its stated final maturity or, in the case of any Equipment Note which is to be redeemed in whole pursuant to the related Indenture, on the applicable redemption date under such Indenture.

## Section 4.02. Distributions from Certificate Account and

Special Payments Account. (a) On each Regular Distribution Date or as soon thereafter as the Trustee has confirmed receipt of the payment of all or any part of the Scheduled Payments due on such date, the Trustee shall distribute out of the Certificate Account the entire amount deposited therein pursuant to Section 4.01(a). There shall be so distributed to each Certificateholder of record on the Record Date with respect to such Regular

Distribution Date (other than as provided in Section 11.01 concerning the final distribution) by check mailed to such Certificateholder, at the address appearing in the Register, such Certificateholder's pro rata share (based on the Fractional Undivided Interest in the Trust held by such Certificateholder) of the total amount in the Certificate Account, except that, with respect to Certificates registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(b) On each Special Distribution Date with respect to any Special Payment or as soon thereafter as the Trustee has confirmed receipt of any Special Payments due on the Equipment Notes held in the related Trust or realized upon the sale of such Equipment Notes or receipt of the Special Redemption Premium, the Trustee shall distribute out of the Special Payments Account the entire amount of such Special Payment deposited therein pursuant to Section 4.01(b). There shall be so distributed to each Certificateholder of record on the Record Date with respect to such Special Distribution Date (other than as provided in Section 11.01 concerning the final distribution) by check mailed to such Certificateholder, at the address appearing in the Register, such Certificateholder's pro rata share (based on the Fractional Undivided Interest in the Trust held by such Certificateholder) of the total amount in the Special Payments Account on account of such Special Payment, except that, with respect to Certificates registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(c) The Trustee shall, at the expense of the Company, cause notice of each Special Payment to be mailed to each Certificateholder at his address as it appears in the Register. In the event of redemption or purchase of Equipment Notes held in the Trust, such notice shall be mailed not less than 20 days prior to the Special Distribution Date for the Special Payment resulting from such redemption or purchase, which Special Distribution Date shall be the date of such redemption or purchase. In the event of the payment of a Special Redemption Premium by the Company to the Trustee under the Note Purchase Agreement, such notice shall be mailed, together with the notice by the Escrow Paying Agent under Section 2.06 of the Escrow Agreement, not less than 20 days prior to the Special Distribution Date for such amount, which Special Distribution Date shall be the Final Withdrawal Date. In the case of any

other Special Payments, such notice shall be mailed as soon as practicable after the Trustee has confirmed that it has received funds for such Special Payment, stating the Special Distribution Date for such Special Payment which shall occur not less than 20 days after the date of such notice and as soon as practicable thereafter. Notices mailed by the Trustee shall set forth:

- (i) the Special Distribution Date and the Record Date therefor (except as otherwise provided in Section 11.01),
- (ii) the amount of the Special Payment for each \$1,000 face amount Certificate and the amount thereof constituting principal, premium, if any, and interest,
- (iii) the reason for the Special Payment, and
- (iv) if the Special Distribution Date is the same date as a Regular Distribution Date, the total amount to be received on such date for each \$1,000 face amount Certificate.

If the amount of (i) premium, if any, payable upon the redemption or purchase of an Equipment Note or (ii) the Special Redemption Premium, if any, has not been calculated at the time that the Trustee mails notice of a Special Payment, it shall be sufficient if the notice sets forth the other amounts to be distributed and states that any premium received will also be distributed.

If any redemption of the Equipment Notes held in the Trust is canceled, the Trustee, as soon as possible after learning thereof, shall cause notice thereof to be mailed to each Certificateholder at its address as it appears on the Register.

Section 4.03. Statements to Certificateholders. (a) On each Distribution Date, the Trustee will include with each distribution to Certificateholders of a Scheduled Payment or Special Payment, as the case may be, a statement setting forth the information provided below (in the case of a Special Payment, including any Special Redemption Premium, reflecting in part the information provided by the Escrow Paying Agent under the Escrow Agreement). Such statement shall set forth (per \$1,000 face amount Certificate as to (ii), (iii), (iv) and (v) below) the following information:

(i) the aggregate amount of funds distributed on such Distribution Date hereunder and under the Escrow Agreement, indicating the amount allocable to each source;

(ii) the amount of such distribution hereunder allocable to principal and the amount allocable to premium (including the Special Redemption Premium), if any;

(iii) the amount of such distribution hereunder allocable to interest; and

(iv) the amount of such distribution under the Escrow Agreement allocable to interest;

(v) the amount of such distribution under the Escrow Agreement allocable to Deposits; and

(vi) the Pool Balance and the Pool Factor.

With respect to the Certificates registered in the name of DTC, on the Record Date prior to each Distribution Date, the Trustee will request from DTC a securities position listing setting forth the names of all Agent Members reflected on DTC's books as holding interests in the Certificates on such Record Date. On each Distribution Date, the Trustee will mail to each such Agent Member the statement described above and will make available additional copies as requested by such Agent Member for forwarding to holders of interests in the Certificates.

(b) Within a reasonable period of time after the end of each calendar year but not later than the latest date permitted by law, the Trustee shall furnish to each Person who at any time during such calendar year was a Certificateholder of record a statement containing the sum of the amounts determined pursuant to clauses (a)(i), (a)(ii), (a)(iii), (a)(iv) and (a)(v) above for such calendar year or, in the event such Person was a Certificateholder of record during a portion of such calendar year, for such portion of such year, and such other items as are readily available to the Trustee and which a Certificateholder shall reasonably request as necessary for the purpose of such Certificateholder's preparation of its federal income tax returns. Such statement and such other items shall be prepared on the basis of information supplied to the Trustee by the Agent Members and shall be delivered by the Trustee to such Agent

Members to be available for forwarding by such Agent Members to the holders of interests in the Certificates in the manner described in Section 4.03(a).

(c) Promptly following (i) the Delivery Period Termination Date, if there has been any change in the information set forth in clauses (x), (y) and (z) below from that set forth in page 81 of the Offering Circular, and (ii) any early redemption of purchase of, or any default in the payment of principal or interest in respect of, any of the Equipment Notes held in the Trust, or any Final Withdrawal, the Trustee shall furnish to Certificateholders of record on such date a statement setting forth (x) the expected Pool Balances for each subsequent Regular Distribution Date following the Delivery Period Termination Date, (y) the related Pool Factors for such Regular Distribution Dates and (z) the expected principal distribution schedule of the Equipment Notes, in the aggregate, held as Trust Property at the date of such notice. With respect to the Certificates registered in the name of DTC, on the Delivery Period Termination Date, the Trustee will request from DTC a securities position listing setting forth the names of all Agent Members reflected on DTC's books as holding interests in the Certificates on such date. The Trustee will mail to each such Agent Member the statement described above and will make available additional copies as requested by such Agent Member for forwarding to holders of interests in the Certificates.

Section 4.04. Investment of Special Payment Moneys. Any money received by the Trustee pursuant to Section 4.01(b) representing a Special Payment which is not distributed on the date received shall, to the extent practicable, be invested in Permitted Investments by the Trustee pending distribution of such Special Payment pursuant to Section 4.02. Any investment made pursuant to this Section 4.04 shall be in such Permitted Investments having maturities not later than the date that such moneys are required to be used to make the payment required under Section 4.02 on the applicable Special Distribution Date and the Trustee shall hold any such Permitted Investments until maturity. The Trustee shall have no liability with respect to any investment made pursuant to this Section 4.04, other than by reason of the willful misconduct or negligence of the Trustee. All income and earnings from such investments shall be distributed on such Special Distribution Date as part of such Special Payment.

## ARTICLE V

## THE COMPANY

Section 5.01. Maintenance of Corporate Existence. The Company, at its own cost and expense, will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, except as otherwise specifically permitted in Section 5.02; provided, however, that the Company shall not be required to preserve any right or franchise if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company.

Section 5.02. Consolidation, Merger, etc. The Company shall not consolidate with or merge into any other corporation or convey, transfer or lease substantially all of its assets as an entirety to any Person unless:

(a) the corporation formed by such consolidation or into which the Company is merged or the Person that acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety shall be (i) organized and validly existing under the laws of the United States of America or any state thereof or the District of Columbia, (ii) a "citizen of the United States" as defined in 49 U.S.C. 40102(a)(15), as amended, and (iii) a United States certificated air carrier, if and so long as such status is a condition of entitlement to the benefits of Section 1110 of the Bankruptcy Reform Act of 1978, as amended (11 U.S.C. Section 1110), with respect to the Leases;

(b) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety shall execute and deliver to the Trustee a duly authorized, valid, binding and enforceable agreement in form and substance reasonably satisfactory to the Trustee containing an assumption by such successor corporation or Person of the due and punctual performance and observance of each covenant and condition of this Agreement, the Other Pass Through Trust Agreements and each Financing Document to be performed or observed by the Company; and

(c) the Company shall have delivered to the Trustee an Officer's Certificate of the Company and an Opinion of Counsel of the Company reasonably satisfactory to the Trustee, each stating

that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in clause (b) above comply with this Section 5.02 and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger, or any conveyance, transfer or lease of substantially all of the assets of the Company as an entirety in accordance with this Section 5.02, the successor corporation or Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Agreement with the same effect as if such successor corporation or Person had been named as the Company herein. No such conveyance, transfer or lease of substantially all of the assets of the Company as an entirety shall have the effect of releasing any successor corporation or Person which shall have become such in the manner prescribed in this Section 5.02 from its liability in respect of this Agreement and any Financing Document to which it is a party.

#### ARTICLE VI

##### DEFAULT

###### Section 6.01. Events of Default. (a) Exercise of Remedies.

Upon the occurrence and during the continuation of any Indenture Default under any Indenture, the Trustee may, to the extent it is the Controlling Party at such time (as determined pursuant to the Intercreditor Agreement), direct the exercise of remedies as provided in the Intercreditor Agreement.

###### (b) Purchase Rights of Certificateholders. At any time

after the occurrence and during the continuation of a Triggering Event, each Holder of a Certificate or a Class C-II Certificate (a "Class C Certificateholder") shall have the right (which shall not expire upon any purchase of the Class A Certificates pursuant to the Class B Trust Agreement) to purchase all, but not less than all, of the Class A Certificates and the Class B Certificates upon ten days' written notice to the Class A Trustee, the Class B Trustee and each other Class C Certificateholder, provided that (A) if prior to the end of such ten-day period any other Class C Certificateholder notifies such purchasing Class C Certificateholder that such other Class C

Certificateholder wants to participate in such purchase, then such other Class C Certificateholder may join with the purchasing Class C Certificateholder to purchase all, but not less than all, of the Class A Certificates and the Class B Certificates pro rata based on the Fractional Undivided Interest in the Trust and Class C-II Trust, taken as a whole, held by each such Class C Certificateholder and (B) if prior to the end of such ten-day period any other Class C Certificateholder fails to notify the purchasing Class C Certificateholder of such other Class C Certificateholder's desire to participate in such a purchase, then such other Class C Certificateholder shall lose its right to purchase the Class A Certificates and Class B Certificates pursuant to this Section 6.01(b).

No such purchase of Class A Certificates and Class B Certificates shall be effective unless the purchaser(s) shall certify to the Other Trustees of each such Class that contemporaneously with such purchase, such purchaser(s) is purchasing, pursuant to the terms of this Agreement and the Other Pass Through Trust Agreements, the Class A Certificates and the Class B Certificates. Each payment of the purchase price of the Certificates as determined in the Other Pass Through Trust Agreement for such Class shall be made to an account or accounts designated by the trustee under such Other Pass Through Trust Agreement and each such purchase shall be subject to the terms of this Section 6.01(b). The Class A Certificates and the Class B Certificates will be deemed to be purchased on the date payment of the purchase price is made notwithstanding the failure of the Certificateholders of either Class to deliver any Certificates of such Class (whether in the form of Definitive Certificates or beneficial interests in Global Certificates (as defined in the Other Pass Through Trust Agreement for such Class)) and, upon such a purchase, (i) the only rights of the Certificateholders of such Class will be to deliver the Class A Certificates or the Class B Certificates, as the case may be, to the purchaser(s) and receive the purchase price for such Certificates and (ii) if the purchaser(s) shall so request, such Certificateholder will comply with all the provisions of Section 3.04 of the Other Pass Through Trust Agreement for such Class to enable new Certificates of such Class to be issued to the purchaser in such denominations as it shall request. All charges and expenses in connection with the issuance of any such new Certificates shall be borne by the purchaser thereof.



As used in this Section 6.01(b), the terms "Class", "Class A Certificate", "Class A Trustee", "Class B Certificate", "Class B Trust Agreement", "Class B Trustee", "Class C-II Certificate" and "Class C-II Trust" shall have the respective meanings assigned to such terms in the Intercreditor Agreement.

Section 6.02. Incidents of Sale of Equipment Notes. Upon any sale of all or any part of the Equipment Notes made either under the power of sale given under this Agreement or otherwise for the enforcement of this Agreement, the following shall be applicable:

(1) Certificateholders and Trustee May Purchase Equipment Notes. Any Certificateholder, the Trustee in its individual or any other capacity or any other Person may bid for and purchase any of the Equipment Notes, and upon compliance with the terms of sale, may hold, retain, possess and dispose of such Equipment Notes in their own absolute right without further accountability.

(2) Receipt of Trustee Shall Discharge Purchaser. The receipt of the Trustee making such sale shall be a sufficient discharge to any purchaser for his purchase money, and, after paying such purchase money and receiving such receipt, such purchaser or its personal representative or assigns shall not be obliged to see to the application of such purchase money, or be in any way answerable for any loss, misapplication or non-application thereof.

(3) Application of Moneys Received upon Sale. Any moneys collected by the Trustee upon any sale made either under the power of sale given by this Agreement or otherwise for the enforcement of this Agreement shall be applied as provided in Section 4.02.

Section 6.03. Judicial Proceedings Instituted by Trustee; Trustee May Bring Suit. If there shall be a failure to make payment of the principal of, premium, if any, or interest on any Equipment Note, or if there shall be any failure to pay Rent (as defined in the relevant Lease) under any Lease when due and payable, then the Trustee, in its own name and as trustee of an express trust, as holder of such Equipment Notes, to the extent permitted by and in accordance with the terms of the Intercreditor Agreement and the Financing Documents (subject to the rights of the applicable Owner Trustee or Owner Participant

to cure any such failure to pay principal of, premium, if any, or interest on any Equipment Note or to pay Rent under any Lease in accordance with the applicable Indenture), shall be entitled and empowered to institute any suits, actions or proceedings at law, in equity or otherwise, for the collection of the sums so due and unpaid on such Equipment Notes or under such Lease and may prosecute any such claim or proceeding to judgment or final decree with respect to the whole amount of any such sums so due and unpaid.

Section 6.04. Control by Certificateholders. Subject to Section 6.03 and the Intercreditor Agreement, the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to the Trust or pursuant to the terms of the Intercreditor Agreement, or exercising any trust or power conferred on the Trustee under this Agreement or the Intercreditor Agreement, including any right of the Trustee as Controlling Party under the Intercreditor Agreement or as holder of the Equipment Notes, provided that

(1) such Direction shall not be in conflict with any rule of law or with this Agreement and would not involve the Trustee in personal liability or expense,

(2) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Certificateholders not taking part in such Direction, and

(3) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such Direction.

Section 6.05. Waiver of Past Defaults. Subject to the Intercreditor Agreement, the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust (i) may on behalf of all of the Certificateholders waive any past Event of Default hereunder and its consequences or (ii) if the Trustee is the Controlling Party, may direct the Trustee to instruct the applicable Loan Trustee to waive any past Indenture Default under any Indenture and its consequences, and thereby annul any Direction given by such Certificateholders or the

Trustee to such Loan Trustee with respect thereto, except a default:

(1) in the deposit of any Scheduled Payment or Special Payment under Section 4.01 or in the distribution of any payment under Section 4.02 on the Certificates, or

(2) in the payment of the principal of (premium, if any) or interest on the Equipment Notes, or

(3) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of each Certificateholder holding an Outstanding Certificate affected thereby.

Upon any such waiver, such default shall cease to exist with respect to the Certificates and any Event of Default arising therefrom shall be deemed to have been cured for every purpose and any direction given by the Trustee on behalf of the Certificateholders to the relevant Loan Trustee shall be annulled with respect thereto; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Upon any such waiver, the Trustee shall vote the Equipment Notes issued under the relevant Indenture to waive the corresponding Indenture Default.

Section 6.06. Right of Certificateholders to Receive Payments Not to Be Impaired. Anything in this Agreement to the contrary notwithstanding, including, without limitation, Section 6.07 hereof, but subject to the Intercreditor Agreement, the right of any Certificateholder to receive distributions of payments required pursuant to Section 4.02 hereof on the Certificates when due, or to institute suit for the enforcement of any such payment on or after the applicable Regular Distribution Date or Special Distribution Date, shall not be impaired or affected without the consent of such Certificateholder.

Section 6.07. Certificateholders May Not Bring Suit Except Under Certain Conditions. A Certificateholder shall not have the right to institute any suit, action or proceeding at law or in equity or otherwise with respect to this Agreement, for the appointment of a receiver or for the enforcement of any other remedy under this Agreement, unless:

(1) such Certificateholder previously shall have given written notice to the Trustee of a continuing Event of Default;

(2) Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than 25% of the Trust shall have requested the Trustee in writing to institute such action, suit or proceeding and shall have offered to the Trustee indemnity as provided in Section 7.03(e);

(3) the Trustee shall have refused or neglected to institute such an action, suit or proceeding for 60 days after receipt of such notice, request and offer of indemnity; and

(4) no direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust.

It is understood and intended that no one or more of the Certificateholders shall have any right in any manner whatsoever hereunder or under the Certificates to (i) surrender, impair, waive, affect, disturb or prejudice any property in the Trust Property or the lien of any Indenture on any property subject thereto, or the rights of the Certificateholders or the holders of the Equipment Notes, (ii) obtain or seek to obtain priority over or preference with respect to any other such Certificateholder or (iii) enforce any right under this Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Certificateholders subject to the provisions of this Agreement.

Section 6.08. Remedies Cumulative. Every remedy given hereunder to the Trustee or to any of the Certificateholders shall not be exclusive of any other remedy or remedies, and every such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter given by statute, law, equity or otherwise.

## ARTICLE VII

## THE TRUSTEE

## Section 7.01. Certain Duties and Responsibilities. (a)

Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trustee.

## (b) In case an Event of Default has occurred and is

continuing, the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of its own affairs.

## (c) No provision of this Agreement shall be construed to

relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that

## (1) this Subsection shall not be construed to limit the

effect of Subsection (a) of this Section; and

## (2) the Trustee shall not be liable for any error of

judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

## (d) Whether or not herein expressly so provided, every

provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

## Section 7.02. Notice of Defaults. As promptly as

practicable after, and in any event within 90 days after, the occurrence of any default (as such term is defined below) hereunder, the Trustee shall transmit by mail to the Company, the Owner Trustees, the Owner Participants, the Loan Trustees and the Certificateholders in accordance with Section 313(c) of the Trust Indenture Act, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default on the payment of the principal, premium, if any, or interest on any Equipment Note held in the Trust, the Trustee shall be protected in withholding such notice if and so long as the board of

directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Certificateholders. For the purpose of this Section, the term "default" means any event that is, or after notice or lapse of time or both would become, an Event of Default.

Section 7.03. Certain Rights of Trustee. Subject to the provisions of Section 315 of the Trust Indenture Act:

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

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a written description of the subject matter thereof accompanied by an Officer's Certificate and an Opinion of Counsel as provided in Section 1.02 of this Agreement;

(c) whenever in the administration of this Agreement the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate of the Company, any Owner Trustee or any Loan Trustee;

(d) the Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the Direction of any of the Certificateholders pursuant to this Agreement, unless such Certificateholders shall have offered to the Trustee reasonable security or indemnity against the cost, expenses and liabilities which might be incurred by it in compliance with such Direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document;

(g) the Trustee may execute any of the trusts or powers under this Agreement or perform any duties under this Agreement either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it under this Agreement;

(h) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the Direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement; and

(i) the Trustee shall not be required to expend or risk its own funds in the performance of any of its duties under this Agreement, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk is not reasonably assured to it.

Section 7.04. Not Responsible for Recitals or Issuance of Certificates. The recitals contained herein and in the Certificates, except the certificates of authentication, shall not be taken as the statements of the Trustee, and the Trustee assumes no responsibility for their correctness. Subject to Section 7.15, the Trustee makes no representations as to the validity or sufficiency of this Agreement, any Equipment Notes, the Intercreditor Agreement, the Deposit Agreement, the Escrow Agreement, the Certificates or any other Financing Document, except that the Trustee hereby represents and warrants that this Agreement has been, and the Intercreditor Agreement, the Registration Rights Agreement, the Note Purchase Agreement, the Escrow Agreement and each Certificate will be, executed, authenticated and delivered by one of its officers who is duly

authorized to execute, authenticate and deliver such document on its behalf.

Section 7.05. May Hold Certificates. The Trustee, any Paying Agent, Registrar or any of their Affiliates or any other agent in their respective individual or any other capacity may become the owner or pledgee of Certificates and, subject to Sections 310(b) and 311 of the Trust Indenture Act, if applicable, may otherwise deal with the Company, the Owner Trustees or the Loan Trustees with the same rights it would have if it were not Trustee, Paying Agent, Registrar or such other agent.

Section 7.06. Money Held in Trust. Money held by the Trustee or the Paying Agent in trust hereunder need not be segregated from other funds except to the extent required herein or by law and neither the Trustee nor the Paying Agent shall have any liability for interest upon any such moneys except as provided for herein.

Section 7.07. Compensation and Reimbursement. The Company agrees:

(1) to pay, or cause to be paid, to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse, or cause to be reimbursed, the Trustee upon its request for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence, willful misconduct or bad faith or as may be incurred due to the Trustee's breach of its representations and warranties set forth in Section 7.15; and

(3) to indemnify, or cause to be indemnified, the Trustee for, and to hold it harmless against, any loss, liability or expense (other than for or with respect to any tax) incurred without negligence, willful misconduct or bad faith, on its part, arising out of or in connection with the



acceptance or administration of this Trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder, except for any such loss, liability or expense incurred by reason of the Trustee's breach of its representations and warranties set forth in Section 7.15; provided, however, that the foregoing paragraph (3) shall cease to have any further force or effect upon the execution and delivery by the Trustee of any Participation Agreement.

With respect to paragraph (3) above, the Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel with the consent of the Company and the Company will pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made, in settlement or otherwise, without its consent.

The Trustee shall be entitled to reimbursement from, and shall have a lien prior to the Certificates upon, the Trust Property for any tax incurred without negligence, bad faith or willful misconduct, on its part, arising out of or in connection with the acceptance or administration of such Trust (other than any tax attributable to the Trustee's compensation for serving as such), including any costs and expenses incurred in contesting the imposition of any such tax. If the Trustee reimburses itself from the Trust Property of such Trust for any such tax, it will mail a brief report within 30 days setting forth the circumstances thereof to all Certificateholders as their names and addresses appear in the Register.

Section 7.08. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be eligible to act as a trustee under Section 310(a) of the Trust Indenture Act and shall have a combined capital and surplus of at least \$75,000,000 (or a combined capital and surplus in excess of \$5,000,000 and the obligations of which, whether now in existence or hereafter incurred, are fully and unconditionally guaranteed by a corporation organized and doing business under the laws of the United States, any state or territory thereof or of the District of Columbia and having a combined capital and surplus of at least \$75,000,000). If such corporation publishes reports of conditions at least annually, pursuant to law or to the

requirements of federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section 7.08, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.08 to act as Trustee, the Trustee shall resign immediately as Trustee in the manner and with the effect specified in Section 7.09.

Section 7.09. Resignation and Removal; Appointment of Successor. (a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 7.10.

(b) The Trustee may resign at any time as trustee by giving prior written notice thereof to the Company, the Authorized Agents, the Owner Trustees and the Loan Trustees. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Company, the Authorized Agents, the Owner Trustees, the Loan Trustees and the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust delivered to the Trustee and to the Company, the Owner Trustees and the Loan Trustees.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 310 of the Trust Indenture Act, if applicable, after written request therefor by the Company or by any Certificateholder who has been a bona fide Certificateholder for at least six months; or

(2) the Trustee shall cease to be eligible under Section 7.08 and shall fail to resign after written request therefor by the Company or by any such Certificateholder; or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any case, (i) the Company may, with the consent of the Owner Participants, which consent may not be unreasonably withheld, remove the Trustee or (ii) any Certificateholder who has been a bona fide Certificateholder for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If a Responsible Officer of the Trustee shall obtain actual knowledge of an Avoidable Tax which has been or is likely to be asserted, the Trustee shall promptly notify the Company and shall, within 30 days of such notification, resign hereunder unless within such 30-day period the Trustee shall have received notice that the Company has agreed to pay such tax. The Company shall promptly appoint a successor Trustee in a jurisdiction where there are no Avoidable Taxes.

(f) If the Trustee shall resign, be removed or become incapable of acting or if a vacancy shall occur in the office of the Trustee for any cause, the Company shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or other occurrence of such vacancy, a successor Trustee shall be appointed by Direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust delivered to the Company, the Owner Trustees, the Loan Trustees and the retiring Trustee, and the Company approves such appointment, which approval shall not be unreasonably withheld, then the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed as provided above. If no successor Trustee shall have been so appointed as provided above and accepted appointment in the manner hereinafter provided, any Certificateholder who has been a bona fide Certificateholder for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(g) The successor Trustee shall give notice of the resignation and removal of the Trustee and appointment of the successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Certificateholders as their names and addresses appear in the Register. Each notice shall include the name of such successor Trustee and the address of its Corporate Trust Office.

Section 7.10. Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute and deliver to the Company, the Authorized Agents, the Owner Trustees and the Loan Trustees and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall execute and deliver an instrument transferring to such successor Trustee all such rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all Trust Property held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 7.07. Upon request of any such successor Trustee, the Company, the retiring Trustee and such successor Trustee shall execute and deliver any and all instruments containing such provisions as shall be necessary or desirable to transfer and confirm to, and for more fully and certainly vesting in, such successor Trustee all such rights, powers and trusts.

No institution shall accept its appointment as a Trustee hereunder unless at the time of such acceptance such institution shall be qualified and eligible under this Article VII.

Section 7.11. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article VII, without the execution or filing of any paper or any further act on the

part of any of the parties hereto. In case any Certificates shall have been executed or authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such execution or authentication and deliver the Certificates so executed or authenticated with the same effect as if such successor Trustee had itself executed or authenticated such Certificates.

Section 7.12. Maintenance of Agencies. (a) There shall at all times be maintained an office or agency in the location set forth in Section 12.03 where Certificates may be presented or surrendered for registration of transfer or for exchange, and for payment thereof and where notices and demands to or upon the Trustee in respect of such certificates or this Agreement may be served; provided, however, that, if it shall be necessary that the Trustee maintain an office or agency in another location (e.g., the Certificates shall be represented by Definitive Certificates and shall be listed on a national securities exchange), the Trustee will make all reasonable efforts to establish such an office or agency. Written notice of the location of each such other office or agency and of any change of location thereof shall be given by the Trustee to the Company, the Owner Trustees, the Loan Trustees (in the case of any Owner Trustee or Loan Trustee, at its address specified in the Financing Documents or such other address as may be notified to the Trustee) and the Certificateholders. In the event that no such office or agency shall be maintained or no such notice of location or of change of location shall be given, presentations and demands may be made and notices may be served at the Corporate Trust Office of the Trustee.

(b) There shall at all times be a Registrar and a Paying Agent hereunder with respect to the Certificates. Each such Authorized Agent shall be a bank or trust company, shall be a corporation organized and doing business under the laws of the United States or any state, with a combined capital and surplus of at least \$75,000,000, or, if the Trustee shall be acting as the Registrar or Paying Agent hereunder, a corporation having a combined capital and surplus in excess of \$5,000,000, the obligations of which are guaranteed by a corporation organized and doing business under the laws of the United States or any state, with a combined capital and surplus of at least \$75,000,000, and shall be authorized under such laws to exercise corporate trust powers, subject to supervision by Federal or

state authorities. The Trustee shall initially be the Paying Agent and, as provided in Section 3.04, Registrar hereunder with respect to the Certificates. Each Registrar shall furnish to the Trustee, at stated intervals of not more than six months, and at such other times as the Trustee may request in writing, a copy of the Register maintained by such Registrar.

(c) Any corporation into which any Authorized Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Authorized Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authorized Agent, shall be the successor of such Authorized Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the parties hereto or such Authorized Agent or such successor corporation.

(d) Any Authorized Agent may at any time resign by giving written notice of resignation to the Trustee, the Company, the Owner Trustees and the Loan Trustees. The Company may, and at the request of the Trustee shall, at any time terminate the agency of any Authorized Agent by giving written notice of termination to such Authorized Agent and to the Trustee. Upon the resignation or termination of an Authorized Agent or in case at any time any such Authorized Agent shall cease to be eligible under this Section (when, in either case, no other Authorized Agent performing the functions of such Authorized Agent shall have been appointed), the Company shall promptly appoint one or more qualified successor Authorized Agents, reasonably satisfactory to the Trustee, to perform the functions of the Authorized Agent which has resigned or whose agency has been terminated or who shall have ceased to be eligible under this Section. The Company shall give written notice of any such appointment made by it to the Trustee, the Owner Trustees and the Loan Trustees; and in each case the Trustee shall mail notice of such appointment to all Certificateholders as their names and addresses appear on the Register.

(e) The Company agrees to pay, or cause to be paid, from time to time to each Authorized Agent reasonable compensation for its services and to reimburse it for its reasonable expenses.

Section 7.13. Money for Certificate Payments to Be Held in Trust. All moneys deposited with any Paying Agent for the purpose of any payment on Certificates shall be deposited and held in trust for the benefit of the Certificateholders entitled to such payment, subject to the provisions of this Section. Moneys so deposited and held in trust shall constitute a separate trust fund for the benefit of the Certificateholders with respect to which such money was deposited.

The Trustee may at any time, for the purpose of obtaining the satisfaction and discharge of this Agreement or for any other purpose, direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Section 7.14. Registration of Equipment Notes in Name of Subordination Agent. The Trustee agrees that all Equipment Notes to be purchased by the Trust shall be issued in the name of the Subordination Agent or its nominee and held by the Subordination Agent in trust for the benefit of the Certificateholders, or, if not so held, the Subordination Agent or its nominee shall be reflected as the owner of such Equipment Notes in the register of the issuer of such Equipment Notes.

Section 7.15. Representations and Warranties of Trustee. The Trustee hereby represents and warrants that:

(a) the Trustee is a Delaware banking corporation organized and validly existing in good standing under the laws of the State of Delaware;

(b) the Trustee has full power, authority and legal right to execute, deliver, and perform this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement and the Financing Documents to which it is a party and has taken all necessary action to authorize the execution, delivery, and performance by it of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement and the Financing Documents to which it is a party;

(c) the execution, delivery and performance by the Trustee of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement and the Financing Documents to which it is a party (i) will not violate any provision of United States federal law or the law of the state of the United States where it is located governing the banking and trust powers of the Trustee or any order, writ, judgment, or decree of any court, arbitrator or governmental authority applicable to the Trustee or any of its assets, (ii) will not violate any provision of the articles of association or by-laws of the Trustee, or (iii) will not violate any provision of, or constitute, with or without notice or lapse of time, a default under, or result in the creation or imposition of any lien on any properties included in the Trust Property pursuant to the provisions of any mortgage, indenture, contract, agreement or other undertaking to which it is a party, which violation, default or lien could reasonably be expected to have an adverse effect on the Trustee's performance or ability to perform its duties hereunder or thereunder or on the transactions contemplated herein or therein;

(d) the execution, delivery and performance by the Trustee of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement, and the Financing Documents to which it is a party will not require the authorization, consent, or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, any governmental authority or agency of the United States or the state of the United States where it is located regulating the banking and corporate trust activities of the Trustee; and

(e) this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement, and the Financing Documents to which it is a party have been duly executed and delivered by the Trustee and constitute the legal, valid, and binding agreements of the Trustee, enforceable against it in accordance with their respective terms, provided that enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (ii) general principles of equity.

Section 7.16. Withholding Taxes, Information Reporting.  
The Trustee, as trustee of the grantor trust created



by this Agreement, shall exclude and withhold from each distribution of principal, premium, if any, and interest and other amounts due under this Agreement or under the Certificates any and all withholding taxes applicable thereto as required by law. In addition, the Trustee shall remit such amounts as would be required by section 1446 of the Internal Revenue Code of 1986, as amended, if the Trust were characterized as a partnership engaged in a U.S. trade or business for U.S. federal income tax purposes and shall withhold such amounts from amounts distributable to or for the benefit of Certificateholders or Investors that are not United States persons within the meaning of section 7701(a)(30) of the Internal Revenue Code of 1986, as amended. In this regard, the Trustee shall cause the appropriate withholding agent to withhold with respect to such distributions in the manner contemplated by Section 10.04 of Revenue Procedure 89-31 and Treasury Regulation 1.1445-8(b)(3) by filing a notice with the National Association of Securities Dealers, Inc. substantially in the form of Exhibit E hereto on or before the date 10 days prior to the Record Date. The Trustee shall mail such notice to the National Association of Securities Dealers no later than the date than 15 days prior to the Record Date. Investors that are not United States Persons agree to furnish a United States taxpayer identification number ("TIN") to the Trustee and the Trustee shall provide such TINs to the appropriate withholding agent. The Trustee agrees to act as such withholding agent (except to the extent contemplated above with respect to withholding amounts as if the Trust were characterized as a partnership engaged in a U.S. trade or business for U.S. federal income tax purposes) and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect of the Certificates, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Certificateholders, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each such Certificateholder appropriate documentation showing the payment thereof, together with such additional documentary evidence as such Certificateholders may reasonably request from time to time. The Trustee agrees to file any other information reports as it may be required to file under United States law. Each Certificateholder or Investor that is not a United States person within the meaning of section 7701(a)(30) of the Internal Revenue Code, as amended, by its acceptance of a Certificate or a beneficial interest therein, agrees to indemnify and hold

harmless the Trust and the Trustee from and against any improper failure to withhold taxes from amounts payable to it or for its benefit, other than an improper failure attributable to the gross negligence or willful misconduct of the Trustee.

Section 7.17. Trustee's Liens. The Trustee in its individual capacity agrees that it will at its own cost and expense promptly take any action as may be necessary to duly discharge and satisfy in full any mortgage, pledge, lien, charge, encumbrance, security interest or claim ("Trustee's Liens") on or with respect to the Trust Property which is attributable to the Trustee either (i) in its individual capacity and which is unrelated to the transactions contemplated by this Agreement, the Intercreditor Agreement, the Note Purchase Agreement or the Financing Documents, or (ii) as Trustee hereunder or in its individual capacity and which arises out of acts or omissions which are not contemplated by this Agreement.

Section 7.18. Preferential Collection of Claims. The Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship listed in Section 311(b) of the Trust Indenture Act. If the Trustee shall resign or be removed as Trustee, it shall be subject to Section 311(a) of the Trust Indenture Act to the extent provided therein.

#### ARTICLE VIII

##### CERTIFICATEHOLDERS' LISTS AND REPORTS BY TRUSTEE

Section 8.01. The Company to Furnish Trustee with Names and Addresses of Certificateholders. The Company will furnish to the Trustee within 15 days after each Record Date with respect to a Scheduled Payment, and at such other times as the Trustee may request in writing within 30 days after receipt by the Company of any such request, a list, in such form as the Trustee may reasonably require, of all information in the possession or control of the Company as to the names and addresses of the Certificateholders, in each case as of a date not more than 15 days prior to the time such list is furnished; provided, however, that so long as the Trustee is the sole Registrar, no such list need be furnished; and provided further, however, that no such list need be furnished for so long as a copy of the Register is being furnished to the Trustee pursuant to Section 7.12.

Section 8.02. Preservation of Information; Communications to Certificateholders. The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Certificateholders contained in the most recent list furnished to the Trustee as provided in Section 7.12 or Section 8.01, as the case may be, and the names and addresses of Certificateholders received by the Trustee in its capacity as Registrar, if so acting. The Trustee may destroy any list furnished to it as provided in Section 7.12 or Section 8.01, as the case may be, upon receipt of a new list so furnished.

Section 8.03. Reports by Trustee. Within 60 days after May 15 of each year commencing with the first full year following the issuance of the Certificates, the Trustee shall transmit to the Certificateholders, as provided in Section 313(c) of the Trust Indenture Act, a brief report dated as of such May 15, if required by Section 313(a) of the Trust Indenture Act.

Section 8.04. Reports by the Company. The Company shall:

(a) file with the Trustee, within 30 days after the Company is required to file the same with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934, as amended; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and the SEC, in accordance with rules and regulations prescribed by the SEC, such of the supplementary and periodic information, documents and reports which may be required pursuant to section 13 of the Securities Exchange Act of 1934, as amended, in respect of a security listed and registered on a national securities exchange as may be prescribed in such rules and regulations;

(b) during any period, prior to the consummation of the Exchange Offer and during which the Shelf Registration Statement is not in effect, in which the Company is not subject to Section 13(a), 13(c) or 15(d) under the Securities Exchange Act of 1934, make available to any Holder of the Certificates in connection with any sale thereof and any prospective purchaser of the Certificates from such Holder, in each case upon request, the

information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act but only for so long as any of the Certificates remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and, in any event, only until the second anniversary of the Issuance Date;

(c) file with the Trustee and the SEC, in accordance with the rules and regulations prescribed by the SEC, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Agreement, as may be required by such rules and regulations, including, in the case of annual reports, if required by such rules and regulations, certificates or opinions of independent public accountants, conforming to the requirements of Section 1.02;

(d) transmit to all Certificateholders, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (a) and (c) of this Section 8.04 as may be required by rules and regulations prescribed by the SEC; and

(e) furnish to the Trustee, not less often than annually, a brief certificate from the principal executive officer, principal financial officer or principal accounting officer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Agreement (it being understood that for purposes of this paragraph (e), such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Agreement).

#### ARTICLE IX

##### SUPPLEMENTAL AGREEMENTS

Section 9.01. Supplemental Agreements Without Consent of Certificateholders. Without the consent of the Certificateholders, the Company may (but will not be required to), and the Trustee (subject to Section 9.03) shall, at the Company's request, at any time and from time to time, enter into one or more agreements supplemental hereto or, if applicable, to the Intercreditor Agreement, the Escrow Agreement, the Note Purchase Agreement, the Deposit Agreement, the Registration

Rights Agreement or any Liquidity Facility in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein contained or of the Company's obligations under the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility; or

(2) to add to the covenants of the Company for the benefit of the Certificateholders, or to surrender any right or power conferred upon the Company in this Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility; or

(3) to correct or supplement any provision in this Agreement, the Intercreditor Agreement, the Escrow Agreement, the Deposit Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility which may be defective or inconsistent with any other provision herein or therein or to cure any ambiguity or correct any mistake or to modify any other provision with respect to matters or questions arising under this Agreement, the Escrow Agreement, the Deposit Agreement, the Note Purchase Agreement, the Intercreditor Agreement, the Registration Rights Agreement or any Liquidity Facility, provided that any such action shall not materially adversely affect the interests of the Certificateholders; or

(4) to comply with any requirement of the SEC, any applicable law, rules or regulations of any exchange or quotation system on which the Certificates are listed, any regulatory body or the Registration Rights Agreement to effectuate the Exchange Offer; or

(5) to modify, eliminate or add to the provisions of this Agreement to such extent as shall be necessary to continue the qualification of this Agreement (including any supplemental agreement) under the Trust Indenture Act or under any similar Federal statute hereafter enacted, and to add to this Agreement such other provisions as may be expressly permitted by the Trust Indenture Act, excluding, however, the provisions referred to in Section 316(a)(2) of the Trust Indenture Act as in effect at the date as of which

this instrument was executed or any corresponding provision in any similar Federal statute hereafter enacted; or

(6) to evidence and provide for the acceptance of appointment under this Agreement by the Trustee of a successor Trustee and to add to or change any of the provisions of this Agreement as shall be necessary to provide for or facilitate the administration of the Trust, pursuant to the requirements of Section 7.10; or

(7) to provide the information required under Section 7.12 and Section 12.03 as to the Trustee; or

(8) to modify or eliminate provisions relating to the transfer or exchange of Exchange Certificates or the Initial Certificates upon consummation of the Exchange Offer (as defined in the Registration Rights Agreement) or effectiveness of the Shelf Registration Statement or the Exchange Offer Registration Statement;

provided, however, that no such supplemental agreement shall adversely affect the status of any Trust as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended, for U.S. federal income tax purposes.

Section 9.02. Supplemental Agreements with Consent of Certificateholders. With the consent of the Certificateholders holding Certificates (including consents obtained in connection with a tender offer or exchange offer for the Certificates) evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust, by Direction of said Certificateholders delivered to the Company and the Trustee, the Company may (with the consent of the Owner Trustees, if any, which consent shall not be unreasonably withheld), and the Trustee (subject to Section 9.03) shall, enter into an agreement or agreements for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement, the Intercreditor Agreement, any Liquidity Facility, the Registration Rights

Agreement, the Escrow Agreement, the Deposit Agreement or the Note Purchase Agreement to the extent applicable to such Certificateholders or of modifying in any manner the rights and obligations of such Certificateholders under this Agreement, the Intercreditor Agreement, any Liquidity Facility, the Registration Rights Agreement, the Escrow Agreement, the Deposit Agreement or the Note Purchase Agreement; provided, however, that no such agreement shall, without the consent of the Certificateholder of each Outstanding Certificate affected thereby:

(1) reduce in any manner the amount of, or delay the timing of, any receipt by the Trustee (or, with respect to the Deposits, the Certificateholders) of payments on the Equipment Notes held in the Trust or on the Deposits or distributions that are required to be made herein on any Certificate, or change any date of payment on any Certificate, or change the place of payment where, or the coin or currency in which, any Certificate is payable, or impair the right to institute suit for the enforcement of any such payment or distribution on or after the Regular Distribution Date or Special Distribution Date applicable thereto; or

(2) permit the disposition of any Equipment Note included in the Trust Property except as permitted by this Agreement, or otherwise deprive such Certificateholder of the benefit of the ownership of the Equipment Notes in the Trust; or

(3) reduce the specified percentage of the aggregate Fractional Undivided Interests of the Trust which is required for any such supplemental agreement, or reduce such specified percentage required for any waiver of compliance with certain provisions of this Agreement or certain defaults hereunder and their consequences provided for in this Agreement; or

(4) waive, amend or modify Section 2.4, 3.2 or 3.3 of the Intercreditor Agreement in a manner adverse to the Certificateholders; or

(5) modify any of the provisions of this Section 9.02 or Section 6.05, except to increase any such percentage or to provide that certain other provisions of this Agreement cannot be modified or waived without the consent of the Certificateholder of each Certificate affected thereby; or

(6) adversely affect the status of any Trust as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended, for U.S. federal income tax purposes.

It shall not be necessary for any Direction of Certificateholders under this Section to approve the particular form of any proposed supplemental agreement, but it shall be sufficient if such Direction shall approve the substance thereof.

Section 9.03. Documents Affecting Immunity or Indemnity. If in the opinion of the Trustee any document required to be executed by it pursuant to the terms of Section 9.01 or 9.02 affects any interest, right, duty, immunity or indemnity in favor of the Trustee under this Agreement, the Trustee may in its discretion decline to execute such document.

Section 9.04. Execution of Supplemental Agreements. In executing, or accepting the additional trusts created by, any agreement permitted by this Article or the modifications thereby of the trusts created by this Agreement, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental agreement is authorized or permitted by this Agreement.

Section 9.05. Effect of Supplemental Agreements. Upon the execution of any agreement supplemental to this Agreement under this Article, this Agreement shall be modified in accordance therewith, and such supplemental agreement shall form a part of this Agreement for all purposes; and every Holder of a Certificate theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.06. Conformity with Trust Indenture Act. Every supplemental agreement executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 9.07. Reference in Certificates to Supplemental Agreements. Certificates authenticated and delivered after the execution of any supplemental agreement pursuant to this Article may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental agreement; and, in such case, suitable notation may be made upon Outstanding Certificates after proper presentation and demand.



## ARTICLE X

## AMENDMENTS TO INDENTURES AND FINANCING DOCUMENTS

Section 10.01. Amendments and Supplements to Indentures and Financing Documents. In the event that the Trustee, as holder (or beneficial owner through the Subordination Agent) of any Equipment Note in trust for the benefit of the Certificateholders or as Controlling Party under the Intercreditor Agreement, receives (directly or indirectly through the Subordination Agent) a request for a consent to any amendment, modification, waiver or supplement under any Indenture, any other Financing Document, any Equipment Note or any other related document, the Trustee shall forthwith send a notice of such proposed amendment, modification, waiver or supplement to each Certificateholder registered on the Register as of the date of such notice. The Trustee shall request from the Certificateholders a Direction as to (a) whether or not to take or refrain from taking (or direct the Subordination Agent to take or refrain from taking) any action which a holder of such Equipment Note has the option to direct, (b) whether or not to give or execute (or direct the Subordination Agent to give or execute) any waivers, consents, amendments, modifications or supplements as a holder of such Equipment Note or a Controlling Party and (c) how to vote (or direct the Subordination Agent to vote) any Equipment Note if a vote has been called for with respect thereto. Provided such a request for Certificateholder Direction shall have been made, in directing any action or casting any vote or giving any consent as the holder of any Equipment Note (or in directing the Subordination Agent in any of the foregoing), (i) other than as Controlling Party, the Trustee shall vote for or give consent to any such action with respect to such Equipment Note in the same proportion as that of (A) the aggregate face amounts of all Certificates actually voted in favor of or for giving consent to such action by such Direction of Certificateholders to (B) the aggregate face amount of all Outstanding Certificates and (ii) as Controlling Party, the Trustee shall vote as directed in such Certificateholder Direction by the Certificateholders evidencing a Fractional Undivided Interest aggregating not less than a majority in interest in the Trust. For purposes of the immediately preceding sentence, a Certificate shall have been "actually voted" if the Holder of such Certificate has delivered to the Trustee an instrument evidencing such Holder's consent to such Direction prior to two Business Days before the Trustee directs such action

or casts such vote or gives such consent. Notwithstanding the foregoing, but subject to Section 6.04 and the Intercreditor Agreement, the Trustee may, in its own discretion and at its own direction, consent and notify the relevant Loan Trustee of such consent (or direct the Subordination Agent to consent and notify the Loan Trustee of such consent) to any amendment, modification, waiver or supplement under the relevant Indenture, any other Financing Document, any Equipment Note or any other related document, if an Event of Default hereunder shall have occurred and be continuing, or if such amendment, modification, waiver or supplement will not materially adversely affect the interests of the Certificateholders.

#### ARTICLE XI

##### TERMINATION OF TRUST

Section 11.01. Termination of the Trust. The respective obligations and responsibilities of the Company and the Trustee with respect to the Trust shall terminate upon the earlier of (A) the completion of the assignment, transfer and discharge described in the first sentence of the immediately following paragraph and (B) distribution to all Holders of Certificates and the Trustee of all amounts required to be distributed to them pursuant to this Agreement and the disposition of all property held as part of the Trust Property; provided, however, that in no event shall the Trust continue beyond one hundred ten (110) years following the date of the earliest execution of this Trust Agreement.

Upon the earlier of (i) the first Business Day following March 31, 1998, or, if later, the fifth Business Day following the Delivery Period Termination Date and (ii) the fifth Business Day following the date on which a Triggering Event occurs (such date, the "Transfer Date"), or, if later, the date on which all of the conditions set forth in the immediately following sentence have been satisfied, the Trustee is hereby directed (subject only to the immediately following sentence) to, and the Company shall direct the institution that will serve as the Related Trustee under the Related Pass Through Trust Agreement to, execute and deliver the Assignment and Assumption Agreement, pursuant to which the Trustee shall assign, transfer and deliver all of the Trustee's right, title and interest to the Trust Property to the Related Trustee under the Related Pass Through Trust Agreement. The Trustee and the Related Trustee

shall execute and deliver the Assignment and Assumption Agreement upon the satisfaction of the following conditions:

- (i) The Trustee, the Related Trustee and each of the Rating Agencies then rating the Certificates shall have received an Officer's Certificate and an Opinion of Counsel dated the date of the Assignment and Assumption Agreement and each satisfying the requirements of Section 1.02, which Opinion of Counsel shall be substantially to the effect set forth below and may be relied upon by the Beneficiaries (as defined in the Assignment and Assumption Agreement):
- (a) upon the execution and delivery thereof by the parties thereto in accordance with the terms of this Agreement and the Related Pass Through Trust Agreement, the Assignment and Assumption Agreement will constitute the valid and binding obligation of each of the parties thereto enforceable against each such party in accordance with its terms;
  - (b) upon the execution and delivery of the Assignment and Assumption Agreement in accordance with the terms of this Agreement and the Related Pass Through Trust Agreement, each of the Certificates then Outstanding is entitled to the benefits of the Related Pass Through Trust Agreement;
  - (c) the Related Trust is not required to be registered as an investment company under the Investment Company Act of 1940, as amended;
  - (d) the Related Pass Through Trust Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms; and
  - (e) neither the execution and delivery of the Assignment and Assumption Agreement in accordance with the terms of this Agreement and the Related Pass Through Trust Agreement, nor the consummation by the Parties thereto of the transactions contemplated to be consummated thereunder on the date thereof, violate any law or governmental rule or regulation of the State of New York or the United States of America known to such counsel to

be applicable to the transactions contemplated by the Assignment and Assumption Agreement.

(ii) The Trustee and the Company shall have received (x) a copy of the articles of incorporation and bylaws of the Related Trustee certified as of the Transfer Date by the Secretary or Assistant Secretary of such institution and (y) a copy of the filing (including all attachments thereto) made by the institution serving as the Related Trustee with the Office of the Superintendent, State of New York Banking Department for the qualification of the Related Trustee under section 131(3) of the New York Banking Law.

Upon the execution of the Assignment and Assumption Agreement by the parties thereto, the Trust shall be terminated, the Certificateholders shall receive beneficial interests in the Related Trust in exchange for their interests in the Trust equal to their respective beneficial interests in the Trust, and the Outstanding Certificates representing Fractional Undivided Interests in the Trust shall be deemed for all purposes of this Agreement and the Related Pass Through Trust Agreement, without further signature or action of any party or Certificateholder, to be certificates representing the same fractional undivided interests in the Related Trust and its trust property. By acceptance of its Certificate, each Certificateholder consents to such assignment, transfer and delivery of the Trust Property to the trustee of the Related Trust upon the execution and delivery of the Assignment and Assumption Agreement.

In connection with the occurrence of the event set forth in clause (B) above, notice of such termination, specifying the Distribution Date upon which the Certificateholders may surrender their Certificates to the Trustee for payment of the final distribution and cancellation, shall be mailed promptly by the Trustee to Certificateholders not earlier than the 60th day and not later than the 20th day next preceding such final Distribution Date specifying (A) the Distribution Date upon which the proposed final payment of the Certificates will be made upon presentation and surrender of Certificates at the office or agency of the Trustee therein specified, (B) the amount of any such proposed final payment, and (C) that the Record Date otherwise applicable to such Distribution Date is not applicable, payments being made only upon presentation and surrender of the Certificates at the office or agency of the Trustee therein specified. The Trustee shall give such notice to the Registrar

at the time such notice is given to Certificateholders. Upon presentation and surrender of the Certificates in accordance with such notice, the Trustee shall cause to be distributed to Certificateholders such final payments.

In the event that all of the Certificateholders shall not surrender their Certificates for cancellation within six months after the date specified in the above-mentioned written notice, the Trustee shall give a second written notice to the remaining Certificateholders to surrender their Certificates for cancellation and receive the final distribution with respect thereto. No additional interest shall accrue on the Certificates after the Distribution Date specified in the first written notice. In the event that any money held by the Trustee for the payment of distributions on the Certificates shall remain unclaimed for two years (or such lesser time as the Trustee shall be satisfied, after sixty days' notice from the Company, is one month prior to the escheat period provided under applicable law) after the final distribution date with respect thereto, the Trustee shall pay to each Loan Trustee the appropriate amount of money relating to such Loan Trustee and shall give written notice thereof to the related Owner Trustees, the Owner Participants and the Company.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

#### Section 12.01. Limitation on Rights of Certificateholders.

The death or incapacity of any Certificateholder shall not operate to terminate this Agreement or the Trust, nor entitle such Certificateholder's legal representatives or heirs to claim an accounting or to take any action or commence any proceeding in any court for a partition or winding up of the Trust, nor otherwise affect the rights, obligations, and liabilities of the parties hereto or any of them.

#### Section 12.02. Certificates Nonassessable and Fully Paid.

Except as set forth in the last sentence of this Section 12.02, Certificateholders shall not be personally liable for obligations of the Trust, the Fractional Undivided Interests represented by the Certificates shall be nonassessable

for any losses or expenses of the Trust or for any reason whatsoever, and Certificates, upon authentication thereof by the Trustee pursuant to Section 3.03, are and shall be deemed fully paid. No Certificateholder shall have any right (except as expressly provided herein) to vote or in any manner otherwise control the operation and management of the Trust Property, the Trust, or the obligations of the parties hereto, nor shall anything set forth herein, or contained in the terms of the Certificates, be construed so as to constitute the Certificateholders from time to time as partners or members of an association. Neither the existence of the Trust nor any provision herein is intended to or shall limit the liability the Certificateholders would otherwise incur if the Certificateholders owned Trust Property as co-owners, or incurred any obligations of the Trust, directly rather than through the Trust.

Section 12.03. Notices. (a) Unless otherwise specifically provided herein, all notices required under the terms and provisions of this Agreement shall be in English and in writing, and any such notice may be given by United States mail, courier service or telecopy, and any such notice shall be effective when delivered or received or, if mailed, three days after deposit in the United States mail with proper postage for ordinary mail prepaid,

if to the Company, to:

Continental Airlines, Inc.  
2929 Allen Parkway  
Houston, TX 77019  
Attention: Chief Financial Officer and  
General Counsel  
Facsimile: (713) 523-2831

if to the Trustee, to:

Wilmington Trust Company  
Rodney Square North  
1100 North Market Street  
Wilmington, DE 19890-0001  
Attention: Corporate Trust Department  
Facsimile: (302) 651-8882  
Telephone: (302) 651-8584

(b) The Company or the Trustee, by notice to the other, may designate additional or different addresses for subsequent notices or communications.

(c) Any notice or communication to Certificateholders shall be mailed by first-class mail to the addresses for Certificateholders shown on the Register kept by the Registrar. Failure so to mail a notice or communication or any defect in such notice or communication shall not affect its sufficiency with respect to other Certificateholders.

(d) If a notice or communication is mailed in the manner provided above within the time prescribed, it is conclusively presumed to have been duly given, whether or not the addressee receives it.

(e) If the Company mails a notice or communication to the Certificateholders, it shall mail a copy to the Trustee and to the Paying Agent at the same time.

(f) Notwithstanding the foregoing, all communications or notices to the Trustee shall be deemed to be given only when received by a Responsible Officer of the Trustee.

(g) The Trustee shall promptly furnish the Company with a copy of any demand, notice or written communication received by the Trustee hereunder from any Certificateholder, Owner Trustee or Loan Trustee.

Section 12.04. Governing Law. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF DELAWARE AND THIS AGREEMENT AND THE CERTIFICATES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 12.05. Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or

the Trust, or of the Certificates or the rights of the Certificateholders thereof.

Section 12.06. Trust Indenture Act Controls. Upon the occurrence of any Registration Event, this Agreement shall become subject to the provisions of the Trust Indenture Act and shall, to the extent applicable, be governed by such provisions. From and after any Registration Event, if any provision of this Agreement limits, qualifies or conflicts with another provision which is required to be included in this Agreement by the Trust Indenture Act, the required provision shall control.

Section 12.07. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 12.08. Successors and Assigns. All covenants, agreements, representations and warranties in this Agreement by the Trustee and the Company shall bind and, to the extent permitted hereby, shall inure to the benefit of and be enforceable by their respective successors and assigns, whether so expressed or not.

Section 12.09. Benefits of Agreement. Nothing in this Agreement or in the Certificates, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Certificateholders, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 12.10. Legal Holidays. In any case where any Regular Distribution Date or Special Distribution Date relating to any Certificate shall not be a Business Day, then (notwithstanding any other provision of this Agreement) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such Regular Distribution Date or Special Distribution Date, and no interest shall accrue during the intervening period.



Section 12.11. Counterparts. For the purpose of facilitating the execution of this Agreement and for other purposes, this Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and all of which counterparts shall constitute but one and the same instrument.

Section 12.12. Intention of Parties. The parties hereto intend that the Trust be classified for U.S. federal income tax purposes as a grantor trust under Subpart E, Part I of Subchapter J of the Internal Revenue Code of 1986, as amended, and not as a trust or association taxable as a corporation or as a partnership. Each Certificateholder and Investor, by its acceptance of its Certificate or a beneficial interest therein, agrees to treat the Trust as a grantor trust for all U.S. federal, state and local income tax purposes. The powers granted and obligations undertaken pursuant to this Agreement shall be so construed so as to further such intent.

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

CONTINENTAL AIRLINES, INC.

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

WILMINGTON TRUST COMPANY,  
as Trustee

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

## FORM OF CERTIFICATE

REGISTERED

No. \_\_\_\_\_

[THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) (AN "INSTITUTIONAL ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS CERTIFICATE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT; (2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE EXCEPT (A) CONTINENTAL AIRLINES, INC., (B) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT; AND (3) AGREES THAT IF IT SHOULD RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE IT WILL DELIVER TO EACH PERSON TO WHOM THIS CERTIFICATE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS CERTIFICATE WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED

STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS.](1)

BY ITS ACQUISITION HEREOF, THE HOLDER REPRESENTS THAT (A) IT IS NOT A PLAN TRANSFEREE (AS DEFINED IN THE PASS THROUGH TRUST AGREEMENT) OR (B) IT IS AN INSURANCE COMPANY USING THE ASSETS OF ITS GENERAL ACCOUNT TO ACQUIRE THIS CERTIFICATE, AND THE CONDITIONS OF PROHIBITED TRANSACTION CLASS EXEMPTION 95-60 ISSUED BY THE U.S. DEPARTMENT OF LABOR HAVE BEEN AND WILL CONTINUE TO BE SATISFIED IN CONNECTION WITH ITS PURCHASE AND HOLDING OF THIS CERTIFICATE. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS.

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUSTEE OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN EXCHANGE FOR THIS CERTIFICATE IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN. TRANSFERS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 3.05 AND 3.06 OF THE PASS THROUGH TRUST AGREEMENT REFERRED TO HEREIN.](2)

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- (1) Not to be included on the face of the Regulation S Global Certificate.
  - (2) To be included on the face of each Global Certificate.

## [GLOBAL CERTIFICATE](3)

CONTINENTAL AIRLINES PASS THROUGH TRUST, SERIES 1997-1C-I-0

7.420% Continental Airlines [Initial] [Exchange]  
 Pass Through Certificate,  
 Series 1997-1C-I-0

Final Maturity Date: October 1, 2008

evidencing a fractional undivided interest in a trust, the property of which includes certain equipment notes each secured by an Aircraft leased to or owned by Continental Airlines, Inc.

\$ \_\_\_\_\_ Fractional Undivided Interest representing  
 . \_\_\_\_\_ % of the Trust per \$1,000 face amount

THIS CERTIFIES THAT \_\_\_\_\_, for value received, is the registered owner of a \$ \_\_\_\_\_ ( \_\_\_\_\_ dollars) Fractional Undivided Interest in the Continental Airlines Pass Through Trust, Series 1997-1C-I-0 (the "Trust") created pursuant to a Pass Through Trust Agreement, dated as of March 21, 1997 (the "Agreement"), between Wilmington Trust Company (the "Trustee") and Continental Airlines, Inc., a corporation incorporated under Delaware law (the "Company"), a summary of certain of the pertinent provisions of which is set forth below. To the extent not otherwise defined herein, the capitalized terms used herein have the meanings assigned to them in the Agreement. This Certificate is one of the duly authorized Certificates designated as "7.420% Continental Airlines [Initial] [Exchange] Pass Through Certificates, Series 1997-1C-I-0" (herein called the "Certificates"). This Certificate is issued under and is subject to the terms, provisions, and conditions of the Agreement. By virtue of its acceptance hereof the Certificateholder of this Certificate assents to and agrees to be bound by the provisions of the Agreement and the Intercreditor Agreement. The property of the Trust includes an interest in certain Equipment Notes and all rights of the Trust to receive payments under the Intercreditor Agreement and any Liquidity Facility (the "Trust Property"). Each issue of the Equipment Notes is secured by, among other things, a security interest in the Aircraft leased to or owned by the Company.

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 (3) To be included on the face of each Global Certificate.

The Certificates represent fractional undivided interests in the Trust and the Trust Property, and have no rights, benefits or interest in respect of any assets or property other than the Trust Property.

Subject to and in accordance with the terms of the Agreement and the Intercreditor Agreement, from and to the extent of funds then available to the Trustee, there will be distributed on each April 1 and October 1 (a "Regular Distribution Date"), commencing on October 1, 1997, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Regular Distribution Date, an amount in respect of the Scheduled Payments due on such Regular Distribution Date on the Equipment Notes, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Scheduled Payments. Subject to and in accordance with the terms of the Agreement and the Intercreditor Agreement, in the event that Special Payments on the Equipment Notes are received by the Trustee, from funds then available to the Trustee, there shall be distributed on the applicable Special Distribution Date, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Special Distribution Date, an amount in respect of such Special Payments on the Equipment Notes, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Special Payments so received. If a Regular Distribution Date or Special Distribution Date is not a Business Day, distribution shall be made on the immediately following Business Day with the same force and effect as if made on such Regular Distribution Date or Special Distribution Date and no interest shall accrue during the intervening period. The Trustee shall mail notice of each Special Payment and the Special Distribution Date therefor to the Certificateholder of this Certificate.

The Certificates do not represent a direct obligation of, or an obligation guaranteed by, or an interest in, the Company or the Trustee or any of their affiliates. The Certificates are limited in right or payment, all as more specifically set forth on the face hereof and in the Agreement. All payments or distributions made to Certificateholders under the Agreement shall be made only from the Trust Property and only to the extent that the Trustee shall have sufficient income or

proceeds from the Trust Property to make such payments in accordance with the terms of the Agreement. Each Certificateholder of this Certificate, by its acceptance hereof, agrees that it will look solely to the income and proceeds from the Trust Property to the extent available for distribution to such Certificateholder as provided in the Agreement. This Certificate does not purport to summarize the Agreement and reference is made to the Agreement for information with respect to the interests, rights, benefits, obligations, proceeds, and duties evidenced hereby. A copy of the Agreement may be examined during normal business hours at the principal office of the Trustee, and at such other places, if any, designated by the Trustee, by any Certificateholder upon request.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Certificateholders under the Agreement at any time by the Company and the Trustee with the consent of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust. Any such consent by the Certificateholder of this Certificate shall be conclusive and binding on such Certificateholder and upon all future Certificateholders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Certificateholders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Register upon surrender of this Certificate for registration of transfer at the offices or agencies maintained by the Trustee in its capacity as Registrar, or by any successor Registrar, in the Borough of Manhattan, the City of New York, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee and the Registrar duly executed by the Certificateholder hereof or such Certificateholder's attorney duly authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust will be issued to the designated transferee or transferees.

[The Holder of this Certificate is entitled to the benefits of the Exchange and Registration Rights Agreement, dated as of March 21, 1997, among the Company, the Trustee and the Initial Purchasers named therein (the "Registration Rights Agreement"). In the event that no Registration Event has occurred on or prior to the 210th day after the date of the issuance of the Certificates, the interest rate per annum payable in respect of the Equipment Notes and the Deposits shall be increased by 0.50%, from and including the 210th day after the Issuance Date to but excluding (i) the earlier of the date on which a Registration Event occurs and (ii) the date on which there cease to be any Registrable Certificates (as defined in the Registration Rights Agreement). In the event that the Shelf Registration Statement ceases to be effective at any time during the period specified by Section 2(b)(B) of the Registration Rights Agreement for more than 60 days, whether or not consecutive, during any 12-month period, the interest rate per annum payable in respect of the Equipment Notes and the Deposits shall be increased by 0.50% from the 61st day of the applicable 12-month period such Shelf Registration Statement ceases to be effective until such time as the Shelf Registration Statement again becomes effective ( or, if earlier, the end of the period specified by Section 2(b)(B) of the Registration Rights Agreement).](4)

Except as otherwise provided in the Agreement and notwithstanding the above, the final distribution on this Certificate will be made after notice mailed by the Trustee of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency of the Trustee specified in such notice.

Under certain circumstances set forth in Section 11.01 of the Agreement, all of the Trustee's right, title and interest to the Trust Property may be assigned, transferred and delivered to the Related Trustee of the Related Trust pursuant to the Assignment and Assumption Agreement. Upon the effectiveness of such Assignment and Assumption Agreement (the "Transfer"), the Trust shall be terminated, the Certificateholders shall receive beneficial interests in the Related Trust in exchange for their interests in the Trust equal to their respective beneficial interests in the Trust, the Certificates representing Fractional

- -----  
(4) To be included only on each Initial Certificate.



Undivided Interests in the Trust shall be deemed for all purposes of the Agreement and the Related Pass Through Trust Agreement to be certificates representing the same fractional undivided interests in the Related Trust and its trust property. Each Certificateholder, by its acceptance of this Certificate or a beneficial interest herein, agrees to be bound by the Assignment and Assumption Agreement and subject to the terms of the Related Pass Through Trust Agreement as a certificateholder thereunder. From and after the Transfer, unless and to the extent the context otherwise requires, references herein to the Trust, the Agreement and the Trustee shall constitute references to the Related Trust, the Related Pass Through Trust Agreement and trustee of the Related Trust, respectively.

The Certificates are issuable only as registered Certificates without coupons in minimum denominations of [\$100,000]<sup>1</sup> [\$1,000]<sup>2</sup> Fractional Undivided Interest and integral multiples of \$1,000 in excess thereof except that one Certificate may be in a different denomination. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust, as requested by the Certificateholder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee shall require payment by the Holder of a sum sufficient to cover any tax or governmental charge payable in connection therewith. Each Certificateholder or Investor that is not a United States person within the meaning of section 7701(a)(30) of the Internal Revenue Code, as amended, by its acceptance of a Certificate or a beneficial interest therein, agrees to indemnify and hold harmless the Trust and the Trustee from and against any improper failure to withhold taxes from amounts payable to it or for its benefit. Each Certificateholder and Investor, by its acceptance of this Certificate or a beneficial interest herein, agrees to treat the Trust as a grantor trust for all U.S. federal, state and local income tax purposes.

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- (5) To be included only on each Initial Certificate.
- (6) To be included only on each Exchange Certificate.

The Trustee, the Registrar, and any agent of the Trustee or the Registrar may treat the person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Trustee, the Registrar, nor any such agent shall be affected by any notice to the contrary.

The obligations and responsibilities created by the Agreement and the Trust created thereby shall terminate upon the distribution to Certificateholders of all amounts required to be distributed to them pursuant to the Agreement and the disposition of all property held as part of the Trust Property.

UNTIL THE TRANSFER, THE AGREEMENT AND THIS CERTIFICATE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. FROM AND AFTER THE TRANSFER, THE AGREEMENT AND THIS CERTIFICATE SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Unless the certificate of authentication hereon has been executed by the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated: \_\_\_\_\_, 1997

CONTINENTAL AIRLINES PASS  
THROUGH TRUST, SERIES 1997-  
1C-I-0

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

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

Attest:

-----  
Authorized Signature

[FORM OF THE TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Certificates referred  
to in the within-mentioned Agreement.

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

By:

-----  
Authorized Officer

## FORM OF TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto

Insert Taxpayer Identification No.

please print or typewrite name and address including zip code of assignee

the within Certificate and all rights thereunder, hereby irrevocably constituting and appointing

attorney to transfer said Certificate on the books of the Trustee with full power of substitution in the premises.

[THE FOLLOWING PROVISION TO BE INCLUDED  
ON ALL CERTIFICATES  
EXCEPT REGULATION S GLOBAL AND  
REGULATION S DEFINITIVE CERTIFICATES]

In connection with any transfer of this Certificate occurring prior to the date that is the earlier of the date of an effective Registration Statement or the date two years after the later of the original issuance of this Certificate or the last date on which this Certificate was held by Continental Airlines, Inc., the Trustee or any affiliate of such Persons, the undersigned confirms that without utilizing any general solicitation or general advertising that:

[Check One]

(a) this Certificate is being transferred in compliance with the exemption from registration under the Securities Act of 1933, as amended, provided by Rule 144A thereunder.

or

(b) this Certificate is being transferred other than in accordance with (a) above and documents are being furnished that

comply with the conditions of transfer set forth in this Certificate and the Agreement.

If neither of the foregoing boxes is checked, the Trustee or other Registrar shall not be obligated to register this Certificate in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 3.06 of the Agreement shall have been satisfied.

Date: -----

[Name of Transferor]  
-----

NOTE: The signature must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatsoever.

Signature Guarantee: -----

TO BE COMPLETED BY PURCHASER IF (a) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Certificate for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: -----

-----  
NOTE: To be executed by an executive officer.

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION WITH  
TRANSFERS OF CERTIFICATES PURSUANT TO REGULATION S

[date]

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

Re: Continental Airlines Pass Through Trust (the "Trust"),  
Series 1997-1C-I-0, Continental Airlines Pass Through  
Certificates, Series 1997-1C-I-0 (the "Certificates")

Sirs:

In connection with our proposed sale of \$\_\_\_\_\_ Fractional  
Undivided Interest of the Certificates, we confirm that such sale has been  
effected pursuant to and in accordance with Regulation S under the Securities  
Act of 1933, as amended, and, accordingly, we represent that:

- (1) the offer of the Certificates was not made to a person  
in the United States;
- (2) either (a) at the time the buy order was originated,  
the transferee was outside the United States or we and any person  
acting on our behalf reasonably believed that the transferee was  
outside the United States or (b) the transaction was executed in, on or  
through the facilities of a designated off- shore securities market and  
neither we nor any person acting on our behalf knows that the  
transaction has been pre-arranged with a buyer in the United States;
- (3) no directed selling efforts have been made in the  
United States in contravention of the requirements of Rule 903(b) or  
Rule 904(b) of Regulation S, as applicable; and

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

In addition, if the sale is made during a restricted period and the provisions of Rule 903(c)(3) or Rule 904(c)(1) of Regulation S are applicable thereto, we confirm that such sale has been made in accordance with the applicable provisions of Rule 903(c)(3) or Rule 904(c)(1), as the case may be.

You and Continental Airlines, Inc. are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

B-2

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION  
WITH TRANSFERS OF CERTIFICATES TO NON-QIB  
INSTITUTIONAL ACCREDITED INVESTORS

\_\_\_\_\_ / \_\_\_\_\_  
Wilmington Trust Company  
Rodney Square North  
1100 North Market Street  
Wilmington, DE 19890-0001  
Attention: Corporate Trust Trustee Administration

Continental Airlines, Inc.  
2929 Allen Parkway  
Houston, Texas 77019

CONTINENTAL AIRLINES  
PASS THROUGH TRUST, SERIES 1997-1C-I-0 (the "Trust")  
Pass Through Certificates, Series 1997-1C-I-0  
(the "Certificates")

Ladies and Gentlemen:

In connection with our proposed purchase of U.S.  
\$[\_\_\_\_\_] Fractional Undivided Interest of Certificates, we confirm  
that:

1. We understand that any subsequent transfer of the Certificates is subject to certain restrictions and conditions set forth in the Trust Agreement, dated as of March 21, 1997, between Continental Airlines, Inc. (the "Company") and Wilmington Trust Company (the "Trustee") relating to the Certificates, and we agree to be bound by, and not to resell, pledge or otherwise transfer the Certificates except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the "Securities Act").

2. We are purchasing Certificates having an aggregate principal amount of not less than \$100,000 and each account (if any) for which we are purchasing Certificates is purchasing



Certificates having an aggregate principal amount of not less than \$100,000.

3. We understand that the Certificates have not been registered under the Securities Act, that the Certificates are being sold to us in a transaction that is exempt from the registration requirements of the Securities Act and that the Certificates may not be offered or resold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that, if we should sell any Certificates within two years after the later of the original issuance of such Certificate and the last date on which such Certificate is owned by the Company, the Trustee or any affiliate of any of such persons, we will do so only (A) to the Company, (B) in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined therein), (C) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act or (E) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any person purchasing any of the Certificates from us a notice advising such purchaser that resales of the Certificates are restricted as stated herein.

4. We understand that, on any proposed resale of any Certificates, we will be required to furnish to the Company and the Trustee such certifications, legal opinions and other information as the Company and the Trustee may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Certificates purchased by us will bear a legend to the foregoing effect.

5. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Certificates, and we and any accounts for which we are acting are each able to bear the economic risk of our or their investments.

6. We are acquiring the Certificates purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion and not with a view to any

distribution of the Certificates, subject, nevertheless to the understanding that the disposition of our property shall at all times be and remain within our control.

You are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy thereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

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

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT  
Continental Airlines Pass Through Trust, Series 1997-[1\_]

ASSIGNMENT AND ASSUMPTION AGREEMENT, dated \_\_\_\_\_, 199\_ (the "Agreement"), between Wilmington Trust Company, a Delaware banking corporation ("WTC"), not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement dated as of March 21, 1997 (as amended, modified or otherwise supplemented from time to time, the "Pass Through Trust Agreement") in respect of the Continental Airlines Pass Through Trust, Series 1997-1\_-0 (the "Assignor"), and Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement dated as of March 21, 1997 (the "New Pass Through Trust Agreement") in respect of the Continental Airlines Pass Through Trust, Series 1997-1\_-S (the "Assignee").

W I T N E S S E T H:

WHEREAS, the parties hereto desire to effect on the date hereof (the "Transfer Date") (a) the transfer by the Assignor to the Assignee of all of the right, title and interest of the Assignor in, under and with respect to, among other things, the Trust Property and each of the documents listed in Schedule I hereto (the "Scheduled Documents") and (b) the assumption by the Assignee of the obligations of the Assignor (i) under the Scheduled Documents and (ii) in respect of the Certificates issued under the Pass Through Trust Agreement; and

WHEREAS, the Scheduled Documents permit such transfer upon satisfaction of certain conditions heretofore or concurrently herewith being complied with;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the parties hereto do hereby agree as follows (capitalized terms used herein without definition having the meaning ascribed thereto in the Pass Through Trust Agreement):

1. Assignment. The Assignor does hereby sell, assign, convey, transfer and set over unto the Assignee as of the

Transfer Date all of its present and future right, title and interest in, under and with respect to the Trust Property and the Scheduled Documents and each other contract, agreement, document or instrument relating to the Trust Property or the Scheduled Documents (such other contracts, agreements, documents or instruments, together with the Scheduled Documents, to be referred to as the "Assigned Documents"), and any proceeds therefrom, together with all documents and instruments evidencing any of such right, title and interest.

2. Assumption. The Assignee hereby assumes for the benefit of the Assignor and each of the parties listed in Schedule II hereto (collectively, the "Beneficiaries") all of the duties and obligations of the Assignor, whenever accrued, pursuant to the Assigned Documents and hereby confirms that it shall be deemed a party to each of the Assigned Documents to which the Assignor is a party and shall be bound by all the terms thereof (including the agreements and obligations of the Assignor set forth therein) as if therein named as the Assignor. Further, the Assignee hereby assumes for the benefit of the Assignor and the Beneficiaries all of the duties and obligations of the Assignor under the Outstanding Certificates and hereby confirms that the Certificates representing Fractional Undivided Interests under the Pass Through Trust Agreement shall be deemed for all purposes of the Pass Through Trust Agreement and the New Pass Through Trust Agreement to be certificates representing the same fractional undivided interests under the New Pass Through Trust Agreement equal to their respective beneficial interests in the trust created under the Pass Through Trust Agreement.

3. Effectiveness. This Agreement shall be effective upon the execution and delivery hereof by the parties hereto, and each Certificateholder, by its acceptance of its Certificate or a beneficial interest therein, agrees to be bound by the terms of this Agreement.

4. Payments. The Assignor hereby covenants and agrees to pay over to the Assignee, if and when received following the Transfer Date, any amounts (including any sums payable as interest in respect thereof) paid to or for the benefit of the Assignor that, under Section 1 hereof, belong to the Assignee.

5. Further Assurances. The Assignor shall, at any time and from time to time, upon the request of the Assignee,

promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Assignee may reasonably request to obtain the full benefits of this Agreement and of the right and powers herein granted. The Assignor agrees to deliver the Global Certificates, and all Trust Property, if any, then in the physical possession of the Assignor, to the Assignee.

6. Representations and Warranties. (a) The Assignee represents and warrants to the Assignor and each of the Beneficiaries that:

(i) it has all requisite power and authority and legal right to enter into and carry out the transactions contemplated hereby and to carry out and perform the obligations of the "Pass Through Trustee" under the Assigned Documents;

(ii) on and as of the date hereof, the representations and warranties of the Assignee set forth in Section 7.15 of the New Pass Through Trust Agreement are true and correct.

(b) The Assignor represents and warrants to the Assignee

that:

(i) it is duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the full trust power, authority and legal right under the laws of the State of Delaware and the United States pertaining to its trust and fiduciary powers to execute and deliver this Agreement;

(ii) the execution and delivery by it of this Agreement and the performance by it of its obligations hereunder have been duly authorized by it and will not violate its articles of association or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which it is a party or by which it is bound; and

(iii) this Agreement constitutes the legal, valid and binding obligations of it enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity, whether considered in a proceeding at law or in equity.

7. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK INCLUDING MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS.

8. Counterparts. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

9. Third Party Beneficiaries. The Assignee hereby agrees, for the benefit of the Beneficiaries, that its representations, warranties and covenants contained herein are also intended to be for the benefit of each Beneficiary, and each Beneficiary shall be deemed to be an express third party beneficiary with respect thereto, entitled to enforce directly and in its own name any rights or claims it may have against such party as such beneficiary.

IN WITNESS WHEREOF, the parties hereto, through their respective officers thereunto duly authorized, have duly executed this Assignment as of the day and year first above written.

ASSIGNOR:

WILMINGTON TRUST COMPANY, not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement in respect of the Continental Airlines Pass Through Trust 1997-1\_-0

By:

-----  
Title:

ASSIGNEE:

WILMINGTON TRUST COMPANY, not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement in respect of the Continental Airlines Pass Through Trust 1997-1\_-S

By:

-----

## Schedule of Assigned Documents

- (1) Intercreditor Agreement dated as of March 21, 1997 among the Trustee, the Other Trustees, the Liquidity Providers, the liquidity providers, if any, relating to the Certificates issued under (and as defined in) each of the Other Pass Through Trust Agreements and the Subordination Agent.
- (2) Registration Rights Agreement dated as of March 21, 1997 among the Initial Purchasers, the Trustee, the Other Trustees, and the Company.
- (3) Escrow and Paying Agent Agreement (Class \_\_) dated as of March 21, 1997 among the Escrow Agent, the Initial Purchasers, the Trustee and the Paying Agent.
- (4) Note Purchase Agreement dated as of March 21, 1997 among the Company, the Trustee, the Other Trustees, the Depositary, the Escrow Agent, the Paying Agent and the Subordination Agent.
- (5) Deposit Agreement (Class \_\_) dated as of March 21, 1997 between the Escrow Agent and the Depositary.
- (6) Each of the Operative Agreements (as defined in the Participation Agreement for each Aircraft) in effect as of the Transfer Date.



## Schedule of Beneficiaries

Wilmington Trust Company, not in its individual capacity but solely as Subordination Agent.

Wilmington Trust Company, not in its individual capacity but solely as Paying Agent

ABN AMRO Bank N.V., Chicago Branch, as Liquidity Provider

ING Bank N.V., as Liquidity Provider

Continental Airlines, Inc.

Credit Suisse First Boston Corporation, as Initial Purchaser

Morgan Stanley & Co. Incorporated, as Initial Purchaser

Chase Securities Inc., as Initial Purchaser

Goldman Sachs & Co., as Initial Purchaser

First Security Bank, National Association, as Escrow Agent

Each of the other parties to the Assigned Documents

## EXHIBIT E

FORM OF NOTICE TO DESIGNATE NOMINEE AS WITHHOLDING AGENT  
(Treas. Reg. Section 1.1445-8(f); 17 C.F.R. 240.10b-17(b)(1))

[DATE]

National Association of  
Securities Dealers, Inc.  
Market Operations  
80 Merritt Blvd.  
Trumbull, CT 06611

Re: Continental Airlines Pass Through Certificates, Series  
1997-1C-I-0 Pass Through Certificates, Series 1997-1C-I-0

With respect to distributions to be made on [INSERT DISTRIBUTION DATE] to holders of the above- referenced Pass Through Certificates in the amount of \$ \_\_\_\_ per \$1,000 principal amount of Certificate, we hereby designate the appropriate nominees to withhold from amounts distributable to any non-U.S. Person such amounts as required by section 1446 of the Internal Revenue Code of 1986, as amended. The term "non-U.S. Person" means any person or entity that, for U.S. federal income tax purposes, is not a "U.S. Person." "U.S. Person" for this purpose means a citizen or resident of the United States, a corporation, partnership or other entity created or organized under the laws of the United States or any political subdivision thereof, or an estate or trust, the income of which is subject to U.S. federal income taxation regardless of its source. The date of record for determining holders of Certificates entitled to receive the distribution on [INSERT DISTRIBUTION DATE] is [INSERT RELATED RECORD DATE].

Very truly yours,

E-1

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PASS THROUGH TRUST AGREEMENT

Dated as of March 21, 1997

between

CONTINENTAL AIRLINES, INC.

and

WILMINGTON TRUST COMPANY,

as Trustee

Continental Airlines Pass Through Trust, Series 1997-1C-II-0

7.420% Initial Pass Through Certificates, Series 1997-1C-II-0

7.420% Exchange Pass Through Certificates, Series 1997-1C-II-0

-----

Reconciliation and tie between Continental Airlines Pass Through Trust Agreement, Series 1997-1C-II-0 dated as of March 21, 1997, and the Trust Indenture Act of 1939. This reconciliation does not constitute part of the Pass Through Trust Agreement.

Trust Indenture Act of 1939 Section -----	Pass Through Trust Agreement Section -----
310(a)(1)	7.08
(a)(2)	7.08
312(a)	3.05; 8.01; 8.02
313(a)	7.06; 8.03
314(a)	8.04(a), (c) & (d)
(a)(4)	8.04(e)
(c)(1)	1.02
(c)(2)	1.02
(d)(1)	7.13; 11.01
(d)(2)	7.13; 11.01
(d)(3)	2.01
(e)	1.02
315(b)	7.02
316(a)(last sentence)	1.04(c)
(a)(1)(A)	6.04
(a)(1)(B)	6.05
(b)	6.06
(c)	1.04(e)
317(a)(1)	6.03
(b)	7.13
318(a)	12.06

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Exhibit E- Form of Notice to Withholding Agent

(v)

## PASS THROUGH TRUST AGREEMENT

This PASS THROUGH TRUST AGREEMENT, dated as of March 21, 1997 (the "Agreement"), between CONTINENTAL AIRLINES, INC., a Delaware corporation, and WILMINGTON TRUST COMPANY, as Trustee, is made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-1C-II-0 and the issuance of 7.420% Continental Airlines Pass Through Trust, Series 1997-1C-II-0 Pass Through Certificates representing fractional undivided interests in the Trust.

## WITNESSETH:

WHEREAS, the Company has obtained commitments from Boeing for the delivery of certain Aircraft;

WHEREAS, the Company intends to finance the acquisition of each such Aircraft either (i) through separate leveraged lease transactions in which the Company will lease such aircraft (collectively, the "Leased Aircraft") or (ii) through separate secured loan transactions in which the Company will own such Aircraft (collectively, the "Owned Aircraft");

WHEREAS, in the case of each Leased Aircraft, each Owner Trustee, acting on behalf of the corresponding Owner Participant, will issue pursuant to an Indenture, on a non-recourse basis, three series of Equipment Notes in order to finance a portion of its purchase price of such Leased Aircraft;

WHEREAS, in the case of each Owned Aircraft, the Company, will issue pursuant to an Indenture, on a recourse basis, three series of Equipment Notes to finance a portion of the purchase price of such Owned Aircraft;

WHEREAS, the Trustee, upon execution and delivery of this Agreement, hereby declares the creation of the Trust for the benefit of the Certificateholders, and the initial Certificateholders, as the grantors of the Trust, by their respective acceptances of the Certificates, join in the creation of this Trust with the Trustee;

WHEREAS, all Certificates to be issued by the Trust will evidence fractional undivided interests in the Trust and will convey no rights, benefits or interests in respect of any

property other than the Trust Property except for those Certificates to which an Escrow Receipt has been affixed;

WHEREAS, the Escrow Agent and the Initial Purchasers have contemporaneously herewith entered into an Escrow Agreement with the Escrow Paying Agent pursuant to which the Initial Purchasers have delivered to the Escrow Agent the proceeds from the sale of the Certificates and have irrevocably instructed the Escrow Agent to withdraw and pay funds from such proceeds upon request and proper certification by the Trustee to purchase Equipment Notes as the Aircraft are delivered by Boeing under the Aircraft Purchase Agreement from time to time prior to the Delivery Period Termination Date;

WHEREAS, the Escrow Agent on behalf of the Certificateholders has contemporaneously herewith entered into a Deposit Agreement with the Depository under which the Deposits referred to therein will be made and from which it will withdraw funds to allow the Trustee to purchase Equipment Notes from time to time prior to the Delivery Period Termination Date;

WHEREAS, pursuant to the terms and conditions of this Agreement and the Note Purchase Agreement, upon or shortly following delivery of an Aircraft, the Trustee on behalf of the Trust, using funds withdrawn under the Escrow Agreement, may purchase an Equipment Note having the same interest rate as, and final maturity date not later than the final Regular Distribution Date of, the Certificates issued hereunder and shall hold such Equipment Note in trust for the benefit of the Certificateholders;

WHEREAS, to facilitate the sale of Equipment Notes to, and the purchase of Equipment Notes by, the Trustee on behalf of the Trust, the Company has duly authorized the execution and delivery of this Agreement as the "issuer", as such term is defined in and solely for purposes of the Securities Act, of the Certificates to be issued pursuant hereto and as the "obligor", as such term is defined in and solely for purposes of the Trust Indenture Act of 1939, as amended, with respect to all such Certificates and is undertaking to perform certain administrative and ministerial duties hereunder and is also undertaking to pay the ongoing fees and expenses of the Trustee;

WHEREAS, all of the conditions and requirements necessary to make this Agreement, when duly executed and

delivered, a valid, binding and legal instrument, enforceable in accordance with its terms and for the purposes herein expressed, have been done, performed and fulfilled, and the execution and delivery of this Agreement in the form and with the terms hereof have been in all respects duly authorized; and

WHEREAS, upon issuance of the Exchange Certificates, if any, or the effectiveness of the Shelf Registration Statement, this Agreement, as amended or supplemented from time to time, will be subject to the provisions of the Trust Indenture Act of 1939, and shall, to the extent applicable, be governed by such provisions;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and of other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

#### ARTICLE I

##### DEFINITIONS

Section 1.01. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms used in this Agreement, including in the recitals to this Agreement, that are defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, or by the rules promulgated under the Trust Indenture Act, have the meanings assigned to them therein;

(3) all references in this Agreement to designated "Articles", "Sections", "Subsections" and other subdivisions are to the designated Articles, Sections, Subsections and other subdivisions of this Agreement;

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection or other subdivision; and

(5) unless the context otherwise requires, whenever the words "including", "include" or "includes" are used herein, it shall be deemed to be followed by the phrase "without limitation".

**Affiliate:** Means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person, provided, however, that neither America West Airlines, Inc. nor any of its subsidiaries shall be deemed to be an "Affiliate" of the Company for purposes of this Agreement. For the purposes of this definition, "control" means the power, directly or indirectly, to direct the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

**Agent Members:** Has the meaning specified in Section 3.05.

**Agreement:** Has the meaning specified in the initial paragraph hereto.

**Aircraft:** Means each of the New Aircraft or Substitute Aircraft in respect of which a Participation Agreement is entered into in accordance with the Note Purchase Agreement.

**Aircraft Purchase Agreement:** Has the meaning specified in the Note Purchase Agreement.

**Applicable Delivery Date:** Has the meaning specified in Section 2.01(b).

**Applicable Participation Agreement:** Has the meaning specified in Section 2.01(b).

**Assignment and Assumption Agreement:** Means the assignment and assumption agreement substantially in the form of Exhibit D hereto executed and delivered in accordance with Section 11.01.

**Authorized Agent:** Means any Paying Agent or Registrar for the Certificates.

**Avoidable Tax:** Means a state or local tax (i) upon (w) the Trust, (x) the Trust Property, (y) Certificateholders or (z) the Trustee for which the Trustee is entitled to seek reimbursement from the Trust Property, and (ii) which would be avoided if the Trustee were located in another state, or jurisdiction within a state, within the United States. A tax shall not be an Avoidable Tax if the Company or any Owner Trustee shall agree to pay, and shall pay, such tax.

**Boeing:** Means The Boeing Company.

**Business Day:** Means any day other than a Saturday, a Sunday or a day on which commercial banks are required or authorized to close in Houston, Texas, New York, New York, Salt Lake City, Utah or, so long as any Certificate is outstanding, the city and state in which the Trustee or any Loan Trustee maintains its Corporate Trust Office or receives and disburses funds.

**Cedel:** Means Cedel Bank societe anonyme.

**Certificate:** Means any one of the Initial Certificates or Exchange Certificates and any such Certificates issued in exchange therefor or replacement thereof pursuant to this Agreement.

**Certificate Account:** Means the account or accounts created and maintained pursuant to Section 4.01(a).

**Certificate Purchase Agreement:** Means the Purchase Agreement dated March 12, 1997 among the Initial Purchasers, the Company and the Depository, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**Certificateholder or Holder:** Means the Person in whose name a Certificate is registered in the Register.

**Class C Certificateholder:** Has the meaning specified in Section 6.01.

**Company:** Means Continental Airlines, Inc., a Delaware corporation, or its successor in interest pursuant to Section 5.02, or (only in the context of provisions hereof, if any, where such reference is required for purposes of compliance with the Trust Indenture Act) any other "obligor"

(within the meaning of the Trust Indenture Act) with respect to the Certificates.

**Controlling Party:** Has the meaning specified in the Intercreditor Agreement.

**Corporate Trust Office:** With respect to the Trustee or any Loan Trustee, means the office of such trustee in the city at which at any particular time its corporate trust business shall be principally administered.

**Cut-off Date:** Means the earlier of (a) the Delivery Period Termination Date and (b) the date on which a Triggering Event occurs.

**Definitive Certificates:** Has the meaning specified in Section 3.01(e).

**Delivery Date:** Has the meaning specified in the Note Purchase Agreement.

**Delivery Notice:** Has the meaning specified in the Note Purchase Agreement.

**Delivery Period Termination Date:** Means the earlier of (a) March 31, 1998, or, if the Equipment Notes relating to all of the New Aircraft (or Substitute Aircraft in lieu thereof) have not been purchased by the Trust and the Other Trusts on or prior to such date due to any reason beyond the control of the Company and not occasioned by the Company's fault or negligence, June 30, 1998 and (b) the date on which Equipment Notes issued with respect to all of the New Aircraft (or Substitute Aircraft in lieu thereof) have been purchased by the Trust and the Other Trusts in accordance with the Note Purchase Agreement.

**Deposits:** Has the meaning specified in the Deposit Agreement.

**Deposit Agreement:** Means the Deposit Agreement dated as of March 21, 1997 relating to the Certificates between the Depositary and the Escrow Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

Depository: Means Credit Suisse First Boston, a Swiss bank, acting through its New York branch.

Direction: Has the meaning specified in Section 1.04(a).

Distribution Date: Means any Regular Distribution Date or Special Distribution Date as the context requires.

DTC: Means The Depository Trust Company, its nominees and their respective successors.

Equipment Notes: Means the equipment notes issued under the Indentures.

ERISA: Means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor federal statute.

ERISA Legend: Has the meaning specified in Section 3.12.

Escrow Agent: Means, initially, First Security Bank, National Association, and any replacement or successor therefor appointed in accordance with the Escrow Agreement.

Escrow Agreement: Means the Escrow and Paying Agent Agreement dated as of March 21, 1997 relating to the Certificates, among the Escrow Agent, the Escrow Paying Agent, the Trustee and the Initial Purchasers, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

Escrow Paying Agent: Means the Person acting as paying agent under the Escrow Agreement.

Escrow Receipt: Means the receipt substantially in the form annexed to the Escrow Agreement representing a fractional undivided interest in the funds held in escrow thereunder.

Euroclear: Means the Euroclear System.

Event of Default: Means an Indenture Default under any Indenture pursuant to which Equipment Notes held by the Trust were issued.



**Exchange Certificates:** Means the pass through certificates substantially in the form of Exhibit A hereto issued in exchange for the Initial Certificates pursuant to the Registration Rights Agreement and authenticated hereunder.

**Exchange Offer:** Means the exchange offer which may be made pursuant to the Registration Rights Agreement to exchange Initial Certificates for Exchange Certificates.

**Exchange Offer Registration Statement:** Means the registration statement that, pursuant to the Registration Rights Agreement, is filed by the Company with the SEC with respect to the exchange of Initial Certificates for Exchange Certificates.

**Final Maturity Date:** Means October 1, 2008.

**Final Withdrawal:** Has the meaning specified in the Escrow Agreement.

**Final Withdrawal Date:** Has the meaning specified in the Escrow Agreement.

**Final Withdrawal Notice:** Has the meaning specified in Section 2.02.

**Financing Documents:** With respect to any Equipment Note, means (i) the Indenture and the Participation Agreement relating to such Equipment Note, and (ii) in the case of any Equipment Note related to a Leased Aircraft, the Lease relating to such Leased Aircraft.

**Fractional Undivided Interest:** Means the fractional undivided interest in the Trust that is evidenced by a Certificate.

**Global Certificates:** Has the meaning specified in Section 3.01(d).

**Global Exchange Certificate:** Has the meaning specified in Section 3.01(f).

**Indenture:** Means each of the separate trust indentures and mortgages relating to the Aircraft, each as specified or described in a Delivery Notice delivered pursuant to the

Note Purchase Agreement or the related Participation Agreement, in each case as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

Indenture Default: With respect to any Indenture, means any Event of Default (as such term is defined in such Indenture).

Initial Certificates: Means the certificates issued and authenticated hereunder substantially in the form of Exhibit A hereto other than the Exchange Certificates.

Initial Purchasers: Means, collectively, Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman Sachs & Co.

Institutional Accredited Investor: Means an institutional investor that is an "accredited investor" within the meaning set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act.

Intercreditor Agreement: Means the Intercreditor Agreement dated as of March 21, 1997 among the Trustee, the Other Trustees, the Liquidity Providers, the liquidity providers relating to the Certificates issued under (and as defined in) each of the Other Pass Through Trust Agreements, and Wilmington Trust Company, as Subordination Agent and as trustee thereunder, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

Investors: Means the Initial Purchasers together with all subsequent beneficial owners of the Certificates.

Issuance Date: Means the date of the issuance of the Initial Certificates.

Lease: Means, with respect to each Leased Aircraft, the lease between an Owner Trustee, as the lessor, and the Company, as the lessee, referred to in the related Indenture, as such lease may be amended, supplemented or otherwise modified in accordance with its terms.

Leased Aircraft: Has the meaning specified in the second recital to this Agreement.

**Liquidity Facility:** Means, initially, (i) the Revolving Credit Agreement dated as of March 21, 1997 relating to the Certificates, between ABN Amro Bank N.V. and the Subordination Agent, as agent and trustee for the Trustee, and (ii) the Revolving Credit Agreement dated as of March 21, 1997 relating to the Certificates, between ING Bank N.V. and the Subordination Agent, as agent and trustee for the Trustee, and, from and after the replacement of either such Agreement pursuant to the Intercreditor Agreement, the replacement liquidity facility therefor, in each case as amended, supplemented or otherwise modified from time to time in accordance with their respective terms.

**Liquidity Provider:** Means, initially, each of ABN Amro Bank N.V. and ING Bank N.V., and any replacement or successor therefor appointed in accordance with the Intercreditor Agreement.

**Loan Trustee:** With respect to any Equipment Note or the Indenture applicable thereto, means the bank or trust company designated as trustee under such Indenture, together with any successor to such trustee appointed pursuant thereto.

**New Aircraft:** Has the meaning specified in the Note Purchase Agreement.

**Non-U.S. Person:** Means a Person that is not a "U.S. person", as defined in Regulation S.

**Note Purchase Agreement:** Means the Note Purchase Agreement dated as of March 21, 1997 among the Trustee, the Other Trustees, the Company, the Escrow Agent, the Escrow Paying Agent and the Subordination Agent, providing for, among other things, the purchase of Equipment Notes by the Trustee on behalf of the Trust, as the same may be amended, supplemented or otherwise modified from time to time, in accordance with its terms.

**Notice of Purchase Withdrawal:** Has the meaning specified in the Deposit Agreement.

**Offering Circular:** Means the Offering Circular dated March 12, 1997 relating to the offering of the Certificates and the certificates issued under the Other Pass Through Trust Agreements.

Officer's Certificate: Means a certificate signed, (a) in the case of the Company, by (i) the Chairman or Vice Chairman of the Board of Directors, the President, any Executive Vice President, any Senior Vice President or the Treasurer of the Company, signing alone, or (ii) any Vice President of the Company signing together with the Secretary, the Assistant Secretary, the Treasurer or any Assistant Treasurer of the Company or, (b) in the case of an Owner Trustee or a Loan Trustee, a Responsible Officer of such Owner Trustee or such Loan Trustee, as the case may be.

Opinion of Counsel: Means a written opinion of legal counsel who (a) in the case of counsel for the Company may be (i) a senior attorney of the Company one of whose principal duties is furnishing advice as to legal matters, (ii) Hughes Hubbard & Reed LLP, or (iii) such other counsel designated by the Company and reasonably acceptable to the Trustee and (b) in the case of counsel for any Owner Trustee or any Loan Trustee may be such counsel as may be designated by any of them whether or not such counsel is an employee of any of them, and who shall be reasonably acceptable to the Trustee.

Other Pass Through Trust Agreements: Means each of the three other Continental Airlines 1997-1 Pass Through Trust Agreements relating to Continental Airlines Pass Through Trust, Series 1997-1A-0, Continental Airlines Pass Through Trust, Series 1997-1B-0, and Continental Airlines Pass Through Trust, Series 1997-1C-I-0, dated the date hereof.

Other Trustees: Means the trustees under the Other Pass Through Trust Agreements, and any successor or other trustee appointed as provided therein.

Other Trusts: Means the Continental Airlines Pass Through Trust, Series 1997-1A-0, Continental Airlines Pass Through Trust, Series 1997-1B-0, and Continental Airlines Pass Through Trust, Series 1997-1C-I-0, created on the date hereof.

Outstanding: When used with respect to Certificates, means, as of the date of determination, all Certificates theretofore authenticated and delivered under this Agreement, except:

(i) Certificates theretofore canceled by the Registrar or delivered to the Trustee or the Registrar for cancellation;

(ii) Certificates for which money in the full amount required to make the final distribution with respect to such Certificates pursuant to Section 11.01 hereof has been theretofore deposited with the Trustee in trust for the Holders of such Certificates as provided in Section 4.01 pending distribution of such money to such Certificateholders pursuant to payment of such final distribution; and

(iii) Certificates in exchange for or in lieu of which other Certificates have been authenticated and delivered pursuant to this Agreement.

**Owned Aircraft:** Has the meaning specified in the second recital to this Agreement.

**Owner Participant:** With respect to any Equipment Note relating to a Leased Aircraft, means the "Owner Participant" as referred to in the Indenture pursuant to which such Equipment Note is issued and any permitted successor or assign of such Owner Participant; and Owner Participants at any time of determination means all of the Owner Participants thus referred to in the Indentures.

**Owner Trustee:** With respect to any Equipment Note relating to a Leased Aircraft, means the "Owner Trustee", as referred to in the Indenture pursuant to which such Equipment Note is issued, not in its individual capacity but solely as trustee; and Owner Trustees means all of the Owner Trustees party to any of the Indentures.

**Participation Agreement:** Means each Participation Agreement to be entered into by the Trustee pursuant to the Note Purchase Agreement, as the same may be amended, supplemented or otherwise modified in accordance with its terms.

**Paying Agent:** Means the paying agent maintained and appointed for the Certificates pursuant to Section 7.12.

**Permitted Investments:** Means obligations of the United States of America or agencies or instrumentalities thereof

for the payment of which the full faith and credit of the United States of America is pledged, maturing in not more than 60 days after the date of acquisition thereof or such lesser time as is required for the distribution of any Special Payments on a Special Distribution Date.

Person: Means any person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, trustee, unincorporated organization, or government or any agency or political subdivision thereof.

Plan Transferee: Means any Plan or any entity that is using the assets of any Plan to purchase or hold its interest in a Certificate. For purposes of this definition, a "Plan" means any employee benefit plan subject to ERISA as well as any plan that is not subject to ERISA but which is subject to Section 4975 of the Internal Revenue Code of 1986, as amended.

Pool Balance: Means, as of any date, (i) the original aggregate face amount of the Certificates less (ii) the aggregate amount of all payments made in respect of such Certificates other than payments made in respect of interest or premium thereon or reimbursement of any costs or expenses incurred in connection therewith less (iii) the aggregate amount of unused Deposits distributed as a Final Withdrawal other than payments in respect of interest or premium thereon. The Pool Balance as of any Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property held in such Trust and the distribution thereof to be made on such Distribution Date and the distribution of the Final Withdrawal to be made on such Distribution Date.

Pool Factor: Means, as of any date, the quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance as at such date by (ii) the original aggregate face amount of the Certificates. The Pool Factor as of any Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property and the distribution thereof to be made on such Distribution Date and the distribution of the Final Withdrawal to be made on such Distribution Date.

PTC Event of Default: Means any failure to pay within 10 Business Days of the due date thereof: (i) the outstanding Pool Balance on the Final Maturity Date or (ii) interest due on the Certificates on any Distribution Date (unless the Subordination Agent shall have made an Interest Drawing or Drawings (as defined in the Intercreditor Agreement), or a withdrawal or withdrawals pursuant to section 3.6(f) of the Intercreditor Agreement, with respect thereto in an aggregate amount sufficient to pay such interest and shall have distributed such amount to the Trustee).

QIB: Means a qualified institutional buyer as defined in Rule 144A.

Record Date: Means (i) for Scheduled Payments to be distributed on any Regular Distribution Date, other than the final distribution, the 15th day (whether or not a Business Day) preceding such Regular Distribution Date, and (ii) for Special Payments to be distributed on any Special Distribution Date, other than the final distribution, the 15th day (whether or not a Business Day) preceding such Special Distribution Date.

Register and Registrar: Mean the register maintained and the registrar appointed pursuant to Sections 3.04 and 7.12.

Registration Event: Means the declaration of the effectiveness by the SEC of the Exchange Offer Registration Statement or the Shelf Registration Statement.

Registration Rights Agreement: Means the Exchange and Registration Rights Agreement dated as of March 21, 1997, among the Initial Purchasers, the Trustee, the Other Trustees and the Company, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

Regular Distribution Date: With respect to distributions of Scheduled Payments in respect of the Certificates, means each date designated as a Regular Distribution Date in the Certificates issued pursuant to this Agreement, until payment of all the Scheduled Payments to be made under the Equipment Notes held in the Trust have been made; provided, however, that, if any such day shall

not be a Business Day, the related distribution shall be made on the next succeeding Business Day without additional interest.

Regulation S: Means Regulation S under the Securities Act or any successor regulation thereto.

Regulation S Definitive Certificates: Has the meaning specified in Section 3.01(e).

Regulation S Global Certificates: Has the meaning specified in Section 3.01(d).

Related Pass Through Trust Agreement: Means the Continental Airlines 1997-1 Pass Through Trust Agreement relating to the Continental Airlines Pass Through Trust, Series 1997-CII-S, dated the date hereof, entered into by the Company and the institution acting as trustee thereunder, which agreement becomes effective upon the execution and delivery of the Assignment and Assumption Agreement pursuant to Section 11.01.

Related Trust: Means the Continental Pass Through Trust, Series 1997-1C-II-S, formed under the Related Pass Through Trust Agreement.

Related Trustee: Means the trustee under the Related Pass Through Trust Agreement.

Responsible Officer: With respect to the Trustee, any Loan Trustee and any Owner Trustee, means any officer in the Corporate Trust Office of the Trustee, Loan Trustee or Owner Trustee or any other officer customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

Restricted Definitive Certificates: Has the meaning specified in Section 3.01(e).

Restricted Global Certificate: Has the meaning specified in Section 3.01(c).

Restricted Legend: Has the meaning specified in Section 3.02.



Restricted Period: Has the meaning specified in Section 3.01(d).

Rule 144A: Means Rule 144A under the Securities Act and any successor rule thereto.

Scheduled Payment: With respect to any Equipment Note, means (i) any payment of principal or interest on such Equipment Note (other than any such payment which is not in fact received by the Subordination Agent within five days of the date on which such payment is scheduled to be made) due from the obligor thereon or (ii) any payment of interest on the Certificates with funds drawn under any Liquidity Facility, which payment represents the installment of principal at the stated maturity of such installment of principal on such Equipment Note, the payment of regularly scheduled interest accrued on the unpaid principal amount of such Equipment Note, or both; provided that any payment of principal, premium, if any, or interest resulting from the redemption or purchase of any Equipment Note shall not constitute a Scheduled Payment.

SEC: Means the Securities and Exchange Commission, as from time to time constituted or created under the United States Securities Exchange Act of 1934, as amended, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties on such date.

Securities Act: Means the United States Securities Act of 1933, as amended from time to time, or any successor thereto.

Shelf Registration Statement: Means the shelf registration statement which may be required to be filed by the Company with the SEC pursuant to any Registration Rights Agreement, other than an Exchange Offer Registration Statement.

Special Distribution Date: Means each date on which a Special Payment is to be distributed as specified in this Agreement; provided, however, that, if any such day shall not be a Business Day, the related distribution shall be made on the next succeeding Business Day without additional interest.

**Special Redemption Premium:** Means the premium payable by the Company in respect of the Final Withdrawal pursuant to the Note Purchase Agreement.

**Special Payment:** Means any payment (other than a Scheduled Payment) in respect of, or any proceeds of, any Equipment Note or Trust Indenture Estate (as defined in each Indenture) or Special Redemption Premium.

**Special Payments Account:** Means the account or accounts created and maintained pursuant to Section 4.01(b).

**Subordination Agent:** Has the meaning specified in the Intercreditor Agreement.

**Substitute Aircraft:** Has the meaning specified in the Note Purchase Agreement.

**TIN:** Has the meaning specified in Section 7.16.

**Transfer Date:** Has the meaning specified in Section 11.01.

**Triggering Event:** Has the meaning assigned to such term in the Intercreditor Agreement.

**Trust:** Means the trust created by this Agreement, the estate of which consists of the Trust Property.

**Trust Indenture Act:** Means the United States Trust Indenture Act of 1939, as amended from time to time, or any successor thereto.

**Trust Property:** Means (i) the Equipment Notes held as the property of the Trust and, subject to the Intercreditor Agreement, all monies at any time paid thereon and all monies due and to become due thereunder, (ii) funds from time to time deposited in the Certificate Account and the Special Payments Account and, subject to the Intercreditor Agreement, any proceeds from the sale by the Trustee pursuant to Article VI hereof of any Equipment Note and (iii) all rights of the Trust and the Trustee, on behalf of the Trust, under the Intercreditor Agreement, the Escrow Agreement, the Note Purchase Agreement and the Liquidity Facilities, including, without limitation, all rights to receive certain payments thereunder, and all monies paid to

the Trustee on behalf of the Trust pursuant to the Intercreditor Agreement or the Liquidity Facilities, provided, that rights with respect to the Deposits or under the Escrow Agreement, except for the right to direct withdrawals for the purchase of Equipment Notes to be held herein, will not constitute Trust Property.

Trustee: Means Wilmington Trust Company, or its successor in interest, and any successor or other trustee appointed as provided herein.

Trustee's Lien: Has the meaning specified in Section 7.17.

Section 1.02. Compliance Certificates and Opinions. Upon any application or request (except with respect to matters set forth in Article II) by the Company, any Owner Trustee or any Loan Trustee to the Trustee to take any action under any provision of this Agreement, the Company, such Owner Trustee or such Loan Trustee, as the case may be, shall furnish to the Trustee (i) an Officer's Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with and (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Agreement relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Agreement (other than a certificate provided pursuant to Section 8.04(e)) shall include:

- (1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions in this Agreement relating thereto;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

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

Section 1.03. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters and any such Person may certify or give an opinion as to such matters in one or several documents.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Agreement or, in respect of the Certificates, this Agreement, they may, but need not, be consolidated and form one instrument.

Section 1.04. Directions of Certificateholders. (a) Any direction, consent, request, demand, authorization, notice, waiver or other action provided by this Agreement to be given or taken by Certificateholders (a "Direction") may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Certificateholders in person or by an agent or proxy duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required pursuant to this Agreement, to the Company or any Loan Trustee. Proof of execution of any such instrument or of a writing appointing any such agent or proxy shall be sufficient for any purpose of this Agreement and conclusive in favor of the Trustee, the Company and any Loan Trustee, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the Person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or such other officer and where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other reasonable manner which the Trustee deems sufficient.

(c) In determining whether the Certificateholders of the requisite Fractional Undivided Interests of Certificates Outstanding have given any Direction under this Agreement, Certificates owned by the Company or any Affiliate thereof shall be disregarded and deemed not to be Outstanding for purposes of any such determination. In determining whether the Trustee shall be protected in relying upon any such Direction, only Certificates which the Trustee knows to be so owned shall be so disregarded. Notwithstanding the foregoing, (i) if any such Person owns 100% of the Certificates Outstanding, such Certificates shall not be so disregarded, and (ii) if any amount of Certificates so owned by any such Person have been pledged in good faith, such Certificates shall not be disregarded if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Certificates and that the pledgee is not the Company or any Affiliate thereof.

(d) For all purposes of this Agreement, all Initial Certificates and all Exchange Certificates shall vote and take all other actions of Certificateholders together as one series of Certificates.

(e) The Company may at its option, by delivery of an Officer's Certificate to the Trustee, set a record date to determine the Certificateholders entitled to give any Direction. Notwithstanding Section 316(c) of the Trust Indenture Act, such record date shall be the record date specified in such Officer's Certificate, which shall be a date not more than 30 days prior to the first solicitation of Certificateholders in connection

therewith. If such a record date is fixed, such Direction may be given before or after such record date, but only the Certificateholders of record at the close of business on such record date shall be deemed to be Certificateholders for the purposes of determining whether Certificateholders of the requisite proportion of Outstanding Certificates have authorized or agreed or consented to such Direction, and for that purpose the Outstanding Certificates shall be computed as of such record date; provided that no such Direction by the Certificateholders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Agreement not later than one year after such record date.

(f) Any Direction by the Holder of any Certificate shall bind the Holder of every Certificate issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such Direction is made upon such Certificate.

(g) Except as otherwise provided in Section 1.04(c), Certificates owned by or pledged to any Person shall have an equal and proportionate benefit under the provisions of this Agreement, without preference, priority, or distinction as among all of the Certificates.

## ARTICLE II

### ORIGINAL ISSUANCE OF CERTIFICATES; ACQUISITION OF EQUIPMENT NOTES

Section 2.01. Issuance of Certificates; Acquisition of Equipment Notes. (a) The Trustee is hereby directed (i) to execute and deliver the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement and the Note Purchase Agreement on or prior to the Issuance Date, each in the form delivered to the Trustee by the Company and (ii) subject to the respective terms thereof, to perform its obligations thereunder. Upon request of the Company and the satisfaction or waiver of the closing conditions specified in the Certificate Purchase Agreement, the Trustee shall execute, deliver, authenticate, issue and sell Certificates in authorized denominations equalling in the aggregate the amount set forth, with respect to the Trust, in Schedule II to the Certificate Purchase Agreement evidencing the entire ownership interest in the Trust, which amount equals the maximum aggregate principal amount of Equipment Notes which

may be purchased by the Trustee pursuant to the Note Purchase Agreement. Except as provided in Sections 3.04, 3.05, 3.06, 3.07 and 3.10 hereof, the Trustee shall not execute, authenticate or deliver Certificates in excess of the aggregate amount specified in this paragraph.

(b) On or after the Issuance Date, the Company may deliver from time to time to the Trustee a Delivery Notice relating to one or more Equipment Notes. After receipt of a Delivery Notice and in any case no later than one Business Day prior to a Delivery Date as to which such Delivery Notice relates (the "Applicable Delivery Date") (or, if the Issuance Date is an Applicable Delivery Date, on the Issuance Date), the Trustee shall (as and when specified in the Delivery Notice) instruct the Escrow Agent to provide a Notice of Purchase Withdrawal to the Depository requesting (A) the withdrawal of one or more Deposits on the Applicable Delivery Date in accordance with and to the extent permitted by the terms of the Escrow Agreement and the Deposit Agreement and (B) the payment of all, or a portion, of such Deposit or Deposits in an amount equal in the aggregate to the purchase price of such Equipment Notes to or on behalf of the Owner Trustee or the Company, as the case may be, issuing such Equipment Notes, all as shall be described in the Delivery Notice; provided that, if the Issuance Date is an Applicable Delivery Date, such purchase price shall be paid from a portion of the proceeds of the sale of the Certificates. The Trustee shall (as and when specified in such Delivery Notice), subject to the conditions set forth in Section 2 of the Note Purchase Agreement, enter into and perform its obligations under the Participation Agreement specified in such Delivery Notice (the "Applicable Participation Agreement") and cause such certificates, documents and legal opinions relating to the Trustee to be duly delivered as required by the Applicable Participation Agreement. If at any time prior to the Applicable Delivery Date, the Trustee receives a notice of postponement pursuant to Section 2(e) or 2(f) of the Note Purchase Agreement, then the Trustee shall give the Depository with a copy to the Escrow Agent a notice of cancellation of such Notice of Purchase Withdrawal relating to such Deposit or Deposits on such Applicable Delivery Date. Upon satisfaction of the conditions specified in the Note Purchase Agreement and the Applicable Participation Agreement, the Trustee shall purchase the applicable Equipment Notes with the proceeds of the withdrawals of one or more Deposits made on the Applicable Delivery Date in accordance with the terms of the Deposit Agreement and the Escrow

Agreement (or, if the Issuance Date is Applicable Delivery Date with respect to such Applicable Participation Agreement, from a portion of the proceeds of the sale of the Certificates). The purchase price of such Equipment Notes shall equal the principal amount of such Equipment Notes. Amounts withdrawn from such Deposit or Deposits in excess of the purchase price of the Equipment Notes or to the extent not applied on the Applicable Delivery Date to the purchase price of the Equipment Notes, shall be re-deposited by the Trustee with the Depository on the Applicable Delivery Date in accordance with the terms of the Deposit Agreement.

Section 2.02. Withdrawal of Deposits. If any Deposits remain outstanding on the Business Day next succeeding the Cut-Off Date, (i) (A) the Trustee shall give the Escrow Agent notice that the Trustee's obligation to purchase Equipment Notes under the Note Purchase Agreement has terminated and instruct the Escrow Agent to provide a notice of Final Withdrawal to the Depository substantially in the form of Exhibit B to the Deposit Agreement (the "Final Withdrawal Notice") and (B) the Trustee will make a demand upon the Company under the Note Purchase Agreement for an amount equal to the Special Redemption Premium, such payment to be made on the Final Withdrawal Date.

Section 2.03. Acceptance by Trustee. The Trustee, upon the execution and delivery of this Agreement, acknowledges its acceptance of all right, title and interest in and to the Trust Property and declares that the Trustee holds and will hold such right, title and interest for the benefit of all then present and future Certificateholders, upon the trusts herein set forth. Subject to Section 7.14, the Trustee shall take all actions reasonably necessary to effect the registration of all such Equipment Notes in the name of the Subordination Agent. By its payment for and acceptance of each Certificate issued to it under this Agreement, each initial Certificateholder as grantor of the Trust thereby joins in the creation and declaration of the Trust.

Section 2.04. Limitation of Powers. The Trust is constituted solely for the purpose of making the investment in the Equipment Notes, and, except as set forth herein, the Trustee shall not be authorized or empowered to acquire any other investments or engage in any other activities and, in particular, the Trustee shall not be authorized or empowered to do anything that would cause such Trust to fail to qualify as a "grantor



trust" for federal income tax purposes (including as subject to this restriction, acquiring any Aircraft (as defined in the respective Indentures) by bidding such Equipment Notes or otherwise, or taking any action with respect to any such Aircraft once acquired).

### ARTICLE III

#### THE CERTIFICATES

Section 3.01. Title, Form, Denomination and Execution of Certificates. (a) The Initial Certificates shall be known as the "7.420% Initial Pass Through Certificates, Series 1997-1C-II-0" and the Exchange Certificates shall be known as the "7.420% Exchange Pass Through Certificates, Series 1997-1C-II-0", in each case, of the Trust. Each Certificate will represent a fractional undivided interest in the Trust and shall be substantially in the form set forth as Exhibit A hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Agreement 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 the rules of any securities exchange or as may, consistently herewith, be determined by the Trustee or the officers executing such Certificates, as evidenced by the Trustee's or officer's execution of the Certificates. At the Escrow Agent's request under the Escrow Agreement, the Trustee shall affix the corresponding Escrow Receipt to each Certificate. In any event, any transfer or exchange of any Certificate shall also effect a transfer or exchange of the related Escrow Receipt. Prior to the Final Withdrawal Date, no transfer or exchange of any Certificate shall be permitted unless the corresponding Escrow Receipt is attached thereto and also is so transferred or exchanged. By acceptance of any Certificate to which an Escrow Receipt is attached, each Holder of such a Certificate acknowledges and accepts the restrictions on transfer of the Escrow Receipt set forth herein and in the Escrow Agreement.

(b) The Initial Certificates shall be issued only in fully registered form without coupons and only in denominations of \$100,000 or integral multiples of \$1,000 in excess thereof, except that one Certificate may be issued in a different denomination. The Exchange Certificates will be issued in denominations of \$1,000 or integral multiples thereof, except that one Certificate may be issued in a different denomination.

Each Certificate shall be dated the date of its authentication. The aggregate Fractional Undivided Interest of Certificates shall not at any time exceed \$10,000,000.

(c) The Initial Certificates offered and sold in reliance on Rule 144A shall be issued in the form of one or more global Certificates substantially in the form of Exhibit A hereto with such applicable legends as are provided for in Section 3.02 (each a "Restricted Global Certificate") duly executed and authenticated by the Trustee as hereinafter provided. Such Restricted Global Certificates shall be in registered form and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC. The aggregate principal amount of any Restricted Global Certificate may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Restricted Global Certificate, as provided in Section 3.06 hereof, which adjustments shall be conclusive as to the aggregate principal amount of any such Global Certificate.

(d) The Initial Certificates offered and sold outside the United States in reliance on Regulation S shall be issued in the form of one or more global Certificates substantially in the form of Exhibit A hereto (each a "Regulation S Global Certificate") duly executed and authenticated by the Trustee as hereinafter provided. Such Regulation S Global Certificates shall be in registered form and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC, for credit initially and during the Restricted Period (hereinafter defined) to the respective accounts of beneficial owners of such Certificates (or to such other accounts as they may direct) at Morgan Guaranty Trust Company of New York, Brussels office, as operator of Euroclear or Cedel. As used herein, the term "Restricted Period", with respect to the Regulation S Global Certificates offered and sold in reliance on Regulation S, means the period of 40 consecutive days beginning on and including the later of (i) the day on which the Certificates are first offered to persons other than distributors (as defined in Regulation S) in reliance on Regulation S and (ii) the date of the closing of the offering under the Certificate Purchase Agreement. The aggregate principal amount of any Regulation S Global Certificate may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Global Certificate, as provided in Section 3.06 hereof, which adjustments shall be

conclusive as to the aggregate principal amount of any such Global Certificate. The Restricted Global Certificate and Regulation S Global Certificate are sometimes collectively referred to herein as the "Global Certificates".

(e) Initial Certificates offered and sold to any Institutional Accredited Investor which is not a QIB in a transaction exempt from registration under the Securities Act (and other than as described in Section 3.01(d)) shall be issued substantially in the form of Exhibit A hereto in definitive, fully registered form without interest coupons with such applicable legends as are provided for in Section 3.02 (the "Restricted Definitive Certificates") duly executed and authenticated by the Trustee as hereinafter provided. Certificates issued pursuant to Section 3.05(b) in exchange for interests in a Regulation S Global Certificate shall be issued in definitive, fully registered form without interest coupons (the "Regulation S Definitive Certificates"). The Restricted Definitive Certificates and the Regulation S Definitive Certificates are sometimes collectively referred to herein as the "Definitive Certificates".

(f) The Exchange Certificates shall be issued in the form of one or more global Certificates substantially in the form of Exhibit A hereto (each, a "Global Exchange Certificate"), except that (i) the Restricted Legend (hereinafter defined) shall be omitted and (ii) such Exchange Certificates shall contain such appropriate insertions, omissions, substitutions and other variations from the form set forth in Exhibit A hereto relating to the nature of the Exchange Certificates as the Responsible Officer of the Trustee executing such Exchange Certificates on behalf of the Trust may determine, as evidenced by such officer's execution on behalf of the Trust of such Exchange Certificates. Such Global Exchange Certificates shall be in registered form and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC. The aggregate principal amount of any Global Exchange Certificate may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Global Exchange Certificate, which adjustments shall be conclusive as to the aggregate principal amount of any such Global Exchange Certificate. Subject to clause (i) and (ii) of the first sentence of this Section 3.01(f), the terms hereof applicable to Restricted Global Certificates and/or Global

Certificates shall apply to the Global Exchange Certificates, mutatis mutandis.

(g) The definitive Certificates shall be in registered form and shall be typed, printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner, all as determined by the officers executing such Certificates, as evidenced by their execution of such Certificates.

Section 3.02. Restrictive Legends. All Initial Certificates issued pursuant to this Agreement for resale pursuant to Rule 144A or offered and sold to any Institutional Accredited Investor which is not a QIB (including any Global Certificate issued upon registration of transfer, in exchange for or in lieu of such Certificates) shall be "Restricted Certificates" and shall bear a legend to the following effect (the "Restricted Legend") unless the Company and the Trustee determine otherwise consistent with applicable law:

"THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) (AN "INSTITUTIONAL ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS CERTIFICATE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT; (2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE EXCEPT (A) TO CONTINENTAL AIRLINES, INC., (B) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR

(E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT; AND (3) AGREES THAT IF IT SHOULD RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE IT WILL DELIVER TO EACH PERSON TO WHOM THIS CERTIFICATE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS CERTIFICATE WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

Each Global Certificate shall bear the following legend on the

face thereof:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUSTEE OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN EXCHANGE FOR THIS CERTIFICATE IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 3.05 AND 3.06 OF THE PASS THROUGH TRUST AGREEMENT REFERRED TO HEREIN."

Section 3.03. Authentication of Certificates. (a) On the Issuance Date, the Trustee shall duly execute, authenticate

and deliver Certificates in authorized denominations equalling in the aggregate the amount set forth, with respect to the Trust, in Schedule II to the Certificate Purchase Agreement, evidencing the entire ownership of the Trust, which amount equals the maximum aggregate principal amount of Equipment Notes which may be purchased by the Trustee pursuant to the Note Purchase Agreement.

(b) No Certificate shall be entitled to any benefit under this Agreement or be valid or obligatory for any purpose, unless there appears on such Certificate a certificate of authentication substantially in the form provided for herein executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder.

Section 3.04. Transfer and Exchange. The Trustee shall cause to be kept at the office or agency to be maintained by it in accordance with the provisions of Section 7.12 a register (the "Register") of the Certificates in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration of such Certificates and of transfers and exchanges of such Certificates as herein provided. The Trustee shall initially be the registrar (the "Registrar") for the purpose of registering such Certificates and transfers and exchanges of such Certificates as herein provided.

All Certificates issued upon any registration of transfer or exchange of Certificates shall be valid obligations of the Trust, evidencing the same interest therein, and entitled to the same benefits under this Trust Agreement, as the Certificates surrendered upon such registration of transfer or exchange.

A Certificateholder may transfer a Certificate, or request that a Certificate be exchanged for Certificates in an aggregate Fractional Undivided Interest equal to the Fractional Undivided Interest of such Certificate surrendered for exchange of other authorized denominations, by surrender of such Certificate to the Trustee with the form of transfer notice thereon duly completed and executed, and otherwise complying with the terms of this Agreement, including providing evidence of compliance with any restrictions on transfer, in form satisfactory to the Trustee and the Registrar; provided that no exchanges of Initial Certificates for Exchange Certificates shall

occur until an Exchange Offer Registration Statement shall have been declared effective by the SEC (notice of which shall be provided to the Trustee by the Company). No such transfer shall be effected until, and such transferee shall succeed to the rights of a Certificateholder only upon, final acceptance and registration of the transfer by the Registrar in the Register. Prior to the registration of any transfer by a Certificateholder as provided herein, the Trustee shall treat the person in whose name the Certificate is registered as the owner thereof for all purposes, and the Trustee shall not be affected by notice to the contrary. Furthermore, DTC shall, by acceptance of a Global Certificate, agree that transfers of beneficial interests in such global certificate may be effected only through a book-entry system maintained by DTC (or its agent), and that ownership of a beneficial interest in the Certificate shall be required to be reflected in a book-entry. When Certificates are presented to the Registrar with a request to register the transfer thereof or to exchange them for other authorized denominations of a Certificate in a Fractional Undivided Interest equal to the aggregate Fractional Undivided Interest of Certificates surrendered for exchange, the Registrar shall register the transfer or make the exchange as requested if its requirements for such transactions are met.

To permit registrations of transfers and exchanges in accordance with the terms, conditions and restrictions hereof, the Trustee shall execute and authenticate Certificates at the Registrar's request. No service charge shall be made to a Certificateholder for any registration of transfer or exchange of Certificates, but the Trustee shall require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Certificates. All Certificates surrendered for registration of transfer or exchange shall be canceled and subsequently destroyed by the Trustee.

Section 3.05. Book-Entry Provisions for Restricted Global Certificates and Regulation S Global Certificates. (a) Members of, or participants in, DTC ("Agent Members") shall have no rights under this Agreement with respect to any Global Certificate held on their behalf by DTC, or the Trustee as its custodian, and DTC may be treated by the Trustee and any agent of the Trustee as the absolute owner of such Global Certificate for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Trustee or any agent of the Trustee from

giving effect to any written certification, proxy or other authorization furnished by DTC or shall impair, as between DTC and its Agent Members, the operation of customary practices governing the exercise of the rights of a holder of any Certificate. Upon the issuance of any Global Certificate, the Registrar or its duly appointed agent shall record DTC as the registered holder of such Global Certificate.

(b) Transfers of any Global Certificate shall be limited to transfers of such Restricted Global Certificate or Regulation S Global Certificate in whole, but not in part, to DTC. Beneficial interests in the Restricted Global Certificate and any Regulation S Global Certificate may be transferred in accordance with the rules and procedures of DTC and the provisions of Section 3.06. Beneficial interests in a Restricted Global Certificate or a Regulation S Global Certificate shall be delivered to all beneficial owners thereof in the form of Restricted Definitive Certificates or Regulation S Definitive Certificates, as the case may be, if (i) DTC notifies the Trustee that it is unwilling or unable to continue as depository for such Restricted Global Certificate or Regulation S Global Certificate, as the case may be, and a successor depository is not appointed by the Trustee within 90 days of such notice, and (ii) after the occurrence and during the continuance of an Event of Default, owners of beneficial interests in a Global Certificate with Fractional Undivided Interests aggregating not less than a majority in interest in the Trust advise the Trustee, the Company and DTC through Agent Members in writing that the continuation of a book-entry system through DTC or its successor is no longer in their best interests.

(c) Any beneficial interest in one of the Global Certificates that is transferred to a Person who takes delivery in the form of an interest in another Global Certificate will, upon such transfer, cease to be an interest in such Global Certificate and become an interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Certificate for as long as it remains such an interest.

(d) In connection with the transfer of an entire Restricted Global Certificate or an entire Regulation Global Certificate to the beneficial owners thereof pursuant to paragraph (b) of this Section 3.05, such Restricted Global



Certificate or Regulation S Global Certificate, as the case may be, shall be deemed to be surrendered to the Trustee for cancellation, and the Trustee shall execute, authenticate and deliver, to each beneficial owner identified by DTC in exchange for its beneficial interest in such Restricted Global Certificate or Regulation S Global Certificate, as the case may be, an equal aggregate principal amount of Restricted Definitive Certificates or Regulation S Definitive Certificates, as the case may be, of authorized denominations. None of the Company, the Registrar, the Paying Agent nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such registration instructions. Upon the issuance of Definitive Certificates, the Trustee shall recognize the Person in whose name the Definitive Certificates are registered in the Register as Certificateholders hereunder. Neither the Company nor the Trustee shall be liable if the Trustee or the Company is unable to locate a qualified successor clearing agency.

(e) Any Definitive Certificate delivered in exchange for an interest in the Restricted Global Certificate pursuant to paragraph (b) of this Section 3.05 shall, except as otherwise provided by paragraph (e) of Section 3.06, bear the Restricted Legend.

(f) Prior to the expiration of the Restricted Period, any Regulation S Definitive Certificate delivered in exchange for an interest in a Regulation S Global Certificate pursuant to paragraph (b) of this Section shall bear the Restricted Legend.

(g) The registered holder of any Restricted Global Certificate or Regulation S Global Certificate may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Agreement or the Certificates.

Section 3.06. Special Transfer Provisions. Unless and until (i) an Initial Certificate is sold under an effective Shelf Registration Statement, or (ii) an Initial Certificate is exchanged for an Exchange Certificate pursuant to an effective Exchange Offer Registration Statement, in each case pursuant to the terms of the Registration Rights Agreement, the following provisions shall apply to such Initial Certificates:

(a) Transfers to Non-QIB Institutional Accredited Investors. The following provisions shall apply with respect to the registration of any proposed transfer of a Certificate to any Institutional Accredited Investor which is neither a QIB nor a Non-U.S. Person:

(i) The Registrar shall register the transfer of any Certificate, whether or not bearing the Restricted Legend, only if (x) the requested transfer is at least two years after the later of the original issue date of the Certificates and the last date on which such Certificate was held by the Company, the Trustee or any affiliate of any of such Persons or (y) the proposed transferor is an Initial Purchaser who is transferring Certificates purchased under the Certificates Purchase Agreement and the proposed transferee has delivered to the Registrar a letter substantially in the form of Exhibit C hereto and the aggregate principal amount of the Certificates being transferred is at least \$100,000. Except as provided in the foregoing clause (y), the Registrar shall not register the transfer of any Certificate to any Institutional Accredited Investor which is neither a QIB nor a Non- U.S. Person.

(ii) If the proposed transferor is an Agent Member holding a beneficial interest in a Restricted Global Certificate, upon receipt by the Registrar of (x) the documents, if any, required by paragraph (i) and (y) instructions given in accordance with DTC's and the Registrar's procedures, the Registrar shall reflect on its books and records the date of the transfer and a decrease in the principal amount of such Restricted Global Certificate in an amount equal to the principal amount of the beneficial interest in such Restricted Global Certificate to be transferred, and the Trustee shall execute, authenticate and deliver to the transferor or at its direction, one or more Restricted Definitive Certificates of like tenor and amount.

(b) Transfers to QIBs. The following provisions shall apply with respect to the registration of any proposed transfer of an Initial Certificate to a QIB (excluding Non-U.S. Persons):

(i) If the Certificate to be transferred consists of Restricted Definitive Certificates, or of an interest in any Regulation S Global Certificate during the Restricted Period, the Registrar shall register the transfer if such transfer is being made by a proposed transferor who has checked the box provided for on the form of Initial Certificate stating, or has otherwise advised the Trustee and the Registrar in writing, that the sale has been made in compliance with the provisions of Rule 144A to a transferee who has signed the certification provided for on the form of Initial Certificate stating, or has otherwise advised the Trustee and the Registrar in writing, that it is purchasing the Initial Certificate for its own account or an account with respect to which it exercises sole investment discretion and that it, or the Person on whose behalf it is acting with respect to any such account, is a QIB within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Trust and/or the Company as it has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A.

(ii) Upon receipt by the Registrar of the documents required by clause (i) above and instructions given in accordance with DTC's and the Registrar's procedures therefor, the Registrar shall reflect on its books and records the date of such transfer and an increase in the principal amount of a Restricted Global Certificate in an amount equal to the principal amount of the Restricted Definitive Certificates or interests in such Regulation S Global Certificate, as the case may be, being transferred, and the Trustee shall cancel such Definitive Certificates or decrease the amount of such Regulation S Global Certificate so transferred.

(c) Transfers of Interests in the Regulation S Global Certificate or Regulation S Definitive Certificates. After the expiration of the Restricted Period, the Registrar shall register any transfer of interests in any Regulation S Global Certificate or Regulation S Definitive Certificates

without requiring any additional certification. Until the expiration of the Restricted Period, interests in the Regulation S Global Certificate may only be held through Agent Members acting for and on behalf of Euroclear and Cedel.

(d) Transfers to Non-U.S. Persons at Any Time. The following provisions shall apply with respect to any registration of any transfer of an Initial Certificate to a Non-U.S. Person:

(i) Prior to the expiration of the Restricted Period, the Registrar shall register any proposed transfer of an Initial Certificate to a Non-U.S. Person upon receipt of a certificate substantially in the form set forth as Exhibit B hereto from the proposed transferor.

(ii) After the expiration of the Restricted Period, the Registrar shall register any proposed transfer to any Non-U.S. Person if the Certificate to be transferred is a Restricted Definitive Certificate or an interest in a Restricted Global Certificate, upon receipt of a certificate substantially in the form of Exhibit B from the proposed transferor. The Registrar shall promptly send a copy of such certificate to the Company.

(iii) Upon receipt by the Registrar of (x) the documents, if any, required by clause (ii) and (y) instructions in accordance with DTC's and the Registrar's procedures, the Registrar shall reflect on its books and records the date of such transfer and a decrease in the principal amount of such Restricted Global Certificate in an amount equal to the principal amount of the beneficial interest in such Restricted Global Certificate to be transferred, and, upon receipt by the Registrar of instructions given in accordance with DTC's and the Registrar's procedures, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Regulation S Global Certificate in an amount equal to the principal amount of the Restricted Definitive Certificate or the Restricted Global Certificate, as the case may be, to be transferred, and the Trustee

shall cancel the Definitive Certificate, if any, so transferred or decrease the amount of such Restricted Global Certificate.

(e) Restricted Legend. Upon the transfer, exchange or replacement of Certificates not bearing the Restricted Legend, the Registrar shall deliver Certificates that do not bear the Restricted Legend. Upon the transfer, exchange or replacement of Certificates bearing the Restricted Legend, the Registrar shall deliver only Certificates that bear the Restricted Legend unless either (i) the circumstances contemplated by paragraph (d)(ii) of this Section 3.06 exist or (ii) there is delivered to the Registrar an Opinion of Counsel to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

(f) General. By acceptance of any Certificate bearing the Restricted Legend, each Holder of such a Certificate acknowledges the restrictions on transfer of such Certificate set forth in this Agreement and agrees that it will transfer such Certificate only as provided in this Agreement. The Registrar shall not register a transfer of any Certificate unless such transfer complies with the restrictions on transfer, if any, of such Certificate set forth in this Agreement. In connection with any transfer of Certificates, each Certificateholder agrees by its acceptance of the Certificates to furnish the Registrar or the Trustee such certifications, legal opinions or other information as either of them may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in accordance with the terms and provisions of this Article III; provided that the Registrar shall not be required to determine the sufficiency of any such certifications, legal opinions or other information.

Until such time as no Certificates remain Outstanding, the Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 3.05 or this Section 3.06. The Trustee, if not the Registrar at such time, shall have the right to inspect and make copies of all such letters, notices or other written communications at any

reasonable time upon the giving of reasonable written notice to the Registrar.

Section 3.07. Mutilated, Destroyed, Lost or Stolen Certificates. If (a) any mutilated Certificate is surrendered to the Registrar or the Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Certificate and (b) there is delivered to the Registrar and the Trustee such security, indemnity or bond, as may be required by them to save each of them harmless, then, in the absence of notice to the Registrar or the Trustee that such destroyed, lost or stolen Certificate has been acquired by a bona fide purchaser, and provided that the requirements of Section 8-405 of the Uniform Commercial Code in effect in any applicable jurisdiction are met, the Trustee shall execute, authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate or Certificates, in authorized denominations and of like Fractional Undivided Interest and bearing a number not contemporaneously outstanding.

In connection with the issuance of any new Certificate under this Section 3.07, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee and the Registrar) connected therewith.

Any duplicate Certificate issued pursuant to this Section 3.07 shall constitute conclusive evidence of the appropriate Fractional Undivided Interest in the Trust, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates.

Section 3.08. Persons Deemed Owners. Prior to due presentment of a Certificate for registration of transfer, the Trustee, the Registrar and any Paying Agent may treat the Person in whose name any Certificate is registered (as of the day of determination) as the owner of such Certificate for the purpose of receiving distributions pursuant to Article IV and for all other purposes whatsoever, and none of the Trustee, the Registrar

or any Paying Agent shall be affected by any notice to the contrary.

Section 3.09. Cancellation. All Certificates surrendered for payment or transfer or exchange shall, if surrendered to the Trustee or any agent of the Trustee other than the Registrar, be delivered to the Registrar for cancellation and shall promptly be canceled by it. No Certificates shall be authenticated in lieu of or in exchange for any Certificates canceled as provided in this Section, except as expressly permitted by this Agreement. All canceled Certificates held by the Registrar shall be destroyed and a certification of their destruction delivered to the Trustee.

Section 3.10. Temporary Certificates. Until definitive Certificates are ready for delivery, the Trustee shall authenticate temporary Certificates. Temporary Certificates shall be substantially in the form of definitive Certificates but may have insertions, substitutions, omissions and other variations determined to be appropriate by the officers executing the temporary Certificates, as evidenced by their execution of such temporary Certificates. If temporary Certificates are issued, the Trustee will cause definitive Certificates to be prepared without unreasonable delay. After the preparation of definitive Certificates, the temporary Certificates shall be exchangeable for definitive Certificates upon surrender of the temporary Certificates at the office or agency of the Trustee designated for such purpose pursuant to Section 7.12, without charge to the Certificateholder. Upon surrender for cancellation of any one or more temporary Certificates, the Trustee shall execute, authenticate and deliver in exchange therefor a like face amount of definitive Certificates of authorized denominations. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Agreement as definitive Certificates.

Section 3.11. Limitation of Liability for Payments. All payments and distributions made to Certificateholders in respect of the Certificates shall be made only from the Trust Property and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Property to make such payments in accordance with the terms of Article IV of this Agreement. Each Certificateholder, by its acceptance of a Certificate, agrees that it will look solely to the income and proceeds from the Trust Property for any payment or distribution

due to such Certificateholder pursuant to the terms of this Agreement and that it will not have any recourse to the Company, the Trustee, the Loan Trustees, the Liquidity Providers, the Owner Trustees or the Owner Participants, except as otherwise expressly provided herein or in the Intercreditor Agreement.

The Company is a party to this Agreement solely for purposes of meeting the requirements of the Trust Indenture Act, and therefore shall not have any right, obligation or liability hereunder (except as otherwise expressly provided herein).

Section 3.12. ERISA Restrictive Legend. All Certificates issued pursuant to this Agreement shall bear a legend to the following effect (the "ERISA Legend") unless the Company and the Trustee determine otherwise consistent with applicable law:

"BY ITS ACQUISITION HEREOF, THE HOLDER REPRESENTS THAT (A) IT IS NOT A PLAN TRANSFEREE (AS DEFINED IN THE PASS THROUGH TRUST AGREEMENT) OR (B) IT IS AN INSURANCE COMPANY USING THE ASSETS OF ITS GENERAL ACCOUNT TO ACQUIRE THIS CERTIFICATE, AND THE CONDITIONS OF PROHIBITED TRANSACTION CLASS EXEMPTION 95-60 ISSUED BY THE U.S. DEPARTMENT OF LABOR HAVE BEEN AND WILL CONTINUE TO BE SATISFIED IN CONNECTION WITH ITS PURCHASE AND HOLDING OF THIS CERTIFICATE. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

By acceptance of any Certificate bearing the ERISA Legend, each Holder of such a Certificate acknowledges the restrictions on transfer of such Certificate set forth in this Agreement and agrees that it will transfer such Certificate only as provided in this Agreement. The Registrar shall not register a transfer of any Certificate unless such transfer complies with the restrictions on transfer, if any, of such Certificate set forth in this Agreement.

#### ARTICLE IV

##### DISTRIBUTIONS; STATEMENTS TO CERTIFICATEHOLDERS

Section 4.01. Certificate Account and Special Payments Account. (a) The Trustee shall establish and maintain on behalf of the Certificateholders a Certificate Account as one or more



non-interest-bearing accounts. The Trustee shall hold the Certificate Account in trust for the benefit of the Certificateholders, and shall make or permit withdrawals therefrom only as provided in this Agreement. On each day when a Scheduled Payment is made to the Trustee under the Intercreditor Agreement, the Trustee upon receipt thereof shall immediately deposit the aggregate amount of such Scheduled Payment in the Certificate Account.

(b) The Trustee shall establish and maintain on behalf of the Certificateholders a Special Payments Account as one or more accounts, which shall be non-interest bearing except as provided in Section 4.04. The Trustee shall hold the Special Payments Account in trust for the benefit of the Certificateholders and shall make or permit withdrawals therefrom only as provided in this Agreement. On each day when one or more Special Payments are made to the Trustee under the Intercreditor Agreement and upon the payment of the Special Redemption Premium to the Trustee under the Note Purchase Agreement, the Trustee, upon receipt thereof, shall immediately deposit the aggregate amount of such Special Payments in the Special Payments Account.

(c) The Trustee shall cause the Subordination Agent to present to the related Loan Trustee of each Equipment Note such Equipment Note on the date of its stated final maturity or, in the case of any Equipment Note which is to be redeemed in whole pursuant to the related Indenture, on the applicable redemption date under such Indenture.

Section 4.02. Distributions from Certificate Account and Special Payments Account. (a) On each Regular Distribution Date or as soon thereafter as the Trustee has confirmed receipt of the payment of all or any part of the Scheduled Payments due on such date, the Trustee shall distribute out of the Certificate Account the entire amount deposited therein pursuant to Section 4.01(a). There shall be so distributed to each Certificateholder of record on the Record Date with respect to such Regular Distribution Date (other than as provided in Section 11.01 concerning the final distribution) by check mailed to such Certificateholder, at the address appearing in the Register, such Certificateholder's pro rata share (based on the Fractional Undivided Interest in the Trust held by such Certificateholder) of the total amount in the Certificate Account, except that, with respect to Certificates registered on the Record Date in the name

of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(b) On each Special Distribution Date with respect to any Special Payment or as soon thereafter as the Trustee has confirmed receipt of any Special Payments due on the Equipment Notes held in the related Trust or realized upon the sale of such Equipment Notes or receipt of the Special Redemption Premium, the Trustee shall distribute out of the Special Payments Account the entire amount of such Special Payment deposited therein pursuant to Section 4.01(b). There shall be so distributed to each Certificateholder of record on the Record Date with respect to such Special Distribution Date (other than as provided in Section 11.01 concerning the final distribution) by check mailed to such Certificateholder, at the address appearing in the Register, such Certificateholder's pro rata share (based on the Fractional Undivided Interest in the Trust held by such Certificateholder) of the total amount in the Special Payments Account on account of such Special Payment, except that, with respect to Certificates registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(c) The Trustee shall, at the expense of the Company, cause notice of each Special Payment to be mailed to each Certificateholder at his address as it appears in the Register. In the event of redemption or purchase of Equipment Notes held in the Trust, such notice shall be mailed not less than 20 days prior to the Special Distribution Date for the Special Payment resulting from such redemption or purchase, which Special Distribution Date shall be the date of such redemption or purchase. In the event of the payment of a Special Redemption Premium by the Company to the Trustee under the Note Purchase Agreement, such notice shall be mailed, together with the notice by the Escrow Paying Agent under Section 2.06 of the Escrow Agreement, not less than 20 days prior to the Special Distribution Date for such amount, which Special Distribution Date shall be the Final Withdrawal Date. In the case of any other Special Payments, such notice shall be mailed as soon as practicable after the Trustee has confirmed that it has received funds for such Special Payment, stating the Special Distribution Date for such Special Payment which shall occur not less than 20 days after the date of such notice and as soon as practicable thereafter. Notices mailed by the Trustee shall set forth:

- (i) the Special Distribution Date and the Record Date therefor (except as otherwise provided in Section 11.01),
- (ii) the amount of the Special Payment for each \$1,000 face amount Certificate and the amount thereof constituting principal, premium, if any, and interest,
- (iii) the reason for the Special Payment, and
- (iv) if the Special Distribution Date is the same date as a Regular Distribution Date, the total amount to be received on such date for each \$1,000 face amount Certificate.

If the amount of (i) premium, if any, payable upon the redemption or purchase of an Equipment Note or (ii) the Special Redemption Premium, if any, has not been calculated at the time that the Trustee mails notice of a Special Payment, it shall be sufficient if the notice sets forth the other amounts to be distributed and states that any premium received will also be distributed.

If any redemption of the Equipment Notes held in the Trust is canceled, the Trustee, as soon as possible after learning thereof, shall cause notice thereof to be mailed to each Certificateholder at its address as it appears on the Register.

Section 4.03. Statements to Certificateholders. (a) On each Distribution Date, the Trustee will include with each distribution to Certificateholders of a Scheduled Payment or Special Payment, as the case may be, a statement setting forth the information provided below (in the case of a Special Payment, including any Special Redemption Premium, reflecting in part the information provided by the Escrow Paying Agent under the Escrow Agreement). Such statement shall set forth (per \$1,000 face amount Certificate as to (ii), (iii), (iv) and (v) below) the following information:

- (i) the aggregate amount of funds distributed on such Distribution Date hereunder and under the Escrow Agreement, indicating the amount allocable to each source;
- (ii) the amount of such distribution hereunder allocable to principal and the amount allocable to premium (including the Special Redemption Premium), if any;

- (iii) the amount of such distribution hereunder allocable to interest; and
- (iv) the amount of such distribution under the Escrow Agreement allocable to interest;
- (v) the amount of such distribution under the Escrow Agreement allocable to Deposits; and
- (vi) the Pool Balance and the Pool Factor.

With respect to the Certificates registered in the name of DTC, on the Record Date prior to each Distribution Date, the Trustee will request from DTC a securities position listing setting forth the names of all Agent Members reflected on DTC's books as holding interests in the Certificates on such Record Date. On each Distribution Date, the Trustee will mail to each such Agent Member the statement described above and will make available additional copies as requested by such Agent Member for forwarding to holders of interests in the Certificates.

(b) Within a reasonable period of time after the end of each calendar year but not later than the latest date permitted by law, the Trustee shall furnish to each Person who at any time during such calendar year was a Certificateholder of record a statement containing the sum of the amounts determined pursuant to clauses (a)(i), (a)(ii), (a)(iii), (a)(iv) and (a)(v) above for such calendar year or, in the event such Person was a Certificateholder of record during a portion of such calendar year, for such portion of such year, and such other items as are readily available to the Trustee and which a Certificateholder shall reasonably request as necessary for the purpose of such Certificateholder's preparation of its federal income tax returns. Such statement and such other items shall be prepared on the basis of information supplied to the Trustee by the Agent Members and shall be delivered by the Trustee to such Agent Members to be available for forwarding by such Agent Members to the holders of interests in the Certificates in the manner described in Section 4.03(a).

(c) Promptly following (i) the Delivery Period Termination Date, if there has been any change in the information set forth in clauses (x), (y) and (z) below from that set forth in page 81 of the Offering Circular, and (ii) any early redemption of purchase of, or any default in the payment of principal or interest in respect of, any of the Equipment Notes

held in the Trust, or any Final Withdrawal, the Trustee shall furnish to Certificateholders of record on such date a statement setting forth (x) the expected Pool Balances for each subsequent Regular Distribution Date following the Delivery Period Termination Date, (y) the related Pool Factors for such Regular Distribution Dates and (z) the expected principal distribution schedule of the Equipment Notes, in the aggregate, held as Trust Property at the date of such notice. With respect to the Certificates registered in the name of DTC, on the Delivery Period Termination Date, the Trustee will request from DTC a securities position listing setting forth the names of all Agent Members reflected on DTC's books as holding interests in the Certificates on such date. The Trustee will mail to each such Agent Member the statement described above and will make available additional copies as requested by such Agent Member for forwarding to holders of interests in the Certificates.

Section 4.04. Investment of Special Payment Moneys. Any money received by the Trustee pursuant to Section 4.01(b) representing a Special Payment which is not distributed on the date received shall, to the extent practicable, be invested in Permitted Investments by the Trustee pending distribution of such Special Payment pursuant to Section 4.02. Any investment made pursuant to this Section 4.04 shall be in such Permitted Investments having maturities not later than the date that such moneys are required to be used to make the payment required under Section 4.02 on the applicable Special Distribution Date and the Trustee shall hold any such Permitted Investments until maturity. The Trustee shall have no liability with respect to any investment made pursuant to this Section 4.04, other than by reason of the willful misconduct or negligence of the Trustee. All income and earnings from such investments shall be distributed on such Special Distribution Date as part of such Special Payment.

#### ARTICLE V

##### THE COMPANY

Section 5.01. Maintenance of Corporate Existence. The Company, at its own cost and expense, will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, except as otherwise specifically permitted in Section 5.02; provided, however, that the Company shall not be required to preserve any

right or franchise if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company.

Section 5.02. Consolidation, Merger, etc. The Company shall not consolidate with or merge into any other corporation or convey, transfer or lease substantially all of its assets as an entirety to any Person unless:

(a) the corporation formed by such consolidation or into which the Company is merged or the Person that acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety shall be (i) organized and validly existing under the laws of the United States of America or any state thereof or the District of Columbia, (ii) a "citizen of the United States" as defined in 49 U.S.C. 40102(a)(15), as amended, and (iii) a United States certificated air carrier, if and so long as such status is a condition of entitlement to the benefits of Section 1110 of the Bankruptcy Reform Act of 1978, as amended (11 U.S.C. Section 1110), with respect to the Leases;

(b) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety shall execute and deliver to the Trustee a duly authorized, valid, binding and enforceable agreement in form and substance reasonably satisfactory to the Trustee containing an assumption by such successor corporation or Person of the due and punctual performance and observance of each covenant and condition of this Agreement, the Other Pass Through Trust Agreements and each Financing Document to be performed or observed by the Company; and

(c) the Company shall have delivered to the Trustee an Officer's Certificate of the Company and an Opinion of Counsel of the Company reasonably satisfactory to the Trustee, each stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in clause (b) above comply with this Section 5.02 and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger, or any conveyance, transfer or lease of substantially all of the assets of the Company as an entirety in accordance with this Section 5.02, the

successor corporation or Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Agreement with the same effect as if such successor corporation or Person had been named as the Company herein. No such conveyance, transfer or lease of substantially all of the assets of the Company as an entirety shall have the effect of releasing any successor corporation or Person which shall have become such in the manner prescribed in this Section 5.02 from its liability in respect of this Agreement and any Financing Document to which it is a party.

ARTICLE VI  
DEFAULT

Section 6.01. Events of Default. (a) Exercise of Remedies.

Upon the occurrence and during the continuation of any Indenture Default under any Indenture, the Trustee may, to the extent it is the Controlling Party at such time (as determined pursuant to the Intercreditor Agreement), direct the exercise of remedies as provided in the Intercreditor Agreement.

(b) Purchase Rights of Certificateholders. At any time

after the occurrence and during the continuation of a Triggering Event, each Holder of a Certificate or a Class C-I Certificate (a "Class C Certificateholder") shall have the right (which shall not expire upon any purchase of the Class A Certificates pursuant to the Class B Trust Agreement) to purchase all, but not less than all, of the Class A Certificates and the Class B Certificates upon ten days' written notice to the Class A Trustee, the Class B Trustee and each other Class C Certificateholder, provided that (A) if prior to the end of such ten-day period any other Class C Certificateholder notifies such purchasing Class C Certificateholder that such other Class C Certificateholder wants to participate in such purchase, then such other Class C Certificateholder may join with the purchasing Class C Certificateholder to purchase all, but not less than all, of the Class A Certificates and the Class B Certificates pro rata based on the Fractional Undivided Interest in the Trust and Class C-I Trust, taken as a whole, held by each such Class C Certificateholder and (B) if prior to the end of such ten-day period any other Class C Certificateholder fails to notify the purchasing Class C Certificateholder of such other Class C

Certificateholder's desire to participate in such a purchase, then such other Class C Certificateholder shall lose its right to purchase the Class A Certificates and Class B Certificates pursuant to this Section 6.01(b).

No such purchase of Class A Certificates and Class B Certificates shall be effective unless the purchaser(s) shall certify to the Other Trustees of each such Class that contemporaneously with such purchase, such purchaser(s) is purchasing, pursuant to the terms of this Agreement and the Other Pass Through Trust Agreements, the Class A Certificates and the Class B Certificates. Each payment of the purchase price of the Certificates as determined in the Other Pass Through Trust Agreement for such Class shall be made to an account or accounts designated by the trustee under such Other Pass Through Trust Agreement and each such purchase shall be subject to the terms of this Section 6.01(b). The Class A Certificates and the Class B Certificates will be deemed to be purchased on the date payment of the purchase price is made notwithstanding the failure of the Certificateholders of either Class to deliver any Certificates of such Class (whether in the form of Definitive Certificates or beneficial interests in Global Certificates (as defined in the Other Pass Through Trust Agreement for such Class)) and, upon such a purchase, (i) the only rights of the Certificateholders of such Class will be to deliver the Class A Certificates on the Class B Certificates, as the case may be, to the purchaser(s) and receive the purchase price for such Certificates and (ii) if the purchaser(s) shall so request, such Certificateholder will comply with all the provisions of Section 3.04 of the Other Pass Through Trust Agreement for such Class to enable new Certificates of such Class to be issued to the purchaser in such denominations as it shall request. All charges and expenses in connection with the issuance of any such new Certificates shall be borne by the purchaser thereof.

As used in this Section 6.01(b), the terms "Class", "Class A Certificate", "Class A Trustee", "Class B Certificate", "Class B Trust Agreement", "Class B Trustee", "Class C-I Certificate" and "Class C-I Trust" shall have the respective meanings assigned to such terms in the Intercreditor Agreement.

Section 6.02. Incidents of Sale of Equipment Notes. Upon any sale of all or any part of the Equipment Notes made either under the power of sale given under this Agreement or



otherwise for the enforcement of this Agreement, the following shall be applicable:

(1) Certificateholders and Trustee May Purchase Equipment Notes. Any Certificateholder, the Trustee in its individual or any other capacity or any other Person may bid for and purchase any of the Equipment Notes, and upon compliance with the terms of sale, may hold, retain, possess and dispose of such Equipment Notes in their own absolute right without further accountability.

(2) Receipt of Trustee Shall Discharge Purchaser. The receipt of the Trustee making such sale shall be a sufficient discharge to any purchaser for his purchase money, and, after paying such purchase money and receiving such receipt, such purchaser or its personal representative or assigns shall not be obliged to see to the application of such purchase money, or be in any way answerable for any loss, misapplication or non- application thereof.

(3) Application of Moneys Received upon Sale. Any moneys collected by the Trustee upon any sale made either under the power of sale given by this Agreement or otherwise for the enforcement of this Agreement shall be applied as provided in Section 4.02.

Section 6.03. Judicial Proceedings Instituted by Trustee; Trustee May Bring Suit. If there shall be a failure to make payment of the principal of, premium, if any, or interest on any Equipment Note, or if there shall be any failure to pay Rent (as defined in the relevant Lease) under any Lease when due and payable, then the Trustee, in its own name and as trustee of an express trust, as holder of such Equipment Notes, to the extent permitted by and in accordance with the terms of the Intercreditor Agreement and the Financing Documents (subject to the rights of the applicable Owner Trustee or Owner Participant to cure any such failure to pay principal of, premium, if any, or interest on any Equipment Note or to pay Rent under any Lease in accordance with the applicable Indenture), shall be entitled and empowered to institute any suits, actions or proceedings at law, in equity or otherwise, for the collection of the sums so due and unpaid on such Equipment Notes or under such Lease and may prosecute any such claim or proceeding to judgment or final decree with respect to the whole amount of any such sums so due and unpaid.

Section 6.04. Control by Certificateholders. Subject to Section 6.03 and the Intercreditor Agreement, the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to the Trust or pursuant to the terms of the Intercreditor Agreement, or exercising any trust or power conferred on the Trustee under this Agreement or the Intercreditor Agreement, including any right of the Trustee as Controlling Party under the Intercreditor Agreement or as holder of the Equipment Notes, provided that

(1) such Direction shall not be in conflict with any rule of law or with this Agreement and would not involve the Trustee in personal liability or expense,

(2) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Certificateholders not taking part in such Direction, and

(3) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such Direction.

Section 6.05. Waiver of Past Defaults. Subject to the Intercreditor Agreement, the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust (i) may on behalf of all of the Certificateholders waive any past Event of Default hereunder and its consequences or (ii) if the Trustee is the Controlling Party, may direct the Trustee to instruct the applicable Loan Trustee to waive any past Indenture Default under any Indenture and its consequences, and thereby annul any Direction given by such Certificateholders or the Trustee to such Loan Trustee with respect thereto, except a default:

(1) in the deposit of any Scheduled Payment or Special Payment under Section 4.01 or in the distribution of any payment under Section 4.02 on the Certificates, or

(2) in the payment of the principal of (premium, if any) or interest on the Equipment Notes, or

(3) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of each Certificateholder holding an Outstanding Certificate affected thereby.

Upon any such waiver, such default shall cease to exist with respect to the Certificates and any Event of Default arising therefrom shall be deemed to have been cured for every purpose and any direction given by the Trustee on behalf of the Certificateholders to the relevant Loan Trustee shall be annulled with respect thereto; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Upon any such waiver, the Trustee shall vote the Equipment Notes issued under the relevant Indenture to waive the corresponding Indenture Default.

Section 6.06. Right of Certificateholders to Receive Payments Not to Be Impaired. Anything in this Agreement to the contrary notwithstanding, including, without limitation, Section 6.07 hereof, but subject to the Intercreditor Agreement, the right of any Certificateholder to receive distributions of payments required pursuant to Section 4.02 hereof on the Certificates when due, or to institute suit for the enforcement of any such payment on or after the applicable Regular Distribution Date or Special Distribution Date, shall not be impaired or affected without the consent of such Certificateholder.

Section 6.07. Certificateholders May Not Bring Suit Except Under Certain Conditions. A Certificateholder shall not have the right to institute any suit, action or proceeding at law or in equity or otherwise with respect to this Agreement, for the appointment of a receiver or for the enforcement of any other remedy under this Agreement, unless:

(1) such Certificateholder previously shall have given written notice to the Trustee of a continuing Event of Default;

(2) Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than 25% of the Trust shall have requested the Trustee in writing to institute such action, suit or proceeding and shall have offered to the Trustee indemnity as provided in Section 7.03(e);

(3) the Trustee shall have refused or neglected to institute such an action, suit or proceeding for 60 days after receipt of such notice, request and offer of indemnity; and

(4) no direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust.

It is understood and intended that no one or more of the Certificateholders shall have any right in any manner whatsoever hereunder or under the Certificates to (i) surrender, impair, waive, affect, disturb or prejudice any property in the Trust Property or the lien of any Indenture on any property subject thereto, or the rights of the Certificateholders or the holders of the Equipment Notes, (ii) obtain or seek to obtain priority over or preference with respect to any other such Certificateholder or (iii) enforce any right under this Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Certificateholders subject to the provisions of this Agreement.

Section 6.08. Remedies Cumulative. Every remedy given hereunder to the Trustee or to any of the Certificateholders shall not be exclusive of any other remedy or remedies, and every such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter given by statute, law, equity or otherwise.

#### ARTICLE VII

##### THE TRUSTEE

Section 7.01. Certain Duties and Responsibilities. (a) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trustee.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of its own affairs.

(c) No provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section; and

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

(d) Whether or not herein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 7.02. Notice of Defaults. As promptly as practicable after, and in any event within 90 days after, the occurrence of any default (as such term is defined below) hereunder, the Trustee shall transmit by mail to the Company, the Owner Trustees, the Owner Participants, the Loan Trustees and the Certificateholders in accordance with Section 313(c) of the Trust Indenture Act, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default on the payment of the principal, premium, if any, or interest on any Equipment Note held in the Trust, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Certificateholders. For the purpose of this Section, the term "default" means any event that is, or after notice or lapse of time or both would become, an Event of Default.

Section 7.03. Certain Rights of Trustee. Subject to the provisions of Section 315 of the Trust Indenture Act:

(a) the Trustee may rely and shall be protected in acting or refraining from acting in reliance upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document believed by it to be

genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a written description of the subject matter thereof accompanied by an Officer's Certificate and an Opinion of Counsel as provided in Section 1.02 of this Agreement;

(c) whenever in the administration of this Agreement the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate of the Company, any Owner Trustee or any Loan Trustee;

(d) the Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the Direction of any of the Certificateholders pursuant to this Agreement, unless such Certificateholders shall have offered to the Trustee reasonable security or indemnity against the cost, expenses and liabilities which might be incurred by it in compliance with such Direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document;

(g) the Trustee may execute any of the trusts or powers under this Agreement or perform any duties under this Agreement either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it under this Agreement;

(h) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith

in accordance with the Direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement; and

(i) the Trustee shall not be required to expend or risk its own funds in the performance of any of its duties under this Agreement, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk is not reasonably assured to it.

Section 7.04. Not Responsible for Recitals or Issuance of Certificates. The recitals contained herein and in the Certificates, except the certificates of authentication, shall not be taken as the statements of the Trustee, and the Trustee assumes no responsibility for their correctness. Subject to Section 7.15, the Trustee makes no representations as to the validity or sufficiency of this Agreement, any Equipment Notes, the Intercreditor Agreement, the Deposit Agreement, the Escrow Agreement, the Certificates or any other Financing Document, except that the Trustee hereby represents and warrants that this Agreement has been, and the Intercreditor Agreement, the Registration Rights Agreement, the Note Purchase Agreement, the Escrow Agreement and each Certificate will be, executed, authenticated and delivered by one of its officers who is duly authorized to execute, authenticate and deliver such document on its behalf.

Section 7.05. May Hold Certificates. The Trustee, any Paying Agent, Registrar or any of their Affiliates or any other agent in their respective individual or any other capacity may become the owner or pledgee of Certificates and, subject to Sections 310(b) and 311 of the Trust Indenture Act, if applicable, may otherwise deal with the Company, the Owner Trustees or the Loan Trustees with the same rights it would have if it were not Trustee, Paying Agent, Registrar or such other agent.

Section 7.06. Money Held in Trust. Money held by the Trustee or the Paying Agent in trust hereunder need not be segregated from other funds except to the extent required herein

or by law and neither the Trustee nor the Paying Agent shall have any liability for interest upon any such moneys except as provided for herein.

Section 7.07. Compensation and Reimbursement. The Company

agrees:

(1) to pay, or cause to be paid, to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse, or cause to be reimbursed, the Trustee upon its request for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence, willful misconduct or bad faith or as may be incurred due to the Trustee's breach of its representations and warranties set forth in Section 7.15; and

(3) to indemnify, or cause to be indemnified, the Trustee for, and to hold it harmless against, any loss, liability or expense (other than for or with respect to any tax) incurred without negligence, willful misconduct or bad faith, on its part, arising out of or in connection with the acceptance or administration of this Trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder, except for any such loss, liability or expense incurred by reason of the Trustee's breach of its representations and warranties set forth in Section 7.15; provided, however, that the foregoing paragraph (3) shall cease to have any further force or effect upon the execution and delivery by the Trustee of any Participation Agreement.

With respect to paragraph (3) above, the Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate



counsel with the consent of the Company and the Company will pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made, in settlement or otherwise, without its consent.

The Trustee shall be entitled to reimbursement from, and shall have a lien prior to the Certificates upon, the Trust Property for any tax incurred without negligence, bad faith or willful misconduct, on its part, arising out of or in connection with the acceptance or administration of such Trust (other than any tax attributable to the Trustee's compensation for serving as such), including any costs and expenses incurred in contesting the imposition of any such tax. If the Trustee reimburses itself from the Trust Property of such Trust for any such tax, it will mail a brief report within 30 days setting forth the circumstances thereof to all Certificateholders as their names and addresses appear in the Register.

Section 7.08. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be eligible to act as a trustee under Section 310(a) of the Trust Indenture Act and shall have a combined capital and surplus of at least \$75,000,000 (or a combined capital and surplus in excess of \$5,000,000 and the obligations of which, whether now in existence or hereafter incurred, are fully and unconditionally guaranteed by a corporation organized and doing business under the laws of the United States, any state or territory thereof or of the District of Columbia and having a combined capital and surplus of at least \$75,000,000). If such corporation publishes reports of conditions at least annually, pursuant to law or to the requirements of federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section 7.08, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.08 to act as Trustee, the Trustee shall resign immediately as Trustee in the manner and with the effect specified in Section 7.09.

Section 7.09. Resignation and Removal; Appointment of Successor. (a) No resignation or removal of the Trustee and no

appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 7.10.

(b) The Trustee may resign at any time as trustee by giving prior written notice thereof to the Company, the Authorized Agents, the Owner Trustees and the Loan Trustees. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Company, the Authorized Agents, the Owner Trustees, the Loan Trustees and the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust delivered to the Trustee and to the Company, the Owner Trustees and the Loan Trustees.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 310 of the Trust Indenture Act, if applicable, after written request therefor by the Company or by any Certificateholder who has been a bona fide Certificateholder for at least six months; or

(2) the Trustee shall cease to be eligible under Section 7.08 and shall fail to resign after written request therefor by the Company or by any such Certificateholder; or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any case, (i) the Company may, with the consent of the Owner Participants, which consent may not be unreasonably withheld, remove the Trustee or (ii) any Certificateholder who has been a bona fide Certificateholder for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If a Responsible Officer of the Trustee shall obtain actual knowledge of an Avoidable Tax which has been or is likely to be asserted, the Trustee shall promptly notify the Company and shall, within 30 days of such notification, resign hereunder unless within such 30-day period the Trustee shall have received notice that the Company has agreed to pay such tax. The Company shall promptly appoint a successor Trustee in a jurisdiction where there are no Avoidable Taxes.

(f) If the Trustee shall resign, be removed or become incapable of acting or if a vacancy shall occur in the office of the Trustee for any cause, the Company shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or other occurrence of such vacancy, a successor Trustee shall be appointed by Direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust delivered to the Company, the Owner Trustees, the Loan Trustees and the retiring Trustee, and the Company approves such appointment, which approval shall not be unreasonably withheld, then the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed as provided above. If no successor Trustee shall have been so appointed as provided above and accepted appointment in the manner hereinafter provided, any Certificateholder who has been a bona fide Certificateholder for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(g) The successor Trustee shall give notice of the resignation and removal of the Trustee and appointment of the successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Certificateholders as their names and addresses appear in the Register. Each notice shall include the name of such successor Trustee and the address of its Corporate Trust Office.

Section 7.10. Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute and deliver to the Company, the Authorized Agents, the Owner Trustees and the Loan Trustees and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such

successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall execute and deliver an instrument transferring to such successor Trustee all such rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all Trust Property held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 7.07. Upon request of any such successor Trustee, the Company, the retiring Trustee and such successor Trustee shall execute and deliver any and all instruments containing such provisions as shall be necessary or desirable to transfer and confirm to, and for more fully and certainly vesting in, such successor Trustee all such rights, powers and trusts.

No institution shall accept its appointment as a Trustee hereunder unless at the time of such acceptance such institution shall be qualified and eligible under this Article VII.

Section 7.11. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article VII, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Certificates shall have been executed or authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such execution or authentication and deliver the Certificates so executed or authenticated with the same effect as if such successor Trustee had itself executed or authenticated such Certificates.

Section 7.12. Maintenance of Agencies. (a) There shall at all times be maintained an office or agency in the location set forth in Section 12.03 where Certificates may be presented or surrendered for registration of transfer or for exchange, and for payment thereof and where notices and demands

to or upon the Trustee in respect of such certificates or this Agreement may be served; provided, however, that, if it shall be necessary that the Trustee maintain an office or agency in another location (e.g., the Certificates shall be represented by Definitive Certificates and shall be listed on a national securities exchange), the Trustee will make all reasonable efforts to establish such an office or agency. Written notice of the location of each such other office or agency and of any change of location thereof shall be given by the Trustee to the Company, the Owner Trustees, the Loan Trustees (in the case of any Owner Trustee or Loan Trustee, at its address specified in the Financing Documents or such other address as may be notified to the Trustee) and the Certificateholders. In the event that no such office or agency shall be maintained or no such notice of location or of change of location shall be given, presentations and demands may be made and notices may be served at the Corporate Trust Office of the Trustee.

(b) There shall at all times be a Registrar and a Paying Agent hereunder with respect to the Certificates. Each such Authorized Agent shall be a bank or trust company, shall be a corporation organized and doing business under the laws of the United States or any state, with a combined capital and surplus of at least \$75,000,000, or, if the Trustee shall be acting as the Registrar or Paying Agent hereunder, a corporation having a combined capital and surplus in excess of \$5,000,000, the obligations of which are guaranteed by a corporation organized and doing business under the laws of the United States or any state, with a combined capital and surplus of at least \$75,000,000, and shall be authorized under such laws to exercise corporate trust powers, subject to supervision by Federal or state authorities. The Trustee shall initially be the Paying Agent and, as provided in Section 3.04, Registrar hereunder with respect to the Certificates. Each Registrar shall furnish to the Trustee, at stated intervals of not more than six months, and at such other times as the Trustee may request in writing, a copy of the Register maintained by such Registrar.

(c) Any corporation into which any Authorized Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Authorized Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authorized Agent, shall be the successor of such Authorized Agent hereunder, if such successor corporation is otherwise eligible

under this Section, without the execution or filing of any paper or any further act on the part of the parties hereto or such Authorized Agent or such successor corporation.

(d) Any Authorized Agent may at any time resign by giving written notice of resignation to the Trustee, the Company, the Owner Trustees and the Loan Trustees. The Company may, and at the request of the Trustee shall, at any time terminate the agency of any Authorized Agent by giving written notice of termination to such Authorized Agent and to the Trustee. Upon the resignation or termination of an Authorized Agent or in case at any time any such Authorized Agent shall cease to be eligible under this Section (when, in either case, no other Authorized Agent performing the functions of such Authorized Agent shall have been appointed), the Company shall promptly appoint one or more qualified successor Authorized Agents, reasonably satisfactory to the Trustee, to perform the functions of the Authorized Agent which has resigned or whose agency has been terminated or who shall have ceased to be eligible under this Section. The Company shall give written notice of any such appointment made by it to the Trustee, the Owner Trustees and the Loan Trustees; and in each case the Trustee shall mail notice of such appointment to all Certificateholders as their names and addresses appear on the Register.

(e) The Company agrees to pay, or cause to be paid, from time to time to each Authorized Agent reasonable compensation for its services and to reimburse it for its reasonable expenses.

Section 7.13. Money for Certificate Payments to Be Held in Trust. All moneys deposited with any Paying Agent for the purpose of any payment on Certificates shall be deposited and held in trust for the benefit of the Certificateholders entitled to such payment, subject to the provisions of this Section. Moneys so deposited and held in trust shall constitute a separate trust fund for the benefit of the Certificateholders with respect to which such money was deposited.

The Trustee may at any time, for the purpose of obtaining the satisfaction and discharge of this Agreement or for any other purpose, direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by such Paying Agent; and, upon such payment by any

Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Section 7.14. Registration of Equipment Notes in Name of Subordination Agent. The Trustee agrees that all Equipment Notes to be purchased by the Trust shall be issued in the name of the Subordination Agent or its nominee and held by the Subordination Agent in trust for the benefit of the Certificateholders, or, if not so held, the Subordination Agent or its nominee shall be reflected as the owner of such Equipment Notes in the register of the issuer of such Equipment Notes.

Section 7.15. Representations and Warranties of Trustee. The Trustee hereby represents and warrants that:

(a) the Trustee is a Delaware banking corporation organized and validly existing in good standing under the laws of the State of Delaware;

(b) the Trustee has full power, authority and legal right to execute, deliver, and perform this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement and the Financing Documents to which it is a party and has taken all necessary action to authorize the execution, delivery, and performance by it of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement and the Financing Documents to which it is a party;

(c) the execution, delivery and performance by the Trustee of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement and the Financing Documents to which it is a party (i) will not violate any provision of United States federal law or the law of the state of the United States where it is located governing the banking and trust powers of the Trustee or any order, writ, judgment, or decree of any court, arbitrator or governmental authority applicable to the Trustee or any of its assets, (ii) will not violate any provision of the articles of association or by-laws of the Trustee, or (iii) will not violate any provision of, or constitute, with or without notice or lapse of time, a default under, or result in the creation or imposition of any lien on any properties included in the Trust Property pursuant to the provisions of any mortgage, indenture, contract,

agreement or other undertaking to which it is a party, which violation, default or lien could reasonably be expected to have an adverse effect on the Trustee's performance or ability to perform its duties hereunder or thereunder or on the transactions contemplated herein or therein;

(d) the execution, delivery and performance by the Trustee of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement, and the Financing Documents to which it is a party will not require the authorization, consent, or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, any governmental authority or agency of the United States or the state of the United States where it is located regulating the banking and corporate trust activities of the Trustee; and

(e) this Agreement, the Intercreditor Agreement, the Registration Rights Agreement, the Escrow Agreement, the Note Purchase Agreement, and the Financing Documents to which it is a party have been duly executed and delivered by the Trustee and constitute the legal, valid, and binding agreements of the Trustee, enforceable against it in accordance with their respective terms, provided that enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (ii) general principles of equity.

Section 7.16. Withholding Taxes, Information Reporting. The Trustee, as trustee of the grantor trust created by this Agreement, shall exclude and withhold from each distribution of principal, premium, if any, and interest and other amounts due under this Agreement or under the Certificates any and all withholding taxes applicable thereto as required by law. In addition, the Trustee shall remit such amounts as would be required by section 1446 of the Internal Revenue Code of 1986, as amended, if the Trust were characterized as a partnership engaged in a U.S. trade or business for U.S. federal income tax purposes and shall withhold such amounts from amounts distributable to or for the benefit of Certificateholders or Investors that are not United States persons within the meaning of section 7701(a)(30) of the Internal Revenue Code of 1986, as amended. In this regard, the Trustee shall cause the appropriate withholding agent to withhold with respect to such distributions in the manner contemplated by Section 10.04 of Revenue Procedure



89-31 and Treasury Regulation 1.1445-8(b)(3)) by filing a notice with the National Association of Securities Dealers, Inc. substantially in the form of Exhibit E hereto on or before the date 10 days prior to the Record Date. The Trustee shall mail such notice to the National Association of Securities Dealers no later than the date than 15 days prior to the Record Date. Investors that are not United States Persons agree to furnish a United States taxpayer identification number ("TIN") to the Trustee and the Trustee shall provide such TINs to the appropriate withholding agent. The Trustee agrees to act as such withholding agent (except to the extent contemplated above with respect to withholding amounts as if the Trust were characterized as a partnership engaged in a U.S. trade or business for U.S. federal income tax purposes) and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect of the Certificates, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Certificateholders, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each such Certificateholder appropriate documentation showing the payment thereof, together with such additional documentary evidence as such Certificateholders may reasonably request from time to time. The Trustee agrees to file any other information reports as it may be required to file under United States law. Each Certificateholder or Investor that is not a United States person within the meaning of section 7701(a)(30) of the Internal Revenue Code, as amended, by its acceptance of a Certificate or a beneficial interest therein, agrees to indemnify and hold harmless the Trust and the Trustee from and against any improper failure to withhold taxes from amounts payable to it or for its benefit, other than an improper failure attributable to the gross negligence or willful misconduct of the Trustee.

Section 7.17. Trustee's Liens. The Trustee in its individual capacity agrees that it will at its own cost and expense promptly take any action as may be necessary to duly discharge and satisfy in full any mortgage, pledge, lien, charge, encumbrance, security interest or claim ("Trustee's Liens") on or with respect to the Trust Property which is attributable to the Trustee either (i) in its individual capacity and which is unrelated to the transactions contemplated by this Agreement, the Intercreditor Agreement, the Note Purchase Agreement or the Financing Documents, or (ii) as Trustee hereunder or in its

individual capacity and which arises out of acts or omissions which are not contemplated by this Agreement.

Section 7.18. Preferential Collection of Claims. The Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship listed in Section 311(b) of the Trust Indenture Act. If the Trustee shall resign or be removed as Trustee, it shall be subject to Section 311(a) of the Trust Indenture Act to the extent provided therein.

#### ARTICLE VIII

##### CERTIFICATEHOLDERS' LISTS AND REPORTS BY TRUSTEE

Section 8.01. The Company to Furnish Trustee with Names and Addresses of Certificateholders. The Company will furnish to the Trustee within 15 days after each Record Date with respect to a Scheduled Payment, and at such other times as the Trustee may request in writing within 30 days after receipt by the Company of any such request, a list, in such form as the Trustee may reasonably require, of all information in the possession or control of the Company as to the names and addresses of the Certificateholders, in each case as of a date not more than 15 days prior to the time such list is furnished; provided, however, that so long as the Trustee is the sole Registrar, no such list need be furnished; and provided further, however, that no such list need be furnished for so long as a copy of the Register is being furnished to the Trustee pursuant to Section 7.12.

Section 8.02. Preservation of Information; Communications to Certificateholders. The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Certificateholders contained in the most recent list furnished to the Trustee as provided in Section 7.12 or Section 8.01, as the case may be, and the names and addresses of Certificateholders received by the Trustee in its capacity as Registrar, if so acting. The Trustee may destroy any list furnished to it as provided in Section 7.12 or Section 8.01, as the case may be, upon receipt of a new list so furnished.

Section 8.03. Reports by Trustee. Within 60 days after May 15 of each year commencing with the first full year following the issuance of the Certificates, the Trustee shall transmit to the Certificateholders, as provided in Section 313(c)

of the Trust Indenture Act, a brief report dated as of such May 15, if required by Section 313(a) of the Trust Indenture Act.

Section 8.04. Reports by the Company. The Company shall:

(a) file with the Trustee, within 30 days after the Company is required to file the same with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934, as amended; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and the SEC, in accordance with rules and regulations prescribed by the SEC, such of the supplementary and periodic information, documents and reports which may be required pursuant to section 13 of the Securities Exchange Act of 1934, as amended, in respect of a security listed and registered on a national securities exchange as may be prescribed in such rules and regulations;

(b) during any period, prior to the consummation of the Exchange Offer and during which the Shelf Registration Statement is not in effect, in which the Company is not subject to Section 13(a), 13(c) or 15(d) under the Securities Exchange Act of 1934, make available to any Holder of the Certificates in connection with any sale thereof and any prospective purchaser of the Certificates from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act but only for so long as any of the Certificates remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and, in any event, only until the second anniversary of the Issuance Date;

(c) file with the Trustee and the SEC, in accordance with the rules and regulations prescribed by the SEC, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Agreement, as may be required by such rules and regulations, including, in the case of

annual reports, if required by such rules and regulations, certificates or opinions of independent public accountants, conforming to the requirements of Section 1.02;

(d) transmit to all Certificateholders, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (a) and (c) of this Section 8.04 as may be required by rules and regulations prescribed by the SEC; and

(e) furnish to the Trustee, not less often than annually, a brief certificate from the principal executive officer, principal financial officer or principal accounting officer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Agreement (it being understood that for purposes of this paragraph (e), such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Agreement).

## ARTICLE IX

### SUPPLEMENTAL AGREEMENTS

Section 9.01. Supplemental Agreements Without Consent of Certificateholders. Without the consent of the Certificateholders, the Company may (but will not be required to), and the Trustee (subject to Section 9.03) shall, at the Company's request, at any time and from time to time, enter into one or more agreements supplemental hereto or, if applicable, to the Intercreditor Agreement, the Escrow Agreement, the Note Purchase Agreement, the Deposit Agreement, the Registration Rights Agreement or any Liquidity Facility in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein contained or of the Company's obligations under the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility; or

(2) to add to the covenants of the Company for the benefit of the Certificateholders, or to surrender any right or power conferred upon the Company in this Agreement, the

Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility; or

(3) to correct or supplement any provision in this Agreement, the Intercreditor Agreement, the Escrow Agreement, the Deposit Agreement, the Note Purchase Agreement, the Registration Rights Agreement or any Liquidity Facility which may be defective or inconsistent with any other provision herein or therein or to cure any ambiguity or correct any mistake or to modify any other provision with respect to matters or questions arising under this Agreement, the Escrow Agreement, the Deposit Agreement, the Note Purchase Agreement, the Intercreditor Agreement, the Registration Rights Agreement or any Liquidity Facility, provided that any such action shall not materially adversely affect the interests of the Certificateholders; or

(4) to comply with any requirement of the SEC, any applicable law, rules or regulations of any exchange or quotation system on which the Certificates are listed, any regulatory body or the Registration Rights Agreement to effectuate the Exchange Offer; or

(5) to modify, eliminate or add to the provisions of this Agreement to such extent as shall be necessary to continue the qualification of this Agreement (including any supplemental agreement) under the Trust Indenture Act or under any similar Federal statute hereafter enacted, and to add to this Agreement such other provisions as may be expressly permitted by the Trust Indenture Act, excluding, however, the provisions referred to in Section 316(a)(2) of the Trust Indenture Act as in effect at the date as of which this instrument was executed or any corresponding provision in any similar Federal statute hereafter enacted; or

(6) to evidence and provide for the acceptance of appointment under this Agreement by the Trustee of a successor Trustee and to add to or change any of the provisions of this Agreement as shall be necessary to provide for or facilitate the administration of the Trust, pursuant to the requirements of Section 7.10; or

(7) to provide the information required under Section 7.12 and Section 12.03 as to the Trustee; or

(8) to modify or eliminate provisions relating to the transfer or exchange of Exchange Certificates or the Initial Certificates upon consummation of the Exchange Offer (as defined in the Registration Rights Agreement) or effectiveness of the Shelf Registration Statement or the Exchange Offer Registration Statement;

provided, however, that no such supplemental agreement shall adversely affect the status of any Trust as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended, for U.S. federal income tax purposes.

Section 9.02. Supplemental Agreements with Consent of Certificateholders. With the consent of the Certificateholders holding Certificates (including consents obtained in connection with a tender offer or exchange offer for the Certificates) evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust, by Direction of said Certificateholders delivered to the Company and the Trustee, the Company may (with the consent of the Owner Trustees, if any, which consent shall not be unreasonably withheld), and the Trustee (subject to Section 9.03) shall, enter into an agreement or agreements for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement, the Intercreditor Agreement, any Liquidity Facility, the Registration Rights Agreement, the Escrow Agreement, the Deposit Agreement or the Note Purchase Agreement to the extent applicable to such Certificateholders or of modifying in any manner the rights and obligations of such Certificateholders under this Agreement, the Intercreditor Agreement, any Liquidity Facility, the Registration Rights Agreement, the Escrow Agreement, the Deposit Agreement or the Note Purchase Agreement; provided, however, that no such agreement shall, without the consent of the Certificateholder of each Outstanding Certificate affected thereby:

(1) reduce in any manner the amount of, or delay the timing of, any receipt by the Trustee (or, with respect to the Deposits, the Certificateholders) of payments on the Equipment Notes held in the Trust or on the Deposits or distributions that are required to be made herein on any Certificate, or change any date of payment on any Certificate, or change the place of payment where, or the coin or currency in which, any Certificate is payable, or

impair the right to institute suit for the enforcement of any such payment or distribution on or after the Regular Distribution Date or Special Distribution Date applicable thereto; or

(2) permit the disposition of any Equipment Note included in the Trust Property except as permitted by this Agreement, or otherwise deprive such Certificateholder of the benefit of the ownership of the Equipment Notes in the Trust; or

(3) reduce the specified percentage of the aggregate Fractional Undivided Interests of the Trust which is required for any such supplemental agreement, or reduce such specified percentage required for any waiver of compliance with certain provisions of this Agreement or certain defaults hereunder and their consequences provided for in this Agreement; or

(4) waive, amend or modify Section 2.4, 3.2 or 3.3 of the Intercreditor Agreement in a manner adverse to the Certificateholders; or

(5) modify any of the provisions of this Section 9.02 or Section 6.05, except to increase any such percentage or to provide that certain other provisions of this Agreement cannot be modified or waived without the consent of the Certificateholder of each Certificate affected thereby; or

(6) adversely affect the status of any Trust as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended, for U.S. federal income tax purposes.

It shall not be necessary for any Direction of Certificateholders under this Section to approve the particular form of any proposed supplemental agreement, but it shall be sufficient if such Direction shall approve the substance thereof.

Section 9.03. Documents Affecting Immunity or Indemnity. If in the opinion of the Trustee any document required to be executed by it pursuant to the terms of Section 9.01 or 9.02 affects any interest, right, duty, immunity or indemnity in favor of the Trustee under this Agreement, the Trustee may in its discretion decline to execute such document.

Section 9.04. Execution of Supplemental Agreements. In executing, or accepting the additional trusts created by, any agreement permitted by this Article or the modifications thereby of the trusts created by this Agreement, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental agreement is authorized or permitted by this Agreement.

Section 9.05. Effect of Supplemental Agreements. Upon the execution of any agreement supplemental to this Agreement under this Article, this Agreement shall be modified in accordance therewith, and such supplemental agreement shall form a part of this Agreement for all purposes; and every Holder of a Certificate theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.06. Conformity with Trust Indenture Act. Every supplemental agreement executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 9.07. Reference in Certificates to Supplemental Agreements. Certificates authenticated and delivered after the execution of any supplemental agreement pursuant to this Article may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental agreement; and, in such case, suitable notation may be made upon Outstanding Certificates after proper presentation and demand.

#### ARTICLE X

##### AMENDMENTS TO INDENTURES AND FINANCING DOCUMENTS

Section 10.01. Amendments and Supplements to Indentures and Financing Documents. In the event that the Trustee, as holder (or beneficial owner through the Subordination Agent) of any Equipment Note in trust for the benefit of the Certificateholders or as Controlling Party under the Intercreditor Agreement, receives (directly or indirectly through the Subordination Agent) a request for a consent to any amendment, modification, waiver or supplement under any Indenture, any other Financing Document, any Equipment Note or any other related document, the Trustee shall forthwith send a notice of such proposed amendment, modification, waiver or supplement to each Certificateholder registered on the Register



as of the date of such notice. The Trustee shall request from the Certificateholders a Direction as to (a) whether or not to take or refrain from taking (or direct the Subordination Agent to take or refrain from taking) any action which a holder of such Equipment Note has the option to direct, (b) whether or not to give or execute (or direct the Subordination Agent to give or execute) any waivers, consents, amendments, modifications or supplements as a holder of such Equipment Note or a Controlling Party and (c) how to vote (or direct the Subordination Agent to vote) any Equipment Note if a vote has been called for with respect thereto. Provided such a request for Certificateholder Direction shall have been made, in directing any action or casting any vote or giving any consent as the holder of any Equipment Note (or in directing the Subordination Agent in any of the foregoing), (i) other than as Controlling Party, the Trustee shall vote for or give consent to any such action with respect to such Equipment Note in the same proportion as that of (A) the aggregate face amounts of all Certificates actually voted in favor of or for giving consent to such action by such Direction of Certificateholders to (B) the aggregate face amount of all Outstanding Certificates and (ii) as Controlling Party, the Trustee shall vote as directed in such Certificateholder Direction by the Certificateholders evidencing a Fractional Undivided Interest aggregating not less than a majority in interest in the Trust. For purposes of the immediately preceding sentence, a Certificate shall have been "actually voted" if the Holder of such Certificate has delivered to the Trustee an instrument evidencing such Holder's consent to such Direction prior to two Business Days before the Trustee directs such action or casts such vote or gives such consent. Notwithstanding the foregoing, but subject to Section 6.04 and the Intercreditor Agreement, the Trustee may, in its own discretion and at its own direction, consent and notify the relevant Loan Trustee of such consent (or direct the Subordination Agent to consent and notify the Loan Trustee of such consent) to any amendment, modification, waiver or supplement under the relevant Indenture, any other Financing Document, any Equipment Note or any other related document, if an Event of Default hereunder shall have occurred and be continuing, or if such amendment, modification, waiver or supplement will not materially adversely affect the interests of the Certificateholders.

## ARTICLE XI

## TERMINATION OF TRUST

Section 11.01. Termination of the Trust. The respective obligations and responsibilities of the Company and the Trustee with respect to the Trust shall terminate upon the earlier of (A) the completion of the assignment, transfer and discharge described in the first sentence of the immediately following paragraph and (B) distribution to all Holders of Certificates and the Trustee of all amounts required to be distributed to them pursuant to this Agreement and the disposition of all property held as part of the Trust Property; provided, however, that in no event shall the Trust continue beyond one hundred ten (110) years following the date of the earliest execution of this Trust Agreement.

Upon the earlier of (i) the first Business Day following March 31, 1998, or, if later, the fifth Business Day following the Delivery Period Termination Date and (ii) the fifth Business Day following the date on which a Triggering Event occurs (such date, the "Transfer Date"), or, if later, the date on which all of the conditions set forth in the immediately following sentence have been satisfied, the Trustee is hereby directed (subject only to the immediately following sentence) to, and the Company shall direct the institution that will serve as the Related Trustee under the Related Pass Through Trust Agreement to, execute and deliver the Assignment and Assumption Agreement, pursuant to which the Trustee shall assign, transfer and deliver all of the Trustee's right, title and interest to the Trust Property to the Related Trustee under the Related Pass Through Trust Agreement. The Trustee and the Related Trustee shall execute and deliver the Assignment and Assumption Agreement upon the satisfaction of the following conditions:

(i) The Trustee, the Related Trustee and each of the Rating Agencies then rating the Certificates shall have received an Officer's Certificate and an Opinion of Counsel dated the date of the Assignment and Assumption Agreement and each satisfying the requirements of Section 1.02, which Opinion of Counsel shall be substantially to the effect set forth below and may be relied upon by the Beneficiaries (as defined in the Assignment and Assumption Agreement):

- (a) upon the execution and delivery thereof by the parties thereto in accordance with the terms of this Agreement and the Related Pass Through Trust Agreement, the Assignment and Assumption Agreement will constitute the valid and binding obligation of each of the parties thereto enforceable against each such party in accordance with its terms;
- (b) upon the execution and delivery of the Assignment and Assumption Agreement in accordance with the terms of this Agreement and the Related Pass Through Trust Agreement, each of the Certificates then Outstanding is entitled to the benefits of the Related Pass Through Trust Agreement;
- (c) the Related Trust is not required to be registered as an investment company under the Investment Company Act of 1940, as amended;
- (d) the Related Pass Through Trust Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms; and
- (e) neither the execution and delivery of the Assignment and Assumption Agreement in accordance with the terms of this Agreement and the Related Pass Through Trust Agreement, nor the consummation by the Parties thereto of the transactions contemplated to be consummated thereunder on the date thereof, violate any law or governmental rule or regulation of the State of New York or the United States of America known to such counsel to be applicable to the transactions contemplated by the Assignment and Assumption Agreement.

(ii) The Trustee and the Company shall have received (x) a copy of the articles of incorporation and bylaws of the Related Trustee certified as of the Transfer Date by the Secretary or Assistant Secretary of such institution and (y) a copy of the filing (including all attachments thereto) made by the institution serving as the Related Trustee with the Office of the Superintendent, State of New York Banking Department for the qualification of the Related Trustee under section 131(3) of the New York Banking Law.

Upon the execution of the Assignment and Assumption Agreement by the parties thereto, the Trust shall be terminated, the Certificateholders shall receive beneficial interests in the Related Trust in exchange for their interests in the Trust equal to their respective beneficial interests in the Trust, and the Outstanding Certificates representing Fractional Undivided Interests in the Trust shall be deemed for all purposes of this Agreement and the Related Pass Through Trust Agreement, without further signature or action of any party or Certificateholder, to be certificates representing the same fractional undivided interests in the Related Trust and its trust property. By acceptance of its Certificate, each Certificateholder consents to such assignment, transfer and delivery of the Trust Property to the trustee of the Related Trust upon the execution and delivery of the Assignment and Assumption Agreement.

In connection with the occurrence of the event set forth in clause (B) above, notice of such termination, specifying the Distribution Date upon which the Certificateholders may surrender their Certificates to the Trustee for payment of the final distribution and cancellation, shall be mailed promptly by the Trustee to Certificateholders not earlier than the 60th day and not later than the 20th day next preceding such final Distribution Date specifying (A) the Distribution Date upon which the proposed final payment of the Certificates will be made upon presentation and surrender of Certificates at the office or agency of the Trustee therein specified, (B) the amount of any such proposed final payment, and (C) that the Record Date otherwise applicable to such Distribution Date is not applicable, payments being made only upon presentation and surrender of the Certificates at the office or agency of the Trustee therein specified. The Trustee shall give such notice to the Registrar at the time such notice is given to Certificateholders. Upon presentation and surrender of the Certificates in accordance with such notice, the Trustee shall cause to be distributed to Certificateholders such final payments.

In the event that all of the Certificateholders shall not surrender their Certificates for cancellation within six months after the date specified in the above-mentioned written notice, the Trustee shall give a second written notice to the remaining Certificateholders to surrender their Certificates for cancellation and receive the final distribution with respect thereto. No additional interest shall accrue on the Certificates after the Distribution Date specified in the first written

notice. In the event that any money held by the Trustee for the payment of distributions on the Certificates shall remain unclaimed for two years (or such lesser time as the Trustee shall be satisfied, after sixty days' notice from the Company, is one month prior to the escheat period provided under applicable law) after the final distribution date with respect thereto, the Trustee shall pay to each Loan Trustee the appropriate amount of money relating to such Loan Trustee and shall give written notice thereof to the related Owner Trustees, the Owner Participants and the Company.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

#### Section 12.01. Limitation on Rights of Certificateholders.

The death or incapacity of any Certificateholder shall not operate to terminate this Agreement or the Trust, nor entitle such Certificateholder's legal representatives or heirs to claim an accounting or to take any action or commence any proceeding in any court for a partition or winding up of the Trust, nor otherwise affect the rights, obligations, and liabilities of the parties hereto or any of them.

#### Section 12.02. Certificates Nonassessable and Fully Paid.

Except as set forth in the last sentence of this Section 12.02, Certificateholders shall not be personally liable for obligations of the Trust, the Fractional Undivided Interests represented by the Certificates shall be nonassessable for any losses or expenses of the Trust or for any reason whatsoever, and Certificates, upon authentication thereof by the Trustee pursuant to Section 3.03, are and shall be deemed fully paid. No Certificateholder shall have any right (except as expressly provided herein) to vote or in any manner otherwise control the operation and management of the Trust Property, the Trust, or the obligations of the parties hereto, nor shall anything set forth herein, or contained in the terms of the Certificates, be construed so as to constitute the Certificateholders from time to time as partners or members of an association. Neither the existence of the Trust nor any provision herein is intended to or shall limit the liability the Certificateholders would otherwise incur if the Certificateholders owned Trust Property as co-owners, or incurred any obligations of the Trust, directly rather than through the Trust.

Section 12.03. Notices. (a) Unless otherwise specifically provided herein, all notices required under the terms and provisions of this Agreement shall be in English and in writing, and any such notice may be given by United States mail, courier service or telecopy, and any such notice shall be effective when delivered or received or, if mailed, three days after deposit in the United States mail with proper postage for ordinary mail prepaid,

if to the Company, to:

Continental Airlines, Inc.  
2929 Allen Parkway  
Houston, TX 77019  
Attention: Chief Financial Officer and  
General Counsel  
Facsimile: (713) 523-2831

if to the Trustee, to:

Wilmington Trust Company  
Rodney Square North  
1100 North Market Street  
Wilmington, DE 19890-0001  
Attention: Corporate Trust Department  
Facsimile: (302) 651-8882  
Telephone: (302) 651-8584

(b) The Company or the Trustee, by notice to the other, may designate additional or different addresses for subsequent notices or communications.

(c) Any notice or communication to Certificateholders shall be mailed by first-class mail to the addresses for Certificateholders shown on the Register kept by the Registrar. Failure so to mail a notice or communication or any defect in such notice or communication shall not affect its sufficiency with respect to other Certificateholders.

(d) If a notice or communication is mailed in the manner provided above within the time prescribed, it is conclusively presumed to have been duly given, whether or not the addressee receives it.

(e) If the Company mails a notice or communication to the Certificateholders, it shall mail a copy to the Trustee and to the Paying Agent at the same time.

(f) Notwithstanding the foregoing, all communications or notices to the Trustee shall be deemed to be given only when received by a Responsible Officer of the Trustee.

(g) The Trustee shall promptly furnish the Company with a copy of any demand, notice or written communication received by the Trustee hereunder from any Certificateholder, Owner Trustee or Loan Trustee.

Section 12.04. Governing Law. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF DELAWARE AND THIS AGREEMENT AND THE CERTIFICATES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 12.05. Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or the Trust, or of the Certificates or the rights of the Certificateholders thereof.

Section 12.06. Trust Indenture Act Controls. Upon the occurrence of any Registration Event, this Agreement shall become subject to the provisions of the Trust Indenture Act and shall, to the extent applicable, be governed by such provisions. From and after any Registration Event, if any provision of this Agreement limits, qualifies or conflicts with another provision which is required to be included in this Agreement by the Trust Indenture Act, the required provision shall control.

Section 12.07. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 12.08. Successors and Assigns. All covenants, agreements, representations and warranties in this Agreement by

the Trustee and the Company shall bind and, to the extent permitted hereby, shall inure to the benefit of and be enforceable by their respective successors and assigns, whether so expressed or not.

Section 12.09. Benefits of Agreement. Nothing in this Agreement or in the Certificates, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Certificateholders, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 12.10. Legal Holidays. In any case where any Regular Distribution Date or Special Distribution Date relating to any Certificate shall not be a Business Day, then (notwithstanding any other provision of this Agreement) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such Regular Distribution Date or Special Distribution Date, and no interest shall accrue during the intervening period.

Section 12.11. Counterparts. For the purpose of facilitating the execution of this Agreement and for other purposes, this Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and all of which counterparts shall constitute but one and the same instrument.

Section 12.12. Intention of Parties. The parties hereto intend that the Trust be classified for U.S. federal income tax purposes as a grantor trust under Subpart E, Part I of Subchapter J of the Internal Revenue Code of 1986, as amended, and not as a trust or association taxable as a corporation or as a partnership. Each Certificateholder and Investor, by its acceptance of its Certificate or a beneficial interest therein, agrees to treat the Trust as a grantor trust for all U.S. federal, state and local income tax purposes. The powers granted and obligations undertaken pursuant to this Agreement shall be so construed so as to further such intent.



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

CONTINENTAL AIRLINES, INC.

By: -----

Name:

Title:

WILMINGTON TRUST COMPANY,  
as Trustee

By: -----

Name:

Title:

## FORM OF CERTIFICATE

REGISTERED  
No. \_\_\_\_\_

[THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) (AN "INSTITUTIONAL ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS CERTIFICATE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT; (2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE EXCEPT (A) CONTINENTAL AIRLINES, INC., (B) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT; AND (3) AGREES THAT IF IT SHOULD RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE IT WILL DELIVER TO EACH PERSON TO WHOM THIS CERTIFICATE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS CERTIFICATE WITHIN TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS CERTIFICATE OR THE LAST DATE ON WHICH THIS CERTIFICATE WAS HELD BY CONTINENTAL AIRLINES, INC., THE TRUSTEE OR ANY AFFILIATE OF ANY OF SUCH PERSONS, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER

OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS.](1)

BY ITS ACQUISITION HEREOF, THE HOLDER REPRESENTS THAT (A) IT IS NOT A PLAN TRANSFEREE (AS DEFINED IN THE PASS THROUGH TRUST AGREEMENT) OR (B) IT IS AN INSURANCE COMPANY USING THE ASSETS OF ITS GENERAL ACCOUNT TO ACQUIRE THIS CERTIFICATE, AND THE CONDITIONS OF PROHIBITED TRANSACTION CLASS EXEMPTION 95-60 ISSUED BY THE U.S. DEPARTMENT OF LABOR HAVE BEEN AND WILL CONTINUE TO BE SATISFIED IN CONNECTION WITH ITS PURCHASE AND HOLDING OF THIS CERTIFICATE. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS.

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUSTEE OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN EXCHANGE FOR THIS CERTIFICATE IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 3.05 AND 3.06 OF THE PASS THROUGH TRUST AGREEMENT REFERRED TO HEREIN.(2)

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- (1). Not to be included on the face of the Regulation S Global Certificate.
  - (2). To be included on the face of each Global Certificate.

## [GLOBAL CERTIFICATE](3)

CONTINENTAL AIRLINES PASS THROUGH TRUST, SERIES 1997-1C-II-0

7.420% Continental Airlines [Initial] [Exchange]  
 Pass Through Certificate,  
 Series 1997-1C-II-0

Final Maturity Date: October 1, 2008

evidencing a fractional undivided interest in a trust, the property of which includes certain equipment notes each secured by an Aircraft leased to or owned by Continental Airlines, Inc.

\$ \_\_\_\_\_ Fractional Undivided Interest representing  
 . \_\_\_\_\_ % of the Trust per \$1,000 face amount

THIS CERTIFIES THAT \_\_\_\_\_, for value received, is the registered owner of a \$ \_\_\_\_\_ ( \_\_\_\_\_ dollars) Fractional Undivided Interest in the Continental Airlines Pass Through Trust, Series 1997-1C-II-0 (the "Trust") created pursuant to a Pass Through Trust Agreement, dated as of March 21, 1997 (the "Agreement"), between Wilmington Trust Company (the "Trustee") and Continental Airlines, Inc., a corporation incorporated under Delaware law (the "Company"), a summary of certain of the pertinent provisions of which is set forth below. To the extent not otherwise defined herein, the capitalized terms used herein have the meanings assigned to them in the Agreement. This Certificate is one of the duly authorized Certificates designated as "7.420% Continental Airlines [Initial] [Exchange] Pass Through Certificates, Series 1997-1C-II-0" (herein called the "Certificates"). This Certificate is issued under and is subject to the terms, provisions, and conditions of the Agreement. By virtue of its acceptance hereof the Certificateholder of this Certificate assents to and agrees to be bound by the provisions of the Agreement and the Intercreditor Agreement. The property of the Trust includes an interest in certain Equipment Notes and all rights of the Trust to receive payments under the Intercreditor Agreement and any Liquidity Facility (the "Trust Property"). Each issue of the Equipment Notes is secured by, among other things, a security interest in the Aircraft leased to or owned by the Company.

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 (3). To be included on the face of each Global Certificate.

The Certificates represent fractional undivided interests in the Trust and the Trust Property, and have no rights, benefits or interest in respect of any assets or property other than the Trust Property.

Subject to and in accordance with the terms of the Agreement and the Intercreditor Agreement, from and to the extent of funds then available to the Trustee, there will be distributed on each April 1 and October 1 (a "Regular Distribution Date"), commencing on October 1, 1997, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Regular Distribution Date, an amount in respect of the Scheduled Payments due on such Regular Distribution Date on the Equipment Notes, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Scheduled Payments. Subject to and in accordance with the terms of the Agreement and the Intercreditor Agreement, in the event that Special Payments on the Equipment Notes are received by the Trustee, from funds then available to the Trustee, there shall be distributed on the applicable Special Distribution Date, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Special Distribution Date, an amount in respect of such Special Payments on the Equipment Notes, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Special Payments so received. If a Regular Distribution Date or Special Distribution Date is not a Business Day, distribution shall be made on the immediately following Business Day with the same force and effect as if made on such Regular Distribution Date or Special Distribution Date and no interest shall accrue during the intervening period. The Trustee shall mail notice of each Special Payment and the Special Distribution Date therefor to the Certificateholder of this Certificate.

The Certificates do not represent a direct obligation of, or an obligation guaranteed by, or an interest in, the Company or the Trustee or any of their affiliates. The Certificates are limited in right or payment, all as more specifically set forth on the face hereof and in the Agreement. All payments or distributions made to Certificateholders under the Agreement shall be made only from the Trust Property and only to the extent that the Trustee shall have sufficient income or

proceeds from the Trust Property to make such payments in accordance with the terms of the Agreement. Each Certificateholder of this Certificate, by its acceptance hereof, agrees that it will look solely to the income and proceeds from the Trust Property to the extent available for distribution to such Certificateholder as provided in the Agreement. This Certificate does not purport to summarize the Agreement and reference is made to the Agreement for information with respect to the interests, rights, benefits, obligations, proceeds, and duties evidenced hereby. A copy of the Agreement may be examined during normal business hours at the principal office of the Trustee, and at such other places, if any, designated by the Trustee, by any Certificateholder upon request.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Certificateholders under the Agreement at any time by the Company and the Trustee with the consent of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust. Any such consent by the Certificateholder of this Certificate shall be conclusive and binding on such Certificateholder and upon all future Certificateholders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Certificateholders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Register upon surrender of this Certificate for registration of transfer at the offices or agencies maintained by the Trustee in its capacity as Registrar, or by any successor Registrar, in the Borough of Manhattan, the City of New York, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee and the Registrar duly executed by the Certificateholder hereof or such Certificateholder's attorney duly authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust will be issued to the designated transferee or transferees.

[The Holder of this Certificate is entitled to the benefits of the Exchange and Registration Rights Agreement, dated as of March 21, 1997, among the Company, the Trustee and the Initial Purchasers named therein (the "Registration Rights Agreement"). In the event that no Registration Event has occurred on or prior to the 210th day after the date of the issuance of the Certificates, the interest rate per annum payable in respect of the Equipment Notes and the Deposits shall be increased by 0.50%, from and including the 210th day after the Issuance Date to but excluding (i) the earlier of the date on which a Registration Event occurs and (ii) the date on which there cease to be any Registrable Certificates (as defined in the Registration Rights Agreement). In the event that the Shelf Registration Statement ceases to be effective at any time during the period specified by Section 2(b)(B) of the Registration Rights Agreement for more than 60 days, whether or not consecutive, during any 12-month period, the interest rate per annum payable in respect of the Equipment Notes and the Deposits shall be increased by 0.50% from the 61st day of the applicable 12-month period such Shelf Registration Statement ceases to be effective until such time as the Shelf Registration Statement again becomes effective ( or, if earlier, the end of the period specified by Section 2(b)(B) of the Registration Rights Agreement).](4)

Except as otherwise provided in the Agreement and notwithstanding the above, the final distribution on this Certificate will be made after notice mailed by the Trustee of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency of the Trustee specified in such notice.

Under certain circumstances set forth in Section 11.01 of the Agreement, all of the Trustee's right, title and interest to the Trust Property may be assigned, transferred and delivered to the Related Trustee of the Related Trust pursuant to the Assignment and Assumption Agreement. Upon the effectiveness of such Assignment and Assumption Agreement (the "Transfer"), the Trust shall be terminated, the Certificateholders shall receive beneficial interests in the Related Trust in exchange for their interests in the Trust equal to their respective beneficial interests in the Trust, the Certificates representing Fractional

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(4). To be included only on each Initial Certificate.

Undivided Interests in the Trust shall be deemed for all purposes of the Agreement and the Related Pass Through Trust Agreement to be certificates representing the same fractional undivided interests in the Related Trust and its trust property. Each Certificateholder, by its acceptance of this Certificate or a beneficial interest herein, agrees to be bound by the Assignment and Assumption Agreement and subject to the terms of the Related Pass Through Trust Agreement as a certificateholder thereunder. From and after the Transfer, unless and to the extent the context otherwise requires, references herein to the Trust, the Agreement and the Trustee shall constitute references to the Related Trust, the Related Pass Through Trust Agreement and trustee of the Related Trust, respectively.

The Certificates are issuable only as registered Certificates without coupons in minimum denominations of [\$100,000](5) [\$1,000](6) Fractional Undivided Interest and integral multiples of \$1,000 in excess thereof except that one Certificate may be in a different denomination. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust, as requested by the Certificateholder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee shall require payment by the Holder of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Each Certificateholder or Investor that is not a United States person within the meaning of section 7701(a)(30) of the Internal Revenue Code, as amended, by its acceptance of a Certificate or a beneficial interest therein, agrees to indemnify and hold harmless the Trust and the Trustee from and against any improper failure to withhold taxes from amounts payable to it or for its benefit. Each Certificateholder and Investor, by its acceptance of this Certificate or a beneficial interest herein, agrees to treat the Trust as a grantor trust for all U.S. federal, state and local income tax purposes.

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- (5). To be included only on each Initial Certificate.  
 (6). To be included only on each Exchange Certificate.



The Trustee, the Registrar, and any agent of the Trustee or the Registrar may treat the person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Trustee, the Registrar, nor any such agent shall be affected by any notice to the contrary.

The obligations and responsibilities created by the Agreement and the Trust created thereby shall terminate upon the distribution to Certificateholders of all amounts required to be distributed to them pursuant to the Agreement and the disposition of all property held as part of the Trust Property.

UNTIL THE TRANSFER, THE AGREEMENT AND THIS CERTIFICATE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. FROM AND AFTER THE TRANSFER, THE AGREEMENT AND THIS CERTIFICATE SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Unless the certificate of authentication hereon has been executed by the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated: \_\_\_\_\_, 1997

CONTINENTAL AIRLINES  
PASS THROUGH TRUST, SERIES  
1997-1C-II-0

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

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

Name:  
Title:

Attest:  
-----  
Authorized Signature

[FORM OF THE TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Certificates referred  
to in the within-mentioned Agreement.

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

By: -----  
Authorized Officer

## FORM OF TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned registered holder hereby  
sell(s), assign(s) and transfer(s) unto

Insert Taxpayer Identification No.  
-----

please print or typewrite name and address including zip code of assignee

the within Certificate and all rights thereunder, hereby irrevocably  
constituting and appointing

attorney to transfer said Certificate on the books of the Trustee with full  
power of substitution in the premises.

[THE FOLLOWING PROVISION TO BE INCLUDED  
ON ALL CERTIFICATES  
EXCEPT REGULATIONS GLOBAL AND  
REGULATIONS DEFINITIVE CERTIFICATES]

In connection with any transfer of this Certificate occurring  
prior to the date that is the earlier of the date of an effective Registration  
Statement or the date two years after the later of the original issuance of  
this Certificate or the last date on which this Certificate was held by  
Continental Airlines, Inc., the Trustee or any affiliate of such Persons, the  
undersigned confirms that without utilizing any general solicitation or general  
advertising that:

[Check One]

(a) this Certificate is being transferred in compliance with the  
exemption from registration under the Securities Act of 1933, as amended,  
provided by Rule 144A thereunder.

or

[ ] (b) this Certificate is being transferred other than in accordance with (a) above and documents are being furnished that comply with the conditions of transfer set forth in this Certificate and the Agreement. If neither of the foregoing boxes is checked, the Trustee or other Registrar shall not be obligated to register this Certificate in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 3.06 of the Agreement shall have been satisfied.

Date: -----

[Name of Transferor]

NOTE: The signature must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatsoever.

Signature Guarantee: -----

TO BE COMPLETED BY PURCHASER IF (a) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Certificate for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Date: -----

-----  
NOTE: To be executed by an executive officer.

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION WITH  
TRANSFERS OF CERTIFICATES PURSUANT TO REGULATION S

[date]

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

Re: Continental Airlines Pass Through Trust (the "Trust"), Series  
1997-1C-II-0, Continental Airlines Pass Through Certificates,  
Series 1997-1C-II-0 (the "Certificates")

Sirs:

In connection with our proposed sale of \$\_\_\_\_\_ Fractional Undivided Interest of the Certificates, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the Securities Act of 1933, as amended, and, accordingly, we represent that:

(1) the offer of the Certificates was not made to a person in the United States;

(2) either (a) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (b) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(3) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable; and

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

In addition, if the sale is made during a restricted period and the provisions of Rule 903(c)(3) or Rule 904(c)(1) of Regulation S are applicable thereto, we confirm that such sale has been made in accordance with the applicable provisions of Rule 903(c)(3) or Rule 904(c)(1), as the case may be.

You and Continental Airlines, Inc. are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

B-2

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION  
WITH TRANSFERS OF CERTIFICATES TO  
NON-QIB INSTITUTIONAL ACCREDITED INVESTORS

\_\_\_\_\_, \_\_\_\_

Wilmington Trust Company  
Rodney Square North  
1100 North Market Street  
Wilmington, DE 19890-0001  
Attention: Corporate Trust Trustee Administration  
Continental Airlines, Inc.  
2929 Allen Parkway  
Houston, Texas 77019

CONTINENTAL AIRLINES  
PASS THROUGH TRUST, SERIES 1997-1C-II-0 (the "Trust")  
Pass Through Certificates, Series 1997-1C-II-0  
(the "Certificates")

Ladies and Gentlemen:

In connection with our proposed purchase of U.S.  
\$[\_\_\_\_\_] Fractional Undivided Interest of Certificates, we confirm  
that:

1. We understand that any subsequent transfer of the  
Certificates is subject to certain restrictions and conditions set forth in the  
Trust Agreement, dated as of March 21, 1997, between Continental Airlines, Inc.  
(the "Company") and Wilmington Trust Company (the "Trustee") relating to the  
Certificates, and we agree to be bound by, and not to resell, pledge or  
otherwise transfer the Certificates except in compliance with, such  
restrictions and conditions and the Securities Act of 1933, as amended (the  
"Securities Act").

2. We are purchasing Certificates having an aggregate  
principal amount of not less than \$100,000 and each account (if any) for which  
we are purchasing Certificates is purchasing Certificates having an aggregate  
principal amount of not less than \$100,000.



3. We understand that the Certificates have not been registered under the Securities Act, that the Certificates are being sold to us in a transaction that is exempt from the registration requirements of the Securities Act and that the Certificates may not be offered or resold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that, if we should sell any Certificates within two years after the later of the original issuance of such Certificate and the last date on which such Certificate is owned by the Company, the Trustee or any affiliate of any of such persons, we will do so only (A) to the Company, (B) in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined therein), (C) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act or (E) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any person purchasing any of the Certificates from us a notice advising such purchaser that resales of the Certificates are restricted as stated herein.

4. We understand that, on any proposed resale of any Certificates, we will be required to furnish to the Company and the Trustee such certifications, legal opinions and other information as the Company and the Trustee may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Certificates purchased by us will bear a legend to the foregoing effect.

5. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Certificates, and we and any accounts for which we are acting are each able to bear the economic risk of our or their investments.

6. We are acquiring the Certificates purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion and not with a view to any distribution of the Certificates, subject, nevertheless to the understanding that the disposition of our property shall at all times be and remain within our control.

You are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy thereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

By:

-----

Name:

Title:

C-3

## EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT  
Continental Airlines Pass Through Trust, Series 1997-[1\_]

ASSIGNMENT AND ASSUMPTION AGREEMENT, dated \_\_\_\_\_, 199\_ (the "Agreement"), between Wilmington Trust Company, a Delaware banking corporation ("WTC"), not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement dated as of March 21, 1997 (as amended, modified or otherwise supplemented from time to time, the "Pass Through Trust Agreement") in respect of the Continental Airlines Pass Through Trust, Series 1997-1\_-0 (the "Assignor"), and Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement dated as of March 21, 1997 (the "New Pass Through Trust Agreement") in respect of the Continental Airlines Pass Through Trust, Series 1997-1\_-S (the "Assignee").

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

WHEREAS, the parties hereto desire to effect on the date hereof (the "Transfer Date") (a) the transfer by the Assignor to the Assignee of all of the right, title and interest of the Assignor in, under and with respect to, among other things, the Trust Property and each of the documents listed in Schedule I hereto (the "Scheduled Documents") and (b) the assumption by the Assignee of the obligations of the Assignor (i) under the Scheduled Documents and (ii) in respect of the Certificates issued under the Pass Through Trust Agreement; and

WHEREAS, the Scheduled Documents permit such transfer upon satisfaction of certain conditions heretofore or concurrently herewith being complied with;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the parties hereto do hereby agree as follows (capitalized terms used herein without definition having the meaning ascribed thereto in the Pass Through Trust Agreement):

1. Assignment. The Assignor does hereby sell, assign, convey, transfer and set over unto the Assignee as of the

Transfer Date all of its present and future right, title and interest in, under and with respect to the Trust Property and the Scheduled Documents and each other contract, agreement, document or instrument relating to the Trust Property or the Scheduled Documents (such other contracts, agreements, documents or instruments, together with the Scheduled Documents, to be referred to as the "Assigned Documents"), and any proceeds therefrom, together with all documents and instruments evidencing any of such right, title and interest.

2. Assumption. The Assignee hereby assumes for the benefit of the Assignor and each of the parties listed in Schedule II hereto (collectively, the "Beneficiaries") all of the duties and obligations of the Assignor, whenever accrued, pursuant to the Assigned Documents and hereby confirms that it shall be deemed a party to each of the Assigned Documents to which the Assignor is a party and shall be bound by all the terms thereof (including the agreements and obligations of the Assignor set forth therein) as if therein named as the Assignor. Further, the Assignee hereby assumes for the benefit of the Assignor and the Beneficiaries all of the duties and obligations of the Assignor under the Outstanding Certificates and hereby confirms that the Certificates representing Fractional Undivided Interests under the Pass Through Trust Agreement shall be deemed for all purposes of the Pass Through Trust Agreement and the New Pass Through Trust Agreement to be certificates representing the same fractional undivided interests under the New Pass Through Trust Agreement equal to their respective beneficial interests in the trust created under the Pass Through Trust Agreement.

3. Effectiveness. This Agreement shall be effective upon the execution and delivery hereof by the parties hereto, and each Certificateholder, by its acceptance of its Certificate or a beneficial interest therein, agrees to be bound by the terms of this Agreement.

4. Payments. The Assignor hereby covenants and agrees to pay over to the Assignee, if and when received following the Transfer Date, any amounts (including any sums payable as interest in respect thereof) paid to or for the benefit of the Assignor that, under Section 1 hereof, belong to the Assignee.

5. Further Assurances. The Assignor shall, at any time and from time to time, upon the request of the Assignee,

promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Assignee may reasonably request to obtain the full benefits of this Agreement and of the right and powers herein granted. The Assignor agrees to deliver the Global Certificates, and all Trust Property, if any, then in the physical possession of the Assignor, to the Assignee.

6. Representations and Warranties. (a) The Assignee represents and warrants to the Assignor and each of the Beneficiaries that:

(i) it has all requisite power and authority and legal right to enter into and carry out the transactions contemplated hereby and to carry out and perform the obligations of the "Pass Through Trustee" under the Assigned Documents;

(ii) on and as of the date hereof, the representations and warranties of the Assignee set forth in Section 7.15 of the New Pass Through Trust Agreement are true and correct.

that: (b) The Assignor represents and warrants to the Assignee

(i) it is duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the full trust power, authority and legal right under the laws of the State of Delaware and the United States pertaining to its trust and fiduciary powers to execute and deliver this Agreement;

(ii) the execution and delivery by it of this Agreement and the performance by it of its obligations hereunder have been duly authorized by it and will not violate its articles of association or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which it is a party or by which it is bound; and

(iii) this Agreement constitutes the legal, valid and binding obligations of it enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity, whether considered in a proceeding at law or in equity.

7. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK INCLUDING MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS.

8. Counterparts. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

9. Third Party Beneficiaries. The Assignee hereby agrees, for the benefit of the Beneficiaries, that its representations, warranties and covenants contained herein are also intended to be for the benefit of each Beneficiary, and each Beneficiary shall be deemed to be an express third party beneficiary with respect thereto, entitled to enforce directly and in its own name any rights or claims it may have against such party as such beneficiary.

IN WITNESS WHEREOF, the parties hereto, through their respective officers thereunto duly authorized, have duly executed this Assignment as of the day and year first above written.

ASSIGNOR:

WILMINGTON TRUST COMPANY, not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement in respect of the Continental Airlines Pass Through Trust 1997-1\_-0

By:

-----

Title:

ASSIGNEE:

WILMINGTON TRUST COMPANY, not in its individual capacity except as expressly provided herein, but solely as trustee under the Pass Through Trust Agreement in respect of the Continental Airlines Pass Through Trust 1997-1\_-S

By: -----  
Title:

## Schedule of Assigned Documents

- (1) Intercreditor Agreement dated as of March 21, 1997 among the Trustee, the Other Trustees, the Liquidity Providers, the liquidity providers, if any, relating to the Certificates issued under (and as defined in) each of the Other Pass Through Trust Agreements and the Subordination Agent.
- (2) Registration Rights Agreement dated as of March 21, 1997 among the Initial Purchasers, the Trustee, the Other Trustees, and the Company.
- (3) Escrow and Paying Agent Agreement (Class \_\_) dated as of March 21, 1997 among the Escrow Agent, the Initial Purchasers, the Trustee and the Paying Agent.
- (4) Note Purchase Agreement dated as of March 21, 1997 among the Company, the Trustee, the Other Trustees, the Depositary, the Escrow Agent, the Paying Agent and the Subordination Agent.
- (5) Deposit Agreement (Class \_\_) dated as of March 21, 1997 between the Escrow Agent and the Depositary.
- (6) Each of the Operative Agreements (as defined in the Participation Agreement for each Aircraft) in effect as of the Transfer Date.



## Schedule of Beneficiaries

Wilmington Trust Company, not in its individual capacity but solely as Subordination Agent.

Wilmington Trust Company, not in its individual capacity but solely as Paying Agent

ABN AMRO Bank N.V., Chicago Branch, as Liquidity Provider

ING Bank N.V., as Liquidity Provider

Continental Airlines, Inc.

Credit Suisse First Boston Corporation, as Initial Purchaser

Morgan Stanley & Co. Incorporated, as Initial Purchaser

Chase Securities Inc., as Initial Purchaser

Goldman Sachs & Co., as Initial Purchaser

First Security Bank, National Association, as Escrow Agent

Each of the other parties to the Assigned Documents

FORM OF NOTICE TO DESIGNATE NOMINEE AS WITHHOLDING AGENT  
(Treas. Reg. Section 1.1445-8(f); 17 C.F.R. 240.10b-17(b)(1))

[DATE]

National Association of  
Securities Dealers, Inc.  
Market Operations  
80 Merritt Blvd.  
Trumbull, CT 06611

Re: Continental Airlines Pass Through Certificates,  
Series 1997-1C-II-0  
Pass Through Certificates, Series 1997-1C-II-0

With respect to distributions to be made on [INSERT DISTRIBUTION DATE] to holders of the above-referenced Pass Through Certificates in the amount of \$ \_\_\_\_ per \$1,000 principal amount of Certificate, we hereby designate the appropriate nominees to withhold from amounts distributable to any non-U.S. Person such amounts as required by section 1446 of the Internal Revenue Code of 1986, as amended. The term "non-U.S. Person" means any person or entity that, for U.S. federal income tax purposes, is not a "U.S. Person." "U.S. Person" for this purpose means a citizen or resident of the United States, a corporation, partnership or other entity created or organized under the laws of the United States or any political subdivision thereof, or an estate or trust, the income of which is subject to U.S. federal income taxation regardless of its source. The date of record for determining holders of Certificates entitled to receive the distribution on [INSERT DISTRIBUTION DATE] is [INSERT RELATED RECORD DATE].

Very truly yours,

E-1

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REVOLVING CREDIT AGREEMENT  
(1997-1A)

Dated as of March 21, 1997

between

WILMINGTON TRUST COMPANY,

as Subordination Agent,  
as agent and trustee for the  
Continental Airlines Pass Through Trust 1997-1A-0

as Borrower

and

ABN AMRO BANK N.V., CHICAGO BRANCH

as Liquidity Provider

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Relating to  
Continental Airlines Pass Through Trust 1997-1A-0  
7.461% Continental Airlines Pass Through Certificates,  
Series 1997-1A-0

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## REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT dated as of March 21, 1997, between WILMINGTON TRUST COMPANY, a Delaware corporation, not in its individual capacity but solely as Subordination Agent under the Intercreditor Agreement (each as defined below), as agent and trustee for the Class A Trust (as defined below) (the "Borrower"), and ABN AMRO BANK N.V., a bank organized under the laws of The Netherlands, acting through its Chicago Branch ("ABN AMRO" or the "Liquidity Provider").

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

WHEREAS, pursuant to the Class A Trust Agreement (such term and all other capitalized terms used in these recitals having the meanings set forth or referred to in Section 1.01), the Class A Trust is issuing the Class A Certificates; and

WHEREAS, the Borrower, in order to support the timely payment of a portion of the interest on the Class A Certificates in accordance with their terms, has requested the Liquidity Provider to enter into this Agreement, providing in part for the Borrower to request in specified circumstances that Advances be made hereunder.

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

## ARTICLE I

## DEFINITIONS

Section 1.01. Certain Defined Terms. (a) Definitions. As used in this Agreement and unless otherwise expressly indicated, or unless the context clearly requires otherwise, the following capitalized terms shall have the following respective meanings for all purposes of this Agreement:

"Additional Cost" has the meaning assigned to such term in Section 3.01.

"Advance" means an Interest Advance, a Final Advance, a Provider Advance, an Applied Provider Advance or an Unpaid Advance, as the case may be.

"Applicable Liquidity Rate" has the meaning assigned to such term in Section 3.07(g).

"Applicable Margin" means (w) with respect to any Unpaid Advance or Applied Provider Advance that is a LIBOR Advance, 1.75%, (x) with respect to any Unpaid Advance or Applied Provider Advance that is a Base Rate Advance, 1.75%, (y) with respect to any Unapplied Provider Advance that is a LIBOR Advance, .40% and (z) with respect to any Unapplied Provider Advance that is a Base Rate Advance, .40%.

"Applied Downgrade Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Non-Extension Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Provider Advance" has the meaning assigned to such term in Section 2.06(a).

"Assignment and Assumption Agreement" means the Assignment and Assumption to be entered into between the Borrower and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Class A Trust Agreement.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to (a) the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Liquidity Provider from three Federal funds brokers of recognized standing selected by it, plus (b) one-quarter of one percent (1/4 or 1%).

"Base Rate Advance" means an Advance that bears interest at a rate based upon the Base Rate.



"Borrower" has the meaning assigned to such term in the recital of parties to this Agreement.

"Borrowing" means the making of Advances requested by delivery of a Notice of Borrowing.

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in Houston, Texas, New York, New York, Chicago, Illinois or, so long as any Class A Certificate is outstanding, the city and state in which the Class A Trustee, the Borrower or any Loan Trustee maintains its Corporate Trust Office or receives or disburses funds, and, if the applicable Business Day relates to any Advance or other amount bearing interest based on the LIBOR Rate, on which dealings are carried on in the London interbank market.

"Certificates of Deposit" has the meaning assigned to such term in the Deposit Agreement.

"Deposits" has the meaning assigned to such terms in the Deposit Agreement.

"Depositary" has the meaning assigned to such term in the Deposit Agreement.

"Deposit Agreement" means the Deposit Agreement dated March 21, 1997 between First Security Bank, National Association, as Escrow Agent and Credit Suisse First Boston, as Depositary, pertaining to the Class A Certificates, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof.

"Downgrade Advance" means an Advance made pursuant to Section 2.02(c).

"Effective Date" has the meaning specified in Section 4.01. The delivery of the certificate of the Liquidity Provider contemplated by Section 4.01(e) shall be conclusive evidence that the Effective Date has occurred.

"Expenses" means liabilities, obligations, damages, settlements, penalties, claims, actions, suits, costs, expenses, and disbursements (including, without limitation, reasonable fees and disbursements of legal counsel and costs of investigation), provided that Expenses shall not include any Taxes.

"Excluded Taxes" means (i) taxes imposed on the overall net income of the Liquidity Provider or of its Lending Office by the jurisdiction where such Liquidity Provider's principal office or such Lending Office is located, and (ii) Excluded Withholding Taxes.

"Excluded Withholding Taxes" means (i) withholding Taxes imposed by the United States except to the extent that such United States withholding Taxes are imposed as a result of any change in applicable law after the date hereof (excluding from change in applicable law for this purpose a change in an applicable treaty or other change in law affecting the applicability of a treaty), or in the case of a successor Liquidity Provider (including a transferee of an Advance) or Lending Office, after the date on which such successor Liquidity Provider obtains its interest or on which the Lending Office is changed, and (ii) any withholding Taxes imposed by the United States which are imposed or increased as a result of the Liquidity Provider failing to deliver to the Borrower any certificate or document (which certificate or document in the good faith judgment of the Liquidity Provider it is legally entitled to provide) which is reasonably requested by the Borrower to establish that payments under this Agreement are exempt from (or entitled to a reduced rate of) withholding Tax.

"Expiry Date" means March 19, 1998, initially, or any date to which the Expiry Date is extended pursuant to Section 2.10.

"Final Advance" means an Advance made pursuant to Section 2.02(d).

"Intercreditor Agreement" means the Intercreditor Agreement dated the date hereof, among the Trustees, the Liquidity Provider, the liquidity provider under each Liquidity Facility (other than this Agreement) and the Subordination Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Interest Advance" means an Advance made pursuant to Section 2.02(a).

"Interest Period" means, with respect to any LIBOR Advance, each of the following periods:

- (i) the period beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such LIBOR Advance (or, in the case of an Unapplied Downgrade Advance, the period beginning on the Expiry Date) and ending on the next Regular Distribution Date; and
- (ii) each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the next Regular Distribution Date;

provided, however, that (I) if an Unapplied Provider Advance which is a LIBOR Advance becomes an Applied Provider Advance, the Interest Period then applicable to such Unapplied Provider Advance shall be applicable to such Applied Provider Advance and (II) if (x) the Final Advance shall have been made, or (y) other outstanding Advances shall have been converted into the Final Advance, then the Interest Periods shall be successive periods of one month beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Final Advance (in the case of clause (x) above) or the Regular Distribution Date following such conversion (in the case of clause (y) above).

"Lending Office" means the lending office of the Liquidity Provider presently located at Chicago, Illinois, or such other lending office as the Liquidity Provider from time to time shall notify the Borrower as its lending office hereunder; provided that the Liquidity Provider shall not change its Lending Office to a Lending Office outside the United States of America except in accordance with Section 3.01, 3.02 or 3.03 hereof.

"LIBOR Advance" means an Advance bearing interest at a rate based upon the LIBOR Rate.

"LIBOR Rate" means, with respect to any Interest Period, the average (rounded upward, if necessary, to the next higher 1/16 of 1%) of the rates per annum at which deposits in dollars are offered to major banks in the London interbank market at approximately 11:00 A.M. (London time)

two Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Advance to which such Interest Period is to apply and for a period of time comparable to such Interest Period.

"Liquidity Event of Default" means the occurrence of either (a) the acceleration of all of the Equipment Notes (provided that, with respect to the period prior to the Delivery Period Expiry Date, such Equipment Notes have an aggregate outstanding principal balance in excess of \$280,000,000) or (b) a Continental Bankruptcy Event.

"Liquidity Indemnitee" means (i) the Liquidity Provider, (ii) the directors, officers, employees and agents of the Liquidity Provider, and (iii) the successors and permitted assigns of the persons described in clauses (i) and (ii), inclusive.

"Liquidity Provider" has the meaning assigned to such term in the recital of parties to this Agreement.

"Maximum Available Commitment" shall mean, subject to the proviso contained in the third sentence of Section 2.02(a), at any time of determination, (a) the Maximum Commitment at such time less (b) the aggregate amount of each Interest Advance outstanding at such time; provided that following a Provider Advance or a Final Advance, the Maximum Available Commitment shall be zero.

"Maximum Commitment" means, for any day, the lesser of (x) \$26,628,638.33 and (y) the Stated Portion of the Required Amount on such day.

"Non-Extension Advance" means an Advance made pursuant to Section 2.02(b).

"Notice of Borrowing" has the meaning specified in Section 2.02(e).

"Notice of Replacement Subordination Agent" has the meaning specified in Section 3.08.

"Offering Memorandum" means the Offering Memorandum dated March 12, 1997 relating to the Certificates, as such Offering Memorandum may be amended or supplemented.

"Performing Note Deficiency" means any time that less than 65% of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes.

"Provider Advance" means a Downgrade Advance or a Non-Extension Advance.

"Regulatory Change" has the meaning assigned to such term in Section 3.01.

"Replenishment Amount" has the meaning assigned to such term in Section 2.06(b).

"Required Amount" means, for any day, the sum of the aggregate amount of interest, calculated at the rate per annum equal to the Stated Interest Rate for the Class A Certificates, that would be payable on the Class A Certificates on each of the three successive semiannual Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the succeeding two semiannual Regular Distribution Dates, in each case calculated on the basis of the Pool Balance of the Class A Certificates on such day and without regard to expected future payments of principal on the Class A Certificates.

"Stated Portion" means 50%.

"Successor Trust" means Continental Airlines Pass Through Trust 1997-1A-S.

"Tax Letter" means the letter dated the date hereof between the Liquidity Provider and Continental pertaining to this Agreement.

"Termination Date" means the earliest to occur of the following: (i) the Expiry Date; (ii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that all of the Class A Certificates have been paid in full (or provision has been made for such payment in accordance with the Intercreditor Agreement and the Trust Agreements) or are otherwise no longer entitled to the benefits of this Agreement; (iii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that a

Replacement Liquidity Facility has been substituted for this Agreement in full pursuant to Section 3.6(e) of the Intercreditor Agreement; (iv) the fifth Business Day following the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof; and (v) the date on which no Advance is or may (including by reason of reinstatement as herein provided) become available for a Borrowing hereunder.

"Termination Notice" means the Notice of Termination substantially in the form of Annex V to this Agreement.

"Transferee" has the meaning assigned to such term in Section 7.08(b).

"Unapplied Downgrade Advance" means any Downgrade Advance other than an Applied Downgrade Advance.

"Unapplied Provider Advance" means any Provider Advance other than an Applied Provider Advance.

"Unpaid Advance" has the meaning assigned to such term in Section 2.05.

(b) Terms Defined in the Intercreditor Agreement. For all purposes of this Agreement, the following terms shall have the respective meanings assigned to such terms in the Intercreditor Agreement:

"ABN AMRO Fee Letter", "ABN AMRO Sub-Account", "Certificates", "Class A Cash Collateral Account", "Class A Certificates", "Class A Certificateholders", "Class A Trust", "Class A Trust Agreement", "Class A Trustee", "Class B Certificates", "Class C-I Certificates", "Class C-II Certificates", "Closing Date", "Continental", "Continental Bankruptcy Event", "Controlling Party", "Corporate Trust Office", "Delivery Period Expiry Date", "Distribution Date", "Downgraded Facility", "Equipment Notes", "Financing Agreement", "Indenture", "Initial Purchasers", "Investment Earnings", "Liquidity Facility", "Loan Trustee", "Moody's", "Non-Extended Facility", "Note Purchase Agreement", "Operative Agreements", "Performing Equipment Note", "Person", "Pool Balance", "Purchase Agreement", "Rating Agency", "Registration Rights Agreement", "Regular Distribution Date,

"Replacement Liquidity Facility", "Responsible Officer", "Scheduled Payment", "Special Payment", "Standard & Poor's", "Stated Interest Rate", "Sub-Account", "Subordination Agent", "Taxes", "Threshold Rating", "Transfer", "Trust Agreements, "Trustee" and "Written Notice".

(c) Interest on Certificates. For all purposes of this Agreement, each scheduled payment with respect to a Class A Certificate shall be deemed to be comprised of interest and principal components, with the interest component equalling interest accrued at the Stated Interest Rate for the Class A Certificates from (i) the later of (x) the date of issuance thereof and (y) the most recent but preceding Regular Distribution Date to (ii) the Regular Distribution Date on which such Scheduled Payment is being made, such interest to be considered payable in arrears on such Regular Distribution Date and to be calculated and allocated in the same manner as interest on the Class A Equipment Notes.

## ARTICLE II

### AMOUNT AND TERMS OF THE COMMITMENT

Section 2.01. The Advances. The Liquidity Provider hereby irrevocably agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until 12:00 Noon (New York City time) on the Expiry Date (unless the obligations of the Liquidity Provider shall be earlier terminated in accordance with the terms of Section 2.04(b)) in an aggregate amount at any time outstanding not to exceed the Maximum Commitment.

Section 2.02. Making the Advances. (a) Interest Advances shall be made in one or more Borrowings by delivery to the Liquidity Provider of one or more written and completed Notices of Borrowing in substantially the form of Annex I attached hereto, signed by a Responsible Officer of the Borrower, in an amount not exceeding the Maximum Available Commitment at such time and shall be used solely for the payment when due of the Stated Portion of interest on the Class A Certificates at the Stated Interest Rate therefor in accordance with Section 3.6(a) of the Intercreditor Agreement. Each Interest Advance made hereunder shall automatically reduce the Maximum Available

Commitment and the amount available to be borrowed hereunder by subsequent Advances by the amount of such Interest Advance (subject to reinstatement as provided in the next sentence). Upon repayment to the Liquidity Provider in full of the amount of any Interest Advance made pursuant to this Section 2.02(a), together with accrued interest thereon (as provided herein), the Maximum Available Commitment shall be reinstated by the amount of such repaid Interest Advance, but not to exceed the Maximum Commitment; provided, however, that the Maximum Available Commitment shall not be so reinstated at any time if (i) a Liquidity Event of Default shall have occurred and be continuing and (ii) there is a Performing Note Deficiency.

(b) A Non-Extension Advance shall be made in a single Borrowing if this Agreement is not extended in accordance with Section 3.6(d) of the Intercreditor Agreement (unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(d)) by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex II attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ABN AMRO Sub-Account of the Class A Cash Collateral Account in accordance with said Section 3.6(d).

(c) A Downgrade Advance shall be made in a single Borrowing upon a downgrading of the Liquidity Provider's short-term unsecured debt rating issued by either Rating Agency below the Threshold Rating (as provided for in Section 3.6(c) of the Intercreditor Agreement) unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(c), by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex III attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ABN AMRO Sub-Account of the Class A Cash Collateral Account in accordance with said Section 3.6(c).

(d) A Final Advance shall be made in a single Borrowing upon the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex



IV attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ABN AMRO Sub-Account of the Class A Cash Collateral Account (in accordance with Section 3.6(i) of the Intercreditor Agreement).

(e) Each Borrowing shall be made on notice in writing (a "Notice of Borrowing") in substantially the form required by Section 2.02(a), 2.02(b), 2.02(c) or 2.02(d), as the case may be, given by the Borrower to the Liquidity Provider. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing no later than 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the first Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and immediately available funds, the amount of such Borrowing. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing after 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the second Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified by the Borrower in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and in immediately available funds, the amount of such Borrowing. Payments of proceeds of a Borrowing shall be made by wire transfer of immediately available funds to the Borrower in accordance with such wire transfer instructions as the Borrower shall furnish from time to time to the Liquidity Provider for such purpose. Each Notice of Borrowing shall be irrevocable and binding on the Borrower.

(f) Upon the making of any Advance requested pursuant to a Notice of Borrowing, in accordance with the Borrower's payment instructions, the Liquidity Provider shall be fully discharged of its obligation hereunder with respect to such Notice of Borrowing, and the Liquidity Provider shall not thereafter be obligated to make any further Advances hereunder in respect of such Notice of Borrowing to the Borrower or to any other Person. Following the making of any Advance pursuant to

Section 2.02(b), (c) or (d) hereof to fund the ABN AMRO Sub-Account of the Class A Cash Collateral Account, the Liquidity Provider shall have no interest in or rights to the Class A Cash Collateral Account, any Sub-Account thereof, such Advance or any other amounts from time to time on deposit in the Class A Cash Collateral Account or any Sub-Account thereof; provided that the foregoing shall not affect or impair the obligations of the Subordination Agent to make the distributions contemplated by Section 3.6(e) or (f) of the Intercreditor Agreement. By paying to the Borrower proceeds of Advances requested by the Borrower in accordance with the provisions of this Agreement, the Liquidity Provider makes no representation as to, and assumes no responsibility for, the correctness or sufficiency for any purpose of the amount of the Advances so made and requested.

Section 2.03. Fees. The Borrower agrees to pay to the Liquidity Provider the fees set forth in the ABN AMRO Fee Letter.

Section 2.04. Adjustments or Termination of the Maximum Commitment. (a) Automatic Adjustments. Promptly following each date on which the Required Amount is (1) reduced as a result of a reduction in the Pool Balance of the Class A Certificates or otherwise, (2) increased as a result of an increase in the Stated Interest Rate or (3) subsequent to such an increase described in clause (2), reduced pursuant to the definition of "Stated Interest Rate", clause (y) of the definition of Maximum Commitment shall automatically be reduced or increased, as the case may be, to an amount equal to the Stated Portion of the Required Amount (as calculated by the Borrower). The Borrower shall give notice of any such automatic reduction or increase of the Maximum Commitment to the Liquidity Provider within two Business Days thereof. The failure by the Borrower to furnish any such notice shall not affect such automatic reduction or increase of the Maximum Commitment.

(b) Termination. Upon the making of any Provider Advance or Final Advance hereunder or the occurrence of the Termination Date, the obligation of the Liquidity Provider to make further Advances hereunder shall automatically and irrevocably terminate, and the Borrower shall not be entitled to request any further Borrowing hereunder.

Section 2.05. Repayments of Interest Advances or the Final Advance. Subject to Sections 2.06, 2.07 and 2.09 hereof, the Borrower hereby agrees, without notice of an Advance or

demand for repayment from the Liquidity Provider (which notice and demand are hereby waived by the Borrower), to pay, or to cause to be paid, to the Liquidity Provider on each date on which the Liquidity Provider shall make an Interest Advance or the Final Advance, an amount equal to (a) the amount of such Advance (any such Advance, until repaid, is referred to herein as an "Unpaid Advance"), plus (b) interest on the amount of each such Unpaid Advance as provided in Section 3.07 hereof; provided that if (i) the Liquidity Provider shall make a Provider Advance at any time after making one or more Interest Advances which shall not have been repaid in accordance with this Section 2.05 or (ii) this Liquidity Facility shall become a Downgraded Facility or Non-Extended Facility at any time when unreimbursed Interest Advances have reduced the Maximum Available Commitment to zero, then such Interest Advances shall cease to constitute Unpaid Advances and shall be deemed to have been changed into an Applied Downgrade Advance or an Applied Non-Extension Advance, as the case may be, for all purposes of this Agreement (including, without limitation, for the purpose of determining when such Interest Advance is required to be repaid to the Liquidity Provider in accordance with Section 2.06 and for the purposes of Section 2.06(b)). The Borrower and the Liquidity Provider agree that the repayment in full of each Interest Advance and Final Advance on the date such Advance is made is intended to be a contemporaneous exchange for new value given to the Borrower by the Liquidity Provider.

Section 2.06. Repayments of Provider Advances. (a) Amounts advanced hereunder in respect of a Provider Advance shall be deposited in the ABN AMRO Sub-Account of the Class A Cash Collateral Account, invested and withdrawn from the ABN AMRO Sub-Account of the Class A Cash Collateral Account as set forth in Sections 3.6(c), (d) and (f) of the Intercreditor Agreement. The Borrower agrees to pay to the Liquidity Provider, on each Regular Distribution Date, commencing on the first Regular Distribution Date after the making of a Provider Advance, interest on the principal amount of any such Provider Advance as provided in Section 3.07; provided, however, that amounts in respect of a Provider Advance withdrawn from the ABN AMRO Sub-Account of the Class A Cash Collateral Account for the purpose of paying interest on the Class A Certificates in accordance with Section 3.6(f) of the Intercreditor Agreement (the amount of any such withdrawal being (y) in the case of a Downgrade Advance, an "Applied Downgrade Advance" and (z) in the case of a Non-Extension Advance, an "Applied Non-Extension Advance" and,

together with an Applied Downgrade Advance, an "Applied Provider Advance") shall thereafter (subject to Section 2.06(b)) be treated as an Interest Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon; provided further, however, that if, following the making of a Provider Advance, the Liquidity Provider delivers a Termination Notice to the Borrower pursuant to Section 6.01 hereof, such Provider Advance shall thereafter be treated as a Final Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon. Subject to Sections 2.07 and 2.09 hereof, immediately upon the withdrawal of any amounts from the ABN AMRO Sub-Account of the Class A Cash Collateral Account on account of a reduction in the Required Amount, the Borrower shall repay to the Liquidity Provider a portion of the Provider Advances in a principal amount equal to the Stated Portion of such reduction, plus interest on the principal amount prepaid as provided in Section 3.07 hereof.

(b) At any time when an Applied Provider Advance (or any portion thereof) is outstanding, upon the deposit in the ABN AMRO Sub-Account of the Class A Cash Collateral Account of any amount pursuant to clause "third" of Section 2.4(b) of the Intercreditor Agreement, clause "third" of Section 3.2 of the Intercreditor Agreement or clause "fourth" of Section 3.3 of the Intercreditor Agreement (any such amount being a "Replenishment Amount") for the purpose of replenishing or increasing the balance thereof up to the Stated Portion of the Required Amount at such time, (i) the aggregate outstanding principal amount of all Applied Provider Advances (and of Provider Advances treated as an Interest Advance for purposes of determining the Applicable Liquidity Rate for interest payable thereon) shall be automatically reduced by the amount of such Replenishment Amount and (ii) the aggregate outstanding principal amount of all Unapplied Provider Advances shall be automatically increased by the amount of such Replenishment Amount.

(c) Upon the provision of a Replacement Liquidity Facility in replacement of this Agreement in accordance with Section 3.6(e) of the Intercreditor Agreement, amounts remaining on deposit in the ABN AMRO Sub-Account of the Class A Cash Collateral Account after giving effect to any Applied Provider Advance on the date of such replacement shall be reimbursed to the Liquidity Provider, but only to the extent such amounts are necessary to repay in full to the Liquidity Provider all amounts owing to it hereunder.

Section 2.07. Payments to the Liquidity Provider Under the Intercreditor Agreement. In order to provide for payment or repayment to the Liquidity Provider of any amounts hereunder, the Intercreditor Agreement provides that amounts available and referred to in Articles II and III of the Intercreditor Agreement, to the extent payable to the Liquidity Provider pursuant to the terms of the Intercreditor Agreement (including, without limitation, Section 3.6(f) of the Intercreditor Agreement), shall be paid to the Liquidity Provider in accordance with the terms thereof. Amounts so paid to the Liquidity Provider shall be applied by the Liquidity Provider to Liquidity Obligations then due and payable in such manner as it shall deem appropriate.

Section 2.08. Book Entries. The Liquidity Provider shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower resulting from Advances made from time to time and the amounts of principal and interest payable hereunder and paid from time to time in respect thereof; provided, however, that the failure by the Liquidity Provider to maintain such account or accounts shall not affect the obligations of the Borrower in respect of Advances.

Section 2.09. Payments from Available Funds Only. All payments to be made by the Borrower under this Agreement shall be made only from the Stated Portion of amounts that constitute Scheduled Payments, Special Payments or payments under Section 9.1 of the Participation Agreements and Sections 6 and 7 of the Note Purchase Agreement and only to the extent that the Borrower shall have sufficient income or proceeds therefrom to enable the Borrower to make payments in accordance with the terms hereof after giving effect to the priority of payments provisions set forth in the Intercreditor Agreement. The Liquidity Provider agrees that it will look solely to such amounts to the extent available for distribution to it as provided in the Intercreditor Agreement and this Agreement and that the Borrower, in its individual capacity, is not personally liable to it for any amounts payable or liability under this Agreement except as expressly provided in this Agreement, the Intercreditor Agreement or any Participation Agreement. Amounts on deposit in the ABN AMRO Sub-Account of the Class A Cash Collateral Account shall be available to the Borrower to make payments under this Agreement only to the extent and for the purposes expressly contemplated in Section 3.6(f) of the Intercreditor Agreement. Amounts on deposit in the other Sub-Account in respect of the Class A Certificates shall not be available to make payments under this Agreement.

Section 2.10. Extension of the Expiry Date; Non-Extension Advance. No earlier than the 60th day and no later than the 40th day prior to the then effective Expiry Date (unless such Expiry Date is on or after the date that is 15 days after the Final Maturity Date for the Class A Certificates), the Borrower shall request that the Liquidity Provider extend the Expiry Date for a period of 364 days after the then effective Expiry Date (unless the obligations of the Liquidity Provider are earlier terminated in accordance with the terms hereof). The Liquidity Provider shall advise the Borrower, no earlier than 40 days and no later than 25 days prior to the then effective Expiry Date, whether, in its sole discretion, it agrees to so extend the Expiry Date. If the Liquidity Provider advises the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall not be so extended, or fails to irrevocably and unconditionally advise the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall be so extended (and, in each case, if the Liquidity Provider shall not have been replaced in accordance with Section 3.6(e) of the Intercreditor Agreement), the Borrower shall be entitled on and after such 25th day (but prior to the then effective Expiry Date) to request a Non-Extension Advance in accordance with Section 2.02(b) hereof and Section 3.6(d) of the Intercreditor Agreement.

### ARTICLE III

#### OBLIGATIONS OF THE BORROWER

Section 3.01. Increased Costs. Subject to the ABN AMRO Fee Letter, the Borrower shall pay to the Liquidity Provider from time to time such amounts as may be necessary to compensate the Liquidity Provider for any increased costs incurred by the Liquidity Provider which are attributable to its making or maintaining any LIBOR Advances hereunder or its obligation to make any such Advances hereunder, or any reduction in any amount receivable by the Liquidity Provider under this Agreement or the Intercreditor Agreement in respect of any such Advances or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any change after the date of this Agreement in U.S. federal,

state, municipal, or foreign laws or regulations (including Regulation D), or the adoption or making after the date of this Agreement of any interpretations, directives, or requirements applying to a class of banks including the Liquidity Provider under any U.S. federal, state, municipal, or any foreign laws or regulations (whether or not having the force of law) by any court, central bank or monetary authority charged with the interpretation or administration thereof (a "Regulatory Change"), which: (1) changes the basis of taxation of any amounts payable to the Liquidity Provider under this Agreement in respect of any such Advances (other than Excluded Taxes); or (2) imposes or modifies any reserve, special deposit, compulsory loan or similar requirements relating to any extensions of credit or other assets of, or any deposits with other liabilities of, the Liquidity Provider (including any such Advances or any deposits referred to in the definition of LIBOR Rate or related definitions). The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.01 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.01 of the effect of any Regulatory Change on its costs of making or maintaining Advances or on amounts receivable by it in respect of Advances, and of the additional amounts required to compensate the Liquidity Provider in respect of any Additional Costs, shall be prima facie evidence of the amount owed under this Section.

Section 3.02. Capital Adequacy. Subject to the ABN AMRO Fee Letter, if (1) the adoption, after the date hereof, of any applicable governmental law, rule or regulation regarding capital adequacy, (2) any change, after the date hereof, in the interpretation or administration of any such law, rule or regulation by any central bank or other governmental authority charged with the interpretation or administration thereof or (3)

compliance by the Liquidity Provider or any corporation controlling the Liquidity Provider with any applicable guideline or request of general applicability, issued after the date hereof, by any central bank or other governmental authority (whether or not having the force of law) that constitutes a change of the nature described in clause (2), has the effect of requiring an increase in the amount of capital required to be maintained by the Liquidity Provider or any corporation controlling the Liquidity Provider, and such increase is based upon the Liquidity Provider's obligations hereunder and other similar obligations, the Borrower shall pay to the Liquidity Provider from time to time such additional amount or amounts as are necessary to compensate the Liquidity Provider for such portion of such increase as shall be reasonably allocable to the Liquidity Provider's obligations to the Borrower hereunder. The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise materially disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.02 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.02 of the effect of any increase in the amount of capital required to be maintained by the bank and of the amount allocable to the Liquidity Provider's obligations to the Borrower hereunder shall be prima facie evidence of the amounts owed under this Section.

Section 3.03. Payments Free of Deductions. All payments made by the Borrower under this Agreement shall be made free and clear of, and without reduction for or on account of, any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected, withheld or assessed, excluding Excluded Taxes (such non-excluded taxes being referred to herein, collectively, as "Non-Excluded Taxes" and, individually, as a "Non-Excluded



Tax"). If any Non-Excluded Taxes are required to be withheld from any amounts payable to the Liquidity Provider under this Agreement, the amounts so payable to the Liquidity Provider shall be increased to the extent necessary to yield to the Liquidity Provider (after payment of all Non-Excluded Taxes) interest or any other such amounts payable under this Agreement at the rates or in the amounts specified in this Agreement. The Liquidity Provider agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider. From time to time upon the reasonable request of the Borrower, the Liquidity Provider agrees to provide to the Borrower two original Internal Revenue Service Forms 1001 or 4224, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that the Liquidity Provider is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement.

Section 3.04. Payments. The Borrower shall make or cause to be made each payment to the Liquidity Provider under this Agreement so as to cause the same to be received by the Liquidity Provider not later than 1:00 P.M. (New York City time) on the day when due. The Borrower shall make all such payments in lawful money of the United States of America, to the Liquidity Provider in immediately available funds, by wire transfer to ABN AMRO Bank N.V., New York, NY, ABA # 026009580, Account Name: ABN AMRO Bank, N.V. - Chicago Branch, Account # 651-0-010111-42, Reference: Continental Airlines, Inc.

Section 3.05. Computations. All computations of interest based on the Base Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the LIBOR Rate shall be made on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

Section 3.06. Payment on Non-Business Days. Whenever any payment to be made hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and no additional interest shall be

due as a result (and if so made, shall be deemed to have been made when due). If any payment in respect of interest on an Advance is so deferred to the next succeeding Business Day, such deferral shall not delay the commencement of the next Interest Period for such Advance (if such Advance is a LIBOR Advance) or reduce the number of days for which interest will be payable on such Advance on the next interest payment date for such Advance.

Section 3.07. Interest. (a) Subject to Section 2.09, the Borrower shall pay, or shall cause to be paid, without duplication, interest on (i) the unpaid principal amount of each Advance from and including the date of such Advance (or, in the case of an Applied Provider Advance, from and including the date on which the amount thereof was withdrawn from the ABN AMRO Sub-Account of the Class A Cash Collateral Account to pay interest on the Class A Certificates) to but excluding the date such principal amount shall be paid in full (or, in the case of an Applied Provider Advance, the date on which the ABN AMRO Sub-Account of the Class A Cash Collateral Account is fully replenished in respect of such Advance) and (ii) any other amount due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by law, installments of interest on Advances or any such other amount) which is not paid when due (whether at stated maturity, by acceleration or otherwise) from and including the due date thereof to but excluding the date such amount is paid in full, in each such case, at a fluctuating interest rate per annum for each day equal to the Applicable Liquidity Rate (as defined below) for such Advance or such other amount as in effect for such day, but in no event at a rate per annum greater than the maximum rate permitted by applicable law; provided, however, that, if at any time the otherwise applicable interest rate as set forth in this Section 3.07 shall exceed the maximum rate permitted by applicable law, then any subsequent reduction in such interest rate will not reduce the rate of interest payable pursuant to this Section 3.07 below the maximum rate permitted by applicable law until the total amount of interest accrued equals the amount of interest that would have accrued if such otherwise applicable interest rate as set forth in this Section 3.07 had at all times been in effect.

(b) Except as provided in clause (e) below, each Advance will be either a Base Rate Advance or a LIBOR Advance as provided in this Section. Each such Advance will be a Base Rate Advance for the period from the date of its borrowing to (but

excluding) the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Advance. Thereafter, such Advance shall be a LIBOR Advance; provided that the Borrower (at the direction of the Controlling Party) may convert the Final Advance into a Base Rate Advance on the last day of an Interest Period for such Advance by giving the Liquidity Provider no less than four Business Days' prior written notice of such election.

(c) Each LIBOR Advance shall bear interest during each Interest Period at a rate per annum equal to the LIBOR Rate for such Interest Period plus the Applicable Margin for such LIBOR Advance, payable in arrears on the last day of such Interest Period and, in the event of the payment of principal of such LIBOR Advance on a day other than such last day, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(d) Each Base Rate Advance shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin for such Base Rate Advance, payable in arrears on each Regular Distribution Date and, in the event of the payment of principal of such Base Rate Advance on a day other than a Regular Distribution Date, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(e) Each Unapplied Downgrade Advance (i) during the period from and including the date of the making of such Unapplied Downgrade Advance through but excluding the Expiry Date (or, if earlier, the date of repayment thereof or of conversion thereof into a Final Advance), shall bear interest in an amount equal to the Investment Earnings on amounts on deposit in the ABN AMRO Sub-Account of the Class A Cash Collateral Account for such period plus .35% per annum on the amount of such Unapplied Downgrade Advance from time to time during such period, payable in arrears on each Regular Distribution Date and (ii) thereafter, shall be a LIBOR Advance and shall bear interest in accordance with clause (c) above.

(f) Each amount not paid when due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by applicable law, installments of interest on Advances but excluding Advances) shall bear interest at a rate per annum equal to the Base Rate plus 2.00% until paid.

(g) Each change in the Base Rate shall become effective immediately. The rates of interest specified in this Section 3.07 with respect to any Advance or other amount shall be referred to as the "Applicable Liquidity Rate".

Section 3.08. Replacement of Borrower. From time to time and subject to the successor Borrower's meeting the eligibility requirements set forth in Section 6.9 of the Intercreditor Agreement applicable to the Subordination Agent, upon the effective date and time specified in a written and completed Notice of Replacement Subordination Agent in substantially the form of Annex VI attached hereto (a "Notice of Replacement Subordination Agent") delivered to the Liquidity Provider by the then Borrower, the successor Borrower designated therein shall be substituted for as the Borrower for all purposes hereunder.

Section 3.09. Funding Loss Indemnification. The Borrower shall pay to the Liquidity Provider, upon the request of the Liquidity Provider, such amount or amounts as shall be sufficient (in the reasonable opinion of the Liquidity Provider) to compensate it for any loss, cost, or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by the Liquidity Provider to fund or maintain any LIBOR Advance (but excluding loss of anticipated profits) incurred as a result of:

(1) Any repayment of a LIBOR Advance on a date other than the last day of the Interest Period for such Advance; or

(2) Any failure by the Borrower to borrow a LIBOR Advance on the date for borrowing specified in the relevant notice under Section 2.02.

Section 3.10. Illegality. Notwithstanding any other provision in this Agreement, if any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Liquidity Provider (or its Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Liquidity Provider (or its Lending Office) to maintain or fund

its LIBOR Advances, then upon notice to the Borrower by the Liquidity Provider, the outstanding principal amount of the LIBOR Advances shall be converted to Base Rate Advances (a) immediately upon demand of the Liquidity Provider, if such change or compliance with such request, in the judgment of the Liquidity Provider, requires immediate repayment; or (b) at the expiration of the last Interest Period to expire before the effective date of any such change or request.

#### ARTICLE IV

##### CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied or waived:

(a) The Liquidity Provider shall have received on or before the Closing Date each of the following, and in the case of each document delivered pursuant to paragraphs (i), (ii) and (iii), each in form and substance satisfactory to the Liquidity Provider:

(i) This Agreement duly executed on behalf of the Borrower;

(ii) The Intercreditor Agreement duly executed on behalf of each of the parties thereto;

(iii) Fully executed copies of each of the Operative Agreements executed and delivered on or before the Closing Date (other than this Agreement and the Intercreditor Agreement);

(iv) A copy of the Offering Memorandum and specimen copies of the Class A Certificates;

(v) An executed copy of each document, instrument, certificate and opinion delivered on or before the Closing Date pursuant to the Class A Trust Agreement, the Intercreditor Agreement and the other Operative Agreements (together with, in the case of each such opinion, other than the opinion of counsel

for the Initial Purchasers, a letter from the counsel rendering such opinion to the effect that the Liquidity Provider is entitled to rely on such opinion as of its date as if it were addressed to the Liquidity Provider);

(vi) Evidence that there shall have been made and shall be in full force and effect, all filings, recordings and/or registrations, and there shall have been given or taken any notice or other similar action as may be reasonably necessary or, to the extent reasonably requested by the Liquidity Provider, reasonably advisable, in order to establish, perfect, protect and preserve the right, title and interest, remedies, powers, privileges, liens and security interests of, or for the benefit of, the Trustees, the Borrower and the Liquidity Provider created by the Operative Agreements executed and delivered on or prior to the Closing Date;

(vii) An agreement from Continental, pursuant to which (i) Continental agrees to provide copies of quarterly financial statements and audited annual financial statements to the Liquidity Provider, and such other information as the Liquidity Provider shall reasonably request with respect to the transactions contemplated by the Operative Agreements, in each case, only to the extent that Continental is obligated to provide such information pursuant to Section 8.2.1 of the Leases (related to Leased Aircraft) or the corresponding section of the Indentures (related to Owned Aircraft) to the parties thereto and (ii) Continental agrees to allow the Liquidity Provider to inspect Continental's books and records regarding such transactions, and to discuss such transactions with officers and employees of Continental; and

(viii) Such other documents, instruments, opinions and approvals as the Liquidity Provider shall have reasonably requested.

(b) The following statement shall be true on and as of the Effective Date: No event has occurred and is continuing, or would result from the entering into of this Agreement or the making of any Advance, which constitutes a Liquidity Event of Default.

(c) The Liquidity Provider shall have received payment in full of all fees and other sums required to be paid to or for the account of the Liquidity Provider on or prior to the Effective Date.

(d) All conditions precedent to the issuance of the Certificates under the Trust Agreements shall have been satisfied, all conditions precedent to the effectiveness of the other Liquidity Facilities shall have been satisfied, and all conditions precedent to the purchase of the Certificates by the Initial Purchasers under the Purchase Agreement shall have been satisfied (unless any of such conditions precedent shall have been waived by the Initial Purchasers).

(e) The Borrower shall have received a certificate, dated the date hereof, signed by a duly authorized representative of the Liquidity Provider, certifying that all conditions precedent to the effectiveness of Section 2.01 have been satisfied or waived.

Section 4.02. Conditions Precedent to Borrowing. The obligation of the Liquidity Provider to make an Advance on the occasion of each Borrowing shall be subject to the conditions precedent that the Effective Date shall have occurred and, prior to the date of such Borrowing, the Borrower shall have delivered a Notice of Borrowing which conforms to the terms and conditions of this Agreement and has been completed as may be required by the relevant form of the Notice of Borrowing for the type of Advances requested.

#### ARTICLE V

#### COVENANTS

Section 5.01. Affirmative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will, unless the Liquidity Provider shall otherwise consent in writing:

(a) Performance of This and Other Agreements. Punctually pay or cause to be paid all amounts payable by it under this Agreement and the other Operative Agreements and observe and perform in all material respects the conditions, covenants and requirements applicable to it contained in this Agreement and the other Operative Agreements.

(b) Reporting Requirements. Furnish to the Liquidity Provider with reasonable promptness, such other information and data with respect to the transactions contemplated by the Operative Agreements as from time to time may be reasonably requested by the Liquidity Provider; and permit the Liquidity Provider, upon reasonable notice, to inspect the Borrower's books and records with respect to such transactions and to meet with officers and employees of the Borrower to discuss such transactions.

(c) Certain Operative Agreements. Furnish to the Liquidity Provider with reasonable promptness, such Operative Agreements entered into after the date hereof as from time to time may be reasonably requested by the Liquidity Provider.

Section 5.02. Negative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will not appoint or permit or suffer to be appointed any successor Borrower without the written consent of the Liquidity Provider, which consent shall not be unreasonably withheld or delayed.

#### ARTICLE VI

##### LIQUIDITY EVENTS OF DEFAULT

Section 6.01. Liquidity Events of Default. If (a) any Liquidity Event of Default has occurred and is continuing and (b) there is a Performing Note Deficiency, the Liquidity Provider may, in its discretion, deliver to the Borrower a Termination Notice, the effect of which shall be to cause (i) this Agreement to expire on the fifth Business Day after the date on which such Termination Notice is received by the Borrower, (ii) the Borrower to promptly request, and the Liquidity Provider to promptly make, a Final Advance in accordance with Section 2.02(d) hereof and Section 3.6(i) of the Intercreditor Agreement, (iii) all other



outstanding Advances to be automatically converted into Final Advances for purposes of determining the Applicable Liquidity Rate for interest payable thereon, and (iv) subject to Sections 2.07 and 2.09 hereof, all Advances (including, without limitation, any Provider Advance and Applied Provider Advance), any accrued interest thereon and any other amounts outstanding hereunder to become immediately due and payable to the Liquidity Provider.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Liquidity Provider, and, in the case of an amendment or of a waiver by the Borrower, the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.02. Notices, Etc. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telecopier and mailed or delivered or sent by telecopier):

Borrower: WILMINGTON TRUST COMPANY  
 Rodney Square North  
 1100 North Market Square  
 Wilmington, DE 19890-0001  
 Attention: Corporate Trust Administration

Telephone: (302) 651-1000  
 Telecopy: (302) 651-8882

Liquidity  
 Provider: ABN AMRO BANK N.V.  
 Aerospace Department  
 135 South LaSalle Street, #760  
 Chicago, IL 60674-9135

Attention: Lukas van der Hoef  
Telephone: (312) 904-2836  
Telecopy: (312) 606-8428

with a copy to:

ABN AMRO Bank N.V.  
135 South LaSalle St., #625  
Chicago, IL 60674-9135  
Attention: Loan Operations

Telephone: (312) 904-2836  
Telecopy: (312) 606-8428

or, as to each of the foregoing, at such other address as shall be designated by such Person in a written notice to the others. All such notices and communications shall be effective (i) if given by telecopier, when transmitted to the telecopier number specified above, (ii) if given by mail, when deposited in the mails addressed as specified above, and (iii) if given by other means, when delivered at the address specified above, except that written notices to the Liquidity Provider pursuant to the provisions of Articles II and III hereof shall not be effective until received by the Liquidity Provider. A copy of all notices delivered hereunder to either party shall in addition be delivered to each of the parties to the Participation Agreements at their respective addresses set forth therein.

Section 7.03. No Waiver; Remedies. No failure on the part of the Liquidity Provider to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 7.04. Further Assurances. The Borrower agrees to do such further acts and things and to execute and deliver to the Liquidity Provider such additional assignments, agreements, powers and instruments as the Liquidity Provider may reasonably require or deem advisable to carry into effect the purposes of this Agreement and the other Operative Agreements or to better assure and confirm unto the Liquidity Provider its rights, powers and remedies hereunder and under the other Operative Agreements.

Section 7.05. Indemnification; Survival of Certain

Provisions. The Liquidity Provider shall be indemnified hereunder to the extent and in the manner described in Section 10.1 of the Participation Agreements and Section 6 of the Note Purchase Agreement. In addition, the Borrower agrees to indemnify, protect, defend and hold harmless the Liquidity Provider from, against and in respect of, and shall pay on demand, all Expenses of any kind or nature whatsoever (other than any Expenses of the nature described in Sections 3.01, 3.02 or 7.07 hereof or in the ABN AMRO Fee Letter (regardless of whether indemnified against pursuant to said Sections or in such Fee Letter)), that may be imposed, incurred by or asserted against any Liquidity Indemnitee, in any way relating to, resulting from, or arising out of or in connection with any action, suit or proceeding by any third party against such Liquidity Indemnitee and relating to this Agreement, the ABN AMRO Fee Letter, the Intercreditor Agreement or any Financing Agreement; provided, however, that the Borrower shall not be required to indemnify, protect, defend and hold harmless any Liquidity Indemnitee in respect of any Expense of such Liquidity Indemnitee (i) to the extent such Expense is attributable to the gross negligence or willful misconduct of such Liquidity Indemnitee or any other Liquidity Indemnitee, (ii) that is ordinary and usual operating overhead expense, and (iii) to the extent such Expense is attributable to the failure by such Liquidity Indemnitee or any other Liquidity Indemnitee to perform or observe any agreement, covenant or condition on its part to be performed or observed in this Agreement, the Intercreditor Agreement, the ABN AMRO Fee Letter, the Tax Letter or any other Operative Document to which it is a party. The indemnities contained in such Section 10.1, and the provisions of Sections 3.01, 3.02, 3.03, 3.09, 7.05 and 7.07 hereof, shall survive the termination of this Agreement.

Section 7.06. Liability of the Liquidity Provider. (a)

Neither the Liquidity Provider nor any of its officers, employees, directors or affiliates shall be liable or responsible for: (i) the use which may be made of the Advances or any acts or omissions of the Borrower or any beneficiary or transferee in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (iii) the making of Advances by the Liquidity Provider against delivery of a Notice of Borrowing and other documents which do not comply with the terms hereof; provided, however, that the Borrower shall have a

claim against the Liquidity Provider, and the Liquidity Provider shall be liable to the Borrower, to the extent of any damages suffered by the Borrower which were the result of (A) the Liquidity Provider's willful misconduct or negligence in determining whether documents presented hereunder comply with the terms hereof, or (B) any breach by the Liquidity Provider of any of the terms of this Agreement, including, but not limited to, the Liquidity Provider's failure to make lawful payment hereunder after the delivery to it by the Borrower of a Notice of Borrowing strictly complying with the terms and conditions hereof.

(b) Neither the Liquidity Provider nor any of its officers, employees, director or affiliates shall be liable or responsible in any respect for (i) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with this Agreement or any Notice of Borrowing delivered hereunder, or (ii) any action, inaction or omission which may be taken by it in good faith, absent willful misconduct or negligence (in which event the extent of the Liquidity Provider's potential liability to the Borrower shall be limited as set forth in the immediately preceding paragraph), in connection with this Agreement or any Notice of Borrowing.

Section 7.07. Costs, Expenses and Taxes. The Borrower agrees to pay, or cause to be paid (A) on the Effective Date and on such later date or dates on which the Liquidity Provider shall make demand, all reasonable out-of-pocket costs and expenses (including, without limitation, the reasonable fees and expenses of outside counsel for the Liquidity Provider) of the Liquidity Provider in connection with the preparation, negotiation, execution, delivery, filing and recording of this Agreement, any other Operative Agreement and any other documents which may be delivered in connection with this Agreement and (B) on demand, all reasonable costs and expenses (including reasonable counsel fees and expenses) of the Liquidity Provider in connection with (i) the enforcement of this Agreement or any other Operative Agreement, (ii) the modification or amendment of, or supplement to, this Agreement or any other Operative Agreement or such other documents which may be delivered in connection herewith or therewith (whether or not the same shall become effective) or (iii) any action or proceeding relating to any order, injunction, or other process or decree restraining or seeking to restrain the Liquidity Provider from paying any amount under this Agreement, the Intercreditor Agreement or any other Operative Agreement or

otherwise affecting the application of funds in the Cash Collateral Accounts. In addition, the Borrower shall pay any and all recording, stamp and other similar taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, any other Operative Agreement and such other documents, and agrees to save the Liquidity Provider harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees.

Section 7.08. Binding Effect; Participations. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower and the Liquidity Provider and their respective successors and assigns, except that neither the Liquidity Provider (except as otherwise provided in this Section 7.08) nor (except as contemplated by Section 3.08) the Borrower shall have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of the other party, subject to the requirements of Section 7.08(b). The Liquidity Provider may grant participations herein or in any of its rights hereunder (including, without limitation, funded participations and participations in rights to receive interest payments hereunder) and under the other Operative Agreements to such Persons as the Liquidity Provider may in its sole discretion select, subject to the requirements of Section 7.08(b). No such participation by the Liquidity Provider, however, will relieve the Liquidity Provider of its obligations hereunder. In connection with any participation or any proposed participation, the Liquidity Provider may disclose to the participant or the proposed participant any information that the Borrower is required to deliver or to disclose to the Liquidity Provider pursuant to this Agreement. The Borrower acknowledges and agrees that the Liquidity Provider's source of funds may derive in part from its participants (other than Continental). Accordingly, references in this Agreement and the other Operative Agreements to determinations, reserve and capital adequacy requirements, increased costs, reduced receipts, additional amounts due pursuant to Section 3.03(a) and the like as they pertain to the Liquidity Provider shall be deemed also to include those of each of its participants (subject, in each case, to the maximum amount that would have been incurred by or attributable to the Liquidity Provider directly if the Liquidity Provider, rather than the participant, had held the interest participated).

(b) If, pursuant to subsection (a) above, the Liquidity Provider sells any participation in this Agreement to any bank or other entity (each, a "Transferee"), then, concurrently with the effectiveness of such transfer, the Transferee shall (i) represent to the Liquidity Provider (for the benefit of the Liquidity Provider and the Borrower) either (A) that it is incorporated under the laws of the United States or a state thereof or (B) that under applicable law and treaties, no taxes will be required to be withheld with respect to any payments to be made to such Transferee in respect of this Agreement, (ii) furnish to the Liquidity Provider and the Borrower either (x) a statement that it is incorporated under the laws of the United States or a state thereof or (y) if it is not so incorporated, two copies of a properly completed United States Internal Revenue Service Form 4224 or Form 1001, as appropriate, or other applicable form, certificate or document prescribed by the Internal Revenue Service certifying, in each case, such Transferee's entitlement to a complete exemption from United States federal withholding tax in respect to any and all payments to be made hereunder, and (iii) agree (for the benefit of the Liquidity Provider and the Borrower) to provide the Liquidity Provider and the Borrower a new Form 4224 or Form 1001, as appropriate, (A) on or before the date that any such form expires or becomes obsolete or (B) after the occurrence of any event requiring a change in the most recent form previously delivered by it and prior to the immediately following due date of any payment by the Borrower hereunder, certifying in the case of a Form 1001 or Form 4224 that such Transferee is entitled to a complete exemption from United States federal withholding tax on payments under this Agreement. Unless the Borrower has received forms or other documents reasonably satisfactory to it (and required by applicable law) indicating that payments hereunder are not subject to United States federal withholding tax, the Borrower will withhold taxes as required by law from such payments at the applicable statutory rate.

(c) Notwithstanding the other provisions of this Section 7.08, the Liquidity Provider may assign and pledge all or any portion of the Advances owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Advances made by the Borrower to the Liquidity Provider in accordance with the terms of this Agreement shall satisfy the

Borrower's obligations hereunder in respect of such assigned Advance to the extent of such payment. No such assignment shall release the Liquidity Provider from its obligations hereunder.

Section 7.09. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 7.10. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 7.11. Submission to Jurisdiction; Waiver of Jury Trial; Waiver of Immunity. (a) Each of the parties hereto hereby irrevocably and unconditionally:

- (i) submits for itself and its property in any legal action or proceeding relating to this Agreement or any other Operative Agreement, or for recognition and enforcement of any judgment in respect hereof or thereof, to the nonexclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and the appellate courts from any thereof;
- (ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;
- (iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form and mail), postage prepaid, to each party hereto at its address set forth in Section 7.02 hereof, or at such other address of which the Liquidity Provider shall have been notified pursuant thereto; and

- (iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(b) THE BORROWER AND THE LIQUIDITY PROVIDER EACH HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE RELATIONSHIP THAT IS BEING ESTABLISHED, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. The Borrower and the Liquidity Provider each warrant and represent that it has reviewed this waiver with its legal counsel, and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, AND CANNOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

(c) The Liquidity Provider hereby waives any immunity it may have from the jurisdiction of the courts of the United States or of any State and waives any immunity any of its properties located in the United States may have from attachment or execution upon a judgement entered by any such court under the United States Foreign Sovereign Immunities Act of 1976 or any similar successor legislation.

Section 7.12. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

Section 7.13. Entirety. This Agreement, the Intercreditor Agreement and the other Operative Agreements to which the Liquidity Provider is a party constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior understandings and agreements of such parties.



Section 7.14. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 7.15. Transfer. The Liquidity Provider hereby acknowledges and consents to the Transfer contemplated by the Assignment and Assumption Agreement.

Section 7.16. LIQUIDITY PROVIDER'S OBLIGATION TO MAKE ADVANCES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE OBLIGATIONS OF THE LIQUIDITY PROVIDER TO MAKE ADVANCES HEREUNDER, AND THE BORROWER'S RIGHTS TO DELIVER NOTICES OF BORROWING REQUESTING THE MAKING OF ADVANCES HEREUNDER, SHALL BE UNCONDITIONAL AND IRREVOCABLE, AND SHALL BE PAID OR PERFORMED, IN EACH CASE STRICTLY IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

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

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as agent and trustee for the Class A Trust, as Borrower

By: -----  
Name:  
Title:

ABN AMRO BANK N.V.,  
Chicago Branch,  
as Liquidity Provider

By: -----  
Name:  
Title:

By: -----  
Name:  
Title:

Annex I to  
Revolving Credit Agreement

## INTEREST ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ABN AMRO N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1A) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of an Interest Advance by the Liquidity Provider to be used, subject to clause (3)(v) below, for the payment of the Stated Portion of the interest on the Class A Certificates which was payable on \_\_\_\_\_, \_\_\_\_ (the "Distribution Date") in accordance with the terms and provisions of the Class A Trust Agreement and the Class A Certificates pursuant to clause fifth of Section 3.2 of the Intercreditor Agreement or clause seventh of Section 3.3 of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Interest Advance requested hereby (i) is \$\_\_\_\_\_, to be applied in respect of the payment of the Stated Portion of the interest which was due and payable on the Class A Certificates on the Distribution Date, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class A Certificates, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, or interest on the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class A Certificates, the Class A Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), (iv) does not exceed the Maximum Available Commitment on the date hereof, (v) does not include any amount of interest which was due and payable on the Class A Certificates on

such Distribution Date but which remains unpaid due to the failure of the Depository to pay any amount of accrued interest on the Certificates of Deposit on such Distribution Date and (vi) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will apply the same in accordance with the terms of Section 3.2 or 3.3 of the Intercreditor Agreement, as the case may be, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, the making of the Interest Advance as requested by this Notice of Borrowing shall automatically reduce, subject to reinstatement in accordance with the terms of the Liquidity Agreement, the Maximum Available Commitment by an amount equal to the amount of the Interest Advance requested to be made hereby as set forth in clause (i) of paragraph (3) of this Certificate and such reduction shall automatically result in corresponding reductions in the amounts available to be borrowed pursuant to a subsequent Advance.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as Borrower

By: -----  
Name:  
Title:

SCHEDULE I TO INTEREST ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with Interest Advance Notice of Borrowing]

Annex II to  
Revolving Credit Agreement

NON-EXTENSION ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1A) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Non-Extension Advance by the Liquidity Provider to be used for the funding of the ABN AMRO Sub-Account of the Class A Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Non-Extension Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ABN AMRO Sub-Account of the Class A Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class A Certificates, or principal of, or interest or premium on, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class A Certificates, the Class A Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ABN AMRO Sub-Account of the Class A Cash

Collateral Account and apply the same in accordance with the terms of Section 3.6(d) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Non-Extension Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Non-Extension Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its  
individual capacity but solely  
as Subordination Agent, as  
Borrower

By:

-----

Name:  
Title:



SCHEDULE I TO NON-EXTENSION ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with  
Non-Extension Advance Notice of Borrowing]

Annex III to  
Revolving Credit Agreement

## DOWNGRADE ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1A) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Downgrade Advance by the Liquidity Provider to be used for the funding of the ABN AMRO Sub-Account of the Class A Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement by reason of the downgrading of the short-term unsecured debt rating of the Liquidity Provider issued by either Rating Agency below the Threshold Rating, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Downgrade Advance requested hereby (i) is \$ \_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ABN AMRO Sub-Account of the Class A Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class A Certificates, or principal of, or interest or premium on, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class A Certificates, the Class A Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ABN AMRO Sub-Account of the Class A Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(c) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Downgrade Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Downgrade Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in  
its individual capacity but solely  
as Subordination Agent, as Borrower

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

SCHEDULE I TO DOWNGRADE ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with  
Downgrade Advance Notice of Borrowing]

## FINAL ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1A) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Final Advance by the Liquidity Provider to be used for the funding of the ABN AMRO Sub-Account of the Class A Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement by reason of the receipt by the Borrower of a Termination Notice from the Liquidity Provider with respect to the Liquidity Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Final Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ABN AMRO Sub-Account of the Class A Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class A Certificates, or principal of, or interest or premium on, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class A Certificates, the Class A Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ABN AMRO Sub-Account of the Class A Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(i) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Final Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Final Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its  
individual capacity but solely  
as Subordination Agent, as Borrower

By:

-----

Name:  
Title:

SCHEDULE I TO FINAL ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with  
Final Advance Notice of Borrowing]

Annex V to  
Revolving Credit Agreement

## NOTICE OF TERMINATION

[Date]

Wilmington Trust Company,  
as Subordination Agent, as Borrower  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0001  
Attention: Corporate Trust Administration

Revolving Credit Agreement dated as of March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust, 1997-1A-[O/S], as Borrower, and ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Agreement")

-----  
Ladies and Gentlemen:

You are hereby notified that pursuant to Section 6.01 of the Liquidity Agreement, by reason of the occurrence of a Liquidity Event of Default and the existence of a Performing Note Deficiency (each as defined therein), we are giving this notice to you in order to cause (i) our obligations to make Advances (as defined therein) under such Liquidity Agreement to terminate on the fifth Business Day after the date on which you receive this notice and (ii) you to request a Final Advance under the Liquidity Agreement pursuant to Section 3.6(i) of the Intercreditor Agreement (as defined in the Liquidity Agreement) as a consequence of your receipt of this notice.



THIS NOTICE IS THE "NOTICE OF TERMINATION" PROVIDED FOR UNDER THE LIQUIDITY AGREEMENT. OUR OBLIGATIONS TO MAKE ADVANCES UNDER THE LIQUIDITY AGREEMENT WILL TERMINATE ON THE FIFTH BUSINESS DAY AFTER THE DATE ON WHICH YOU RECEIVE THIS NOTICE.

Very truly yours,  
ABN AMRO BANK N.V.,  
Chicago Branch, as Liquidity Provider

By: -----  
Name:  
Title:

By: -----  
Name:  
Title:

cc: Wilmington Trust Company,  
as Class A Trustee

Annex VI to  
Revolving Credit Agreement

NOTICE OF REPLACEMENT SUBORDINATION AGENT

[Date]

Attention:

Revolving Credit Agreement dated as of March 21, 1997, between  
Wilmington Trust Company, as Subordination Agent, as agent and  
trustee for the Continental Airlines Pass Through Trust, 1997-1A-[O/S], as  
Borrower, and ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Agreement")

-----  
Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby  
irrevocably transfers to:

-----  
[Name of Transferee]

-----  
[Address of Transferee]

all rights and obligations of the undersigned as Borrower under the Liquidity  
Agreement referred to above. The transferee has succeeded the undersigned as  
Subordination Agent under the Intercreditor Agreement referred to in the first  
paragraph of the Liquidity Agreement, pursuant to the terms of Section 8.1 of  
the Intercreditor Agreement.

By this transfer, all rights of the undersigned as Borrower  
under the Liquidity Agreement are transferred to the transferee and the  
transferee shall hereafter have the sole rights and obligations as Borrower  
thereunder. The undersigned shall pay any costs and expenses of such transfer,  
including, but not limited to, transfer taxes or governmental charges.

We ask that this transfer be effective as of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its  
individual capacity but solely  
as Subordination Agent, as Borrower

By:

-----

Name:  
Title:

-----

REVOLVING CREDIT AGREEMENT  
(1997-1A)

Dated as of March 21, 1997

between

WILMINGTON TRUST COMPANY,

as Subordination Agent,  
as agent and trustee for the  
Continental Airlines Pass Through Trust 1997-1A-0

as Borrower

and

ING Bank N.V.

as Liquidity Provider

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Relating to

Continental Airlines Pass Through Trust 1997-1A-0  
7.461% Continental Airlines Pass Through Certificates,  
Series 1997-1A-0

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## REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT dated as of March 21, 1997, between WILMINGTON TRUST COMPANY, a Delaware corporation, not in its individual capacity but solely as Subordination Agent under the Intercreditor Agreement (each as defined below), as agent and trustee for the Class A Trust (as defined below) (the "Borrower"), and ING BANK N.V., a bank organized under the laws of The Netherlands ("ING" or the "Liquidity Provider").

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

WHEREAS, pursuant to the Class A Trust Agreement (such term and all other capitalized terms used in these recitals having the meanings set forth or referred to in Section 1.01), the Class A Trust is issuing the Class A Certificates; and

WHEREAS, the Borrower, in order to support the timely payment of a portion of the interest on the Class A Certificates in accordance with their terms, has requested the Liquidity Provider to enter into this Agreement, providing in part for the Borrower to request in specified circumstances that Advances be made hereunder.

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

## ARTICLE I

## DEFINITIONS

Section 1.01. Certain Defined Terms. (a) Definitions. As used in this Agreement and unless otherwise expressly indicated, or unless the context clearly requires otherwise, the following capitalized terms shall have the following respective meanings for all purposes of this Agreement:

"Additional Cost" has the meaning assigned to such term in Section 3.01.

"Advance" means an Interest Advance, a Final Advance, a Provider Advance, an Applied Provider Advance or an Unpaid Advance, as the case may be.

"Applicable Liquidity Rate" has the meaning assigned to such term in Section 3.07(g).



"Applicable Margin" means (w) with respect to any Unpaid Advance or Applied Provider Advance that is a LIBOR Advance, 1.75%, (x) with respect to any Unpaid Advance or Applied Provider Advance that is a Base Rate Advance, 1.75%, (y) with respect to any Unapplied Provider Advance that is a LIBOR Advance, .40% and (z) with respect to any Unapplied Provider Advance that is a Base Rate Advance, .40%.

"Applied Downgrade Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Non-Extension Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Provider Advance" has the meaning assigned to such term in Section 2.06(a).

"Assignment and Assumption Agreement" means the Assignment and Assumption to be entered into between the Borrower and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Class A Trust Agreement.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to (a) the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Liquidity Provider from three Federal funds brokers of recognized standing selected by it, plus (b) one-quarter of one percent (1/4 or 1%).

"Base Rate Advance" means an Advance that bears interest at a rate based upon the Base Rate.

"Borrower" has the meaning assigned to such term in the recital of parties to this Agreement.

"Borrowing" means the making of Advances requested by delivery of a Notice of Borrowing.

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in Houston, Texas, New York, New York, Amsterdam, The Netherlands or, so long as any Class A Certificate is outstanding, the city and state in which the Class A Trustee, the Borrower or any Loan Trustee maintains its Corporate Trust Office or receives or disburses funds, and, if the applicable Business Day relates to any Advance or other amount bearing interest based on the LIBOR Rate, on which dealings are carried on in the London interbank market.

"Certificates of Deposit" has the meaning assigned to such term in the Deposit Agreement.

"Deposits" has the meaning assigned to such terms in the Deposit Agreement.

"Depositary" has the meaning assigned to such term in the Deposit Agreement.

"Deposit Agreement" means the Deposit Agreement dated March 21, 1997 between First Security Bank, National Association, as Escrow Agent and Credit Suisse First Boston, as Depositary, pertaining to the Class A Certificates, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof.

"Downgrade Advance" means an Advance made pursuant to Section 2.02(c).

"Effective Date" has the meaning specified in Section 4.01. The delivery of the certificate of the Liquidity Provider contemplated by Section 4.01(e) shall be conclusive evidence that the Effective Date has occurred.

"Expenses" means liabilities, obligations, damages, settlements, penalties, claims, actions, suits, costs, expenses, and disbursements (including, without limitation, reasonable fees and disbursements of legal counsel and costs of investigation), provided that Expenses shall not include any Taxes.

"Excluded Taxes" means (i) taxes imposed on the overall net income of the Liquidity Provider or of its Lending Office by the jurisdiction where such Liquidity Provider's

principal office or such Lending Office is located, and (ii) Excluded Withholding Taxes.

"Excluded Withholding Taxes" means (i) withholding Taxes imposed by the United States except to the extent that such United States withholding Taxes are imposed as a result of any change in applicable law after the date hereof (excluding from change in applicable law for this purpose a change in an applicable treaty or other change in law affecting the applicability of a treaty), or in the case of a successor Liquidity Provider (including a transferee of an Advance) or Lending Office, after the date on which such successor Liquidity Provider obtains its interest or on which the Lending Office is changed, and (ii) any withholding Taxes imposed by the United States which are imposed or increased as a result of the Liquidity Provider failing to deliver to the Borrower any certificate or document (which certificate or document in the good faith judgment of the Liquidity Provider it is legally entitled to provide) which is reasonably requested by the Borrower to establish that payments under this Agreement are exempt from (or entitled to a reduced rate of) withholding Tax.

"Expiry Date" means March 19, 1998, initially, or any date to which the Expiry Date is extended pursuant to Section 2.10.

"Final Advance" means an Advance made pursuant to Section 2.02(d).

"Intercreditor Agreement" means the Intercreditor Agreement dated the date hereof, among the Trustees, the Liquidity Provider, the liquidity provider under each Liquidity Facility (other than this Agreement) and the Subordination Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

2.02(a). "Interest Advance" means an Advance made pursuant to Section

"Interest Period" means, with respect to any LIBOR Advance, each of the following periods:

- (i) the period beginning on the third Business Day following the Liquidity Provider's receipt of the

Notice of Borrowing for such LIBOR Advance (or, in the case of an Unapplied Downgrade Advance, the period beginning on the Expiry Date) and ending on the next Regular Distribution Date; and

- (ii) each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the next Regular Distribution Date;

provided, however, that (I) if an Unapplied Provider Advance which is a LIBOR Advance becomes an Applied Provider Advance, the Interest Period then applicable to such Unapplied Provider Advance shall be applicable to such Applied Provider Advance and (II) if (x) the Final Advance shall have been made, or (y) other outstanding Advances shall have been converted into the Final Advance, then the Interest Periods shall be successive periods of one month beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Final Advance (in the case of clause (x) above) or the Regular Distribution Date following such conversion (in the case of clause (y) above).

"Lending Office" means the lending office of the Liquidity Provider presently located at Amsterdam, The Netherlands, or such other lending office as the Liquidity Provider from time to time shall notify the Borrower as its lending office hereunder; provided that the Liquidity Provider shall not change its Lending Office to a Lending Office outside the United States of America except in accordance with Section 3.01, 3.02 or 3.03 hereof.

"LIBOR Advance" means an Advance bearing interest at a rate based upon the LIBOR Rate.

"LIBOR Rate" means, with respect to any Interest Period, the average (rounded upward, if necessary, to the next higher 1/16 of 1%) of the rates per annum at which deposits in dollars are offered to major banks in the London interbank market at approximately 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Advance to which such Interest Period is to apply and for a period of time comparable to such Interest Period.

"Liquidity Event of Default" means the occurrence of either (a) the acceleration of all of the Equipment Notes (provided that, with respect to the period prior to the Delivery Period Expiry Date, such Equipment Notes have an aggregate outstanding principal balance in excess of \$280,000,000) or (b) a Continental Bankruptcy Event.

"Liquidity Indemnitee" means (i) the Liquidity Provider, (ii) the directors, officers, employees and agents of the Liquidity Provider, and (iii) the successors and permitted assigns of the persons described in clauses (i) and (ii), inclusive.

"Liquidity Provider" has the meaning assigned to such term in the recital of parties to this Agreement.

"Maximum Available Commitment" shall mean, subject to the proviso contained in the third sentence of Section 2.02(a), at any time of determination, (a) the Maximum Commitment at such time less (b) the aggregate amount of each Interest Advance outstanding at such time; provided that following a Provider Advance or a Final Advance, the Maximum Available Commitment shall be zero.

"Maximum Commitment" means, for any day, the lesser of (x) \$26,628,638.33 and (y) the Stated Portion of the Required Amount on such day.

"Non-Extension Advance" means an Advance made pursuant to Section 2.02(b).

"Notice of Borrowing" has the meaning specified in Section 2.02(e).

"Notice of Replacement Subordination Agent" has the meaning specified in Section 3.08.

"Offering Memorandum" means the Offering Memorandum dated March 12, 1997 relating to the Certificates, as such Offering Memorandum may be amended or supplemented.

"Performing Note Deficiency" means any time that less than 65 % of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes.

"Provider Advance" means a Downgrade Advance or a Non-Extension Advance.

"Regulatory Change" has the meaning assigned to such term in Section 3.01.

"Replenishment Amount" has the meaning assigned to such term in Section 2.06(b).

"Required Amount" means, for any day, the sum of the aggregate amount of interest, calculated at the rate per annum equal to the Stated Interest Rate for the Class A Certificates, that would be payable on the Class A Certificates on each of the three successive semiannual Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the succeeding two semiannual Regular Distribution Dates, in each case calculated on the basis of the Pool Balance of the Class A Certificates on such day and without regard to expected future payments of principal on the Class A Certificates.

"Stated Portion" means 50%.

"Successor Trust" means Continental Airlines Pass Through Trust 1997-1A-S.

"Tax Letter" means the letter dated the date hereof between the Liquidity Provider and Continental pertaining to this Agreement.

"Termination Date" means the earliest to occur of the following: (i) the Expiry Date; (ii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that all of the Class A Certificates have been paid in full (or provision has been made for such payment in accordance with the Intercreditor Agreement and the Trust Agreements) or are otherwise no longer entitled to the benefits of this Agreement; (iii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that a Replacement Liquidity Facility has been substituted for this Agreement in full pursuant to Section 3.6(e) of the Intercreditor Agreement; (iv) the fifth Business Day following the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof; and (v) the date on which no Advance is or may

(including by reason of reinstatement as herein provided) become available for a Borrowing hereunder.

"Termination Notice" means the Notice of Termination substantially in the form of Annex V to this Agreement.

"Transferee" has the meaning assigned to such term in Section 7.08(b).

"Unapplied Downgrade Advance" means any Downgrade Advance other than an Applied Downgrade Advance.

"Unapplied Provider Advance" means any Provider Advance other than an Applied Provider Advance.

"Unpaid Advance" has the meaning assigned to such term in Section 2.05.

(b) Terms Defined in the Intercreditor Agreement. For all purposes of this Agreement, the following terms shall have the respective meanings assigned to such terms in the Intercreditor Agreement:

"Certificates", "Class A Cash Collateral Account", "Class A Certificates", "Class A Certificateholders", "Class A Trust", "Class A Trust Agreement", "Class A Trustee", "Class B Certificates", "Class C-I Certificates", "Class C-II Certificates", "Closing Date", "Continental", "Continental Bankruptcy Event", "Controlling Party", "Corporate Trust Office", "Delivery Period Expiry Date", "Distribution Date", "Downgraded Facility", "Equipment Notes", "Financing Agreement", "Indenture", "ING Fee Letter", "ING Sub-Account", "Initial Purchasers", "Investment Earnings", "Liquidity Facility", "Loan Trustee", "Moody's", "Non-Extended Facility", "Note Purchase Agreement", "Operative Agreements", "Performing Equipment Note", "Person", "Pool Balance", "Purchase Agreement", "Rating Agency", "Registration Rights Agreement", "Regular Distribution Date", "Replacement Liquidity Facility", "Responsible Officer", "Scheduled Payment", "Special Payment", "Standard & Poor's", "Stated Interest Rate", "Sub-Account", "Subordination Agent", "Taxes", "Threshold Rating", "Transfer", "Trust Agreements, "Trustee" and "Written Notice".

(c) Interest on Certificates. For all purposes of this Agreement, each scheduled payment with respect to a Class A Certificate shall be deemed to be comprised of

interest and principal components, with the interest component equalling interest accrued at the Stated Interest Rate for the Class A Certificates from (i) the later of (x) the date of issuance thereof and (y) the most recent but preceding Regular Distribution Date to (ii) the Regular Distribution Date on which such Scheduled Payment is being made, such interest to be considered payable in arrears on such Regular Distribution Date and to be calculated and allocated in the same manner as interest on the Class A Equipment Notes.

## ARTICLE II

### AMOUNT AND TERMS OF THE COMMITMENT

Section 2.01. The Advances. The Liquidity Provider hereby irrevocably agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until 12:00 Noon (New York City time) on the Expiry Date (unless the obligations of the Liquidity Provider shall be earlier terminated in accordance with the terms of Section 2.04(b)) in an aggregate amount at any time outstanding not to exceed the Maximum Commitment.

Section 2.02. Making the Advances. (a) Interest Advances shall be made in one or more Borrowings by delivery to the Liquidity Provider of one or more written and completed Notices of Borrowing in substantially the form of Annex I attached hereto, signed by a Responsible Officer of the Borrower, in an amount not exceeding the Maximum Available Commitment at such time and shall be used solely for the payment when due of the Stated Portion of interest on the Class A Certificates at the Stated Interest Rate therefor in accordance with Section 3.6(a) of the Intercreditor Agreement. Each Interest Advance made hereunder shall automatically reduce the Maximum Available Commitment and the amount available to be borrowed hereunder by subsequent Advances by the amount of such Interest Advance (subject to reinstatement as provided in the next sentence). Upon repayment to the Liquidity Provider in full of the amount of any Interest Advance made pursuant to this Section 2.02(a), together with accrued interest thereon (as provided herein), the Maximum Available Commitment shall be reinstated by the amount of such repaid Interest Advance, but not to exceed the Maximum Commitment; provided, however, that the Maximum Available Commitment shall not be so reinstated at any time if (i) a



Liquidity Event of Default shall have occurred and be continuing and (ii) there is a Performing Note Deficiency.

(b) A Non-Extension Advance shall be made in a single Borrowing if this Agreement is not extended in accordance with Section 3.6(d) of the Intercreditor Agreement (unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(d)) by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex II attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ING Sub-Account of the Class A Cash Collateral Account in accordance with said Section 3.6(d).

(c) A Downgrade Advance shall be made in a single Borrowing upon a downgrading of the Liquidity Provider's short-term unsecured debt rating issued by either Rating Agency below the Threshold Rating (as provided for in Section 3.6(c) of the Intercreditor Agreement) unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(c), by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex III attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ING Sub-Account of the Class A Cash Collateral Account in accordance with said Section 3.6(c).

(d) A Final Advance shall be made in a single Borrowing upon the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex IV attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ING Sub-Account of the Class A Cash Collateral Account (in accordance with Section 3.6(i) of the Intercreditor Agreement).

(e) Each Borrowing shall be made on notice in writing (a "Notice of Borrowing") in substantially the form required by Section 2.02(a), 2.02(b), 2.02(c) or 2.02(d), as the case may be, given by the Borrower to the Liquidity Provider. If a Notice of Borrowing is delivered by the Borrower in respect of any

Borrowing no later than 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the first Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and immediately available funds, the amount of such Borrowing. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing after 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the second Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified by the Borrower in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and in immediately available funds, the amount of such Borrowing. Payments of proceeds of a Borrowing shall be made by wire transfer of immediately available funds to the Borrower in accordance with such wire transfer instructions as the Borrower shall furnish from time to time to the Liquidity Provider for such purpose. Each Notice of Borrowing shall be irrevocable and binding on the Borrower.

(f) Upon the making of any Advance requested pursuant to a Notice of Borrowing, in accordance with the Borrower's payment instructions, the Liquidity Provider shall be fully discharged of its obligation hereunder with respect to such Notice of Borrowing, and the Liquidity Provider shall not thereafter be obligated to make any further Advances hereunder in respect of such Notice of Borrowing to the Borrower or to any other Person. Following the making of any Advance pursuant to Section 2.02(b), (c) or (d) hereof to fund the ING Sub-Account of the Class A Cash Collateral Account, the Liquidity Provider shall have no interest in or rights to the Class A Cash Collateral Account, any Sub-Account thereof, such Advance or any other amounts from time to time on deposit in the Class A Cash Collateral Account or any Sub-Account thereof; provided that the foregoing shall not affect or impair the obligations of the Subordination Agent to make the distributions contemplated by Section 3.6(e) or (f) of the Intercreditor Agreement. By paying to the Borrower proceeds of Advances requested by the Borrower in accordance with the provisions of this Agreement, the Liquidity

Provider makes no representation as to, and assumes no responsibility for, the correctness or sufficiency for any purpose of the amount of the Advances so made and requested.

Section 2.03. Fees. The Borrower agrees to pay to the Liquidity Provider the fees set forth in the ING Fee Letter.

Section 2.04. Adjustments or Termination of the Maximum Commitment. (a) Automatic Adjustments. Promptly following each date on which the Required Amount is (1) reduced as a result of a reduction in the Pool Balance of the Class A Certificates or otherwise, (2) increased as a result of an increase in the Stated Interest Rate or (3) subsequent to such an increase described in clause (2), reduced pursuant to the definition of "Stated Interest Rate", clause (y) of the definition of Maximum Commitment shall automatically be reduced or increased, as the case may be, to an amount equal to the Stated Portion of the Required Amount (as calculated by the Borrower). The Borrower shall give notice of any such automatic reduction or increase of the Maximum Commitment to the Liquidity Provider within two Business Days thereof. The failure by the Borrower to furnish any such notice shall not affect such automatic reduction or increase of the Maximum Commitment.

(b) Termination. Upon the making of any Provider Advance or Final Advance hereunder or the occurrence of the Termination Date, the obligation of the Liquidity Provider to make further Advances hereunder shall automatically and irrevocably terminate, and the Borrower shall not be entitled to request any further Borrowing hereunder.

Section 2.05. Repayments of Interest Advances or the Final Advance. Subject to Sections 2.06, 2.07 and 2.09 hereof, the Borrower hereby agrees, without notice of an Advance or demand for repayment from the Liquidity Provider (which notice and demand are hereby waived by the Borrower), to pay, or to cause to be paid, to the Liquidity Provider on each date on which the Liquidity Provider shall make an Interest Advance or the Final Advance, an amount equal to (a) the amount of such Advance (any such Advance, until repaid, is referred to herein as an "Unpaid Advance"), plus (b) interest on the amount of each such Unpaid Advance as provided in Section 3.07 hereof; provided that if (i) the Liquidity Provider shall make a Provider Advance at any time after making one or more Interest Advances which shall not have been repaid in accordance with this Section 2.05 or (ii) this Liquidity Facility shall become a Downgraded Facility or

Non-Extended Facility at any time when unreimbursed Interest Advances have reduced the Maximum Available Commitment to zero, then such Interest Advances shall cease to constitute Unpaid Advances and shall be deemed to have been changed into an Applied Downgrade Advance or an Applied Non-Extension Advance, as the case may be, for all purposes of this Agreement (including, without limitation, for the purpose of determining when such Interest Advance is required to be repaid to the Liquidity Provider in accordance with Section 2.06 and for the purposes of Section 2.06(b)). The Borrower and the Liquidity Provider agree that the repayment in full of each Interest Advance and Final Advance on the date such Advance is made is intended to be a contemporaneous exchange for new value given to the Borrower by the Liquidity Provider.

Section 2.06. Repayments of Provider Advances. (a) Amounts advanced hereunder in respect of a Provider Advance shall be deposited in the ING Sub-Account of the Class A Cash Collateral Account, invested and withdrawn from the ING Sub-Account of the Class A Cash Collateral Account as set forth in Sections 3.6(c), (d) and (f) of the Intercreditor Agreement. The Borrower agrees to pay to the Liquidity Provider, on each Regular Distribution Date, commencing on the first Regular Distribution Date after the making of a Provider Advance, interest on the principal amount of any such Provider Advance as provided in Section 3.07; provided, however, that amounts in respect of a Provider Advance withdrawn from the ING Sub-Account of the Class A Cash Collateral Account for the purpose of paying interest on the Class A Certificates in accordance with Section 3.6(f) of the Intercreditor Agreement (the amount of any such withdrawal being (y) in the case of a Downgrade Advance, an "Applied Downgrade Advance" and (z) in the case of a Non-Extension Advance, an "Applied Non-Extension Advance" and, together with an Applied Downgrade Advance, an "Applied Provider Advance") shall thereafter (subject to Section 2.06(b)) be treated as an Interest Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon; provided further, however, that if, following the making of a Provider Advance, the Liquidity Provider delivers a Termination Notice to the Borrower pursuant to Section 6.01 hereof, such Provider Advance shall thereafter be treated as a Final Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon. Subject to Sections 2.07 and 2.09 hereof, immediately upon the withdrawal of any amounts from the ING Sub-Account of the Class A Cash Collateral Account on

account of a reduction in the Required Amount, the Borrower shall repay to the Liquidity Provider a portion of the Provider Advances in a principal amount equal to the Stated Portion of such reduction, plus interest on the principal amount prepaid as provided in Section 3.07 hereof.

(b) At any time when an Applied Provider Advance (or any portion thereof) is outstanding, upon the deposit in the ING Sub-Account of the Class A Cash Collateral Account of any amount pursuant to clause "third" of Section 2.4(b) of the Intercreditor Agreement, clause "third" of Section 3.2 of the Intercreditor Agreement or clause "fourth" of Section 3.3 of the Intercreditor Agreement (any such amount being a "Replenishment Amount") for the purpose of replenishing or increasing the balance thereof up to the Stated Portion of the Required Amount at such time, (i) the aggregate outstanding principal amount of all Applied Provider Advances (and of Provider Advances treated as an Interest Advance for purposes of determining the Applicable Liquidity Rate for interest payable thereon) shall be automatically reduced by the amount of such Replenishment Amount and (ii) the aggregate outstanding principal amount of all Unapplied Provider Advances shall be automatically increased by the amount of such Replenishment Amount.

(c) Upon the provision of a Replacement Liquidity Facility in replacement of this Agreement in accordance with Section 3.6(e) of the Intercreditor Agreement, amounts remaining on deposit in the ING Sub-Account of the Class A Cash Collateral Account after giving effect to any Applied Provider Advance on the date of such replacement shall be reimbursed to the Liquidity Provider, but only to the extent such amounts are necessary to repay in full to the Liquidity Provider all amounts owing to it hereunder.

Section 2.07. Payments to the Liquidity Provider Under the Intercreditor Agreement. In order to provide for payment or repayment to the Liquidity Provider of any amounts hereunder, the Intercreditor Agreement provides that amounts available and referred to in Articles II and III of the Intercreditor Agreement, to the extent payable to the Liquidity Provider pursuant to the terms of the Intercreditor Agreement (including, without limitation, Section 3.6(f) of the Intercreditor Agreement), shall be paid to the Liquidity Provider in accordance with the terms thereof. Amounts so paid to the Liquidity Provider shall be applied by the Liquidity Provider to Liquidity Obligations then due and payable in such manner as it shall deem appropriate.

Section 2.08. Book Entries. The Liquidity Provider shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower resulting from Advances made from time to time and the amounts of principal and interest payable hereunder and paid from time to time in respect thereof; provided, however, that the failure by the Liquidity Provider to maintain such account or accounts shall not affect the obligations of the Borrower in respect of Advances.

Section 2.09. Payments from Available Funds Only. All payments to be made by the Borrower under this Agreement shall be made only from the Stated Portion of amounts that constitute Scheduled Payments, Special Payments or payments under Section 9.1 of the Participation Agreements and Sections 6 and 7 of the Note Purchase Agreement and only to the extent that the Borrower shall have sufficient income or proceeds therefrom to enable the Borrower to make payments in accordance with the terms hereof after giving effect to the priority of payments provisions set forth in the Intercreditor Agreement. The Liquidity Provider agrees that it will look solely to such amounts to the extent available for distribution to it as provided in the Intercreditor Agreement and this Agreement and that the Borrower, in its individual capacity, is not personally liable to it for any amounts payable or liability under this Agreement except as expressly provided in this Agreement, the Intercreditor Agreement or any Participation Agreement. Amounts on deposit in the ING Sub-Account of the Class A Cash Collateral Account shall be available to the Borrower to make payments under this Agreement only to the extent and for the purposes expressly contemplated in Section 3.6(f) of the Intercreditor Agreement. Amounts on deposit in the other Sub-Account in respect of the Class A Certificates shall not be available to make payments under this Agreement.

Section 2.10. Extension of the Expiry Date; Non-Extension Advance. No earlier than the 60th day and no later than the 40th day prior to the then effective Expiry Date (unless such Expiry Date is on or after the date that is 15 days after the Final Maturity Date for the Class A Certificates), the Borrower shall request that the Liquidity Provider extend the Expiry Date for a period of 364 days after the then effective Expiry Date (unless the obligations of the Liquidity Provider are earlier terminated in accordance with the terms hereof). The

Liquidity Provider shall advise the Borrower, no earlier than 40 days and no later than 25 days prior to the then effective Expiry Date, whether, in its sole discretion, it agrees to so extend the Expiry Date. If the Liquidity Provider advises the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall not be so extended, or fails to irrevocably and unconditionally advise the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall be so extended (and, in each case, if the Liquidity Provider shall not have been replaced in accordance with Section 3.6(e) of the Intercreditor Agreement), the Borrower shall be entitled on and after such 25th day (but prior to the then effective Expiry Date) to request a Non-Extension Advance in accordance with Section 2.02(b) hereof and Section 3.6(d) of the Intercreditor Agreement.

### ARTICLE III

#### OBLIGATIONS OF THE BORROWER

Section 3.01. Increased Costs. Subject to the ING Fee Letter, the Borrower shall pay to the Liquidity Provider from time to time such amounts as may be necessary to compensate the Liquidity Provider for any increased costs incurred by the Liquidity Provider which are attributable to its making or maintaining any LIBOR Advances hereunder or its obligation to make any such Advances hereunder, or any reduction in any amount receivable by the Liquidity Provider under this Agreement or the Intercreditor Agreement in respect of any such Advances or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any change after the date of this Agreement in U.S. federal, state, municipal, or foreign laws or regulations (including Regulation D), or the adoption or making after the date of this Agreement of any interpretations, directives, or requirements applying to a class of banks including the Liquidity Provider under any U.S. federal, state, municipal, or any foreign laws or regulations (whether or not having the force of law) by any court, central bank or monetary authority charged with the interpretation or administration thereof (a "Regulatory Change"), which: (1) changes the basis of taxation of any amounts payable to the Liquidity Provider under this Agreement in respect of any such Advances (other than Excluded Taxes); or (2) imposes or modifies any reserve, special deposit, compulsory loan or similar requirements relating to any extensions of credit or other assets of, or any deposits with other liabilities of, the Liquidity

Provider (including any such Advances or any deposits referred to in the definition of LIBOR Rate or related definitions). The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.01 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.01 of the effect of any Regulatory Change on its costs of making or maintaining Advances or on amounts receivable by it in respect of Advances, and of the additional amounts required to compensate the Liquidity Provider in respect of any Additional Costs, shall be prima facie evidence of the amount owed under this Section.

Section 3.02. Capital Adequacy. Subject to the ING Fee Letter, if (1) the adoption, after the date hereof, of any applicable governmental law, rule or regulation regarding capital adequacy, (2) any change, after the date hereof, in the interpretation or administration of any such law, rule or regulation by any central bank or other governmental authority charged with the interpretation or administration thereof or (3) compliance by the Liquidity Provider or any corporation controlling the Liquidity Provider with any applicable guideline or request of general applicability, issued after the date hereof, by any central bank or other governmental authority (whether or not having the force of law) that constitutes a change of the nature described in clause (2), has the effect of requiring an increase in the amount of capital required to be maintained by the Liquidity Provider or any corporation controlling the Liquidity Provider, and such increase is based upon the Liquidity Provider's obligations hereunder and other similar obligations, the Borrower shall pay to the Liquidity Provider from time to time such additional amount or amounts as are necessary to compensate the Liquidity Provider for such portion of such increase as shall be reasonably allocable to the Liquidity Provider's obligations to the Borrower hereunder. The



Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise materially disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.02 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.02 of the effect of any increase in the amount of capital required to be maintained by the bank and of the amount allocable to the Liquidity Provider's obligations to the Borrower hereunder shall be prima facie evidence of the amounts owed under this Section.

Section 3.03. Payments Free of Deductions. (a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without reduction for or on account of, any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected, withheld or assessed, excluding Excluded Taxes (such non-excluded taxes being referred to herein, collectively, as "Non-Excluded Taxes" and, individually, as a "Non-Excluded Tax"). If any Non-Excluded Taxes are required to be withheld from any amounts payable to the Liquidity Provider under this Agreement, the amounts so payable to the Liquidity Provider shall be increased to the extent necessary to yield to the Liquidity Provider (after payment of all Non-Excluded Taxes) interest or any other such amounts payable under this Agreement at the rates or in the amounts specified in this Agreement. The Liquidity Provider agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider. From time to time upon the reasonable request of the Borrower, the Liquidity Provider agrees to provide to the Borrower two original Internal

Revenue Service Forms 1001 or 4224, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that the Liquidity Provider is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement.

(b) All payments (including, without limitation, Advances) made by the Liquidity Provider under this Agreement shall be made free and clear of, and without reduction for or on account of, any Taxes. If any Taxes are required to be withheld or deducted from any amounts payable to the Borrower under this Agreement, the Liquidity Provider shall (i) within the time prescribed therefor by applicable law pay to the appropriate governmental or taxing authority the full amount of any such Taxes (and any additional Taxes in respect of the payment required under clause (ii) hereof) and make such reports or returns in connection therewith at the time or times and in the manner prescribed by applicable law, and (ii) pay to the Borrower an additional amount which (after deduction of all such Taxes) will be sufficient to yield to the Borrower the full amount which would have been received by it had no such withholding or deduction been made. Within 30 days after the date of each payment hereunder, the Liquidity Provider shall furnish to the Borrower the original or a certified copy of (or other documentary evidence of) the payment of the Taxes applicable to such payment.

Section 3.04. Payments. The Borrower shall make or cause to be made each payment to the Liquidity Provider under this Agreement so as to cause the same to be received by the Liquidity Provider not later than 1:00 P.M. (New York City time) on the day when due. The Borrower shall make all such payments in lawful money of the United States of America, to the Liquidity Provider in immediately available funds, by wire transfer to Northern Trust Company of New York, One World Trade Center, Suite 3941, New York, New York 10048, Account No. 105981-20010, Account Name: ING Lease (Ireland) B.V., as agent for ING Bank N.V.

Section 3.05. Computations. All computations of interest based on the Base Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the LIBOR Rate shall be made on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

Section 3.06. Payment on Non-Business Days. Whenever any payment to be made hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and no additional interest shall be due as a result (and if so made, shall be deemed to have been made when due). If any payment in respect of interest on an Advance is so deferred to the next succeeding Business Day, such deferral shall not delay the commencement of the next Interest Period for such Advance (if such Advance is a LIBOR Advance) or reduce the number of days for which interest will be payable on such Advance on the next interest payment date for such Advance.

Section 3.07. Interest. (a) Subject to Section 2.09, the Borrower shall pay, or shall cause to be paid, without duplication, interest on (i) the unpaid principal amount of each Advance from and including the date of such Advance (or, in the case of an Applied Provider Advance, from and including the date on which the amount thereof was withdrawn from the ING Sub-Account of the Class A Cash Collateral Account to pay interest on the Class A Certificates) to but excluding the date such principal amount shall be paid in full (or, in the case of an Applied Provider Advance, the date on which the ING Sub-Account of the Class A Cash Collateral Account is fully replenished in respect of such Advance) and (ii) any other amount due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by law, installments of interest on Advances or any such other amount) which is not paid when due (whether at stated maturity, by acceleration or otherwise) from and including the due date thereof to but excluding the date such amount is paid in full, in each such case, at a fluctuating interest rate per annum for each day equal to the Applicable Liquidity Rate (as defined below) for such Advance or such other amount as in effect for such day, but in no event at a rate per annum greater than the maximum rate permitted by applicable law; provided, however, that, if at any time the otherwise applicable interest rate as set forth in this Section 3.07 shall exceed the maximum rate permitted by applicable law, then any subsequent reduction in such interest rate will not reduce the rate of interest payable pursuant to this Section 3.07 below the maximum rate permitted by applicable law until the total amount of interest accrued equals the amount of interest that would have accrued if such otherwise applicable interest rate as set forth in this Section 3.07 had at all times been in effect.

(b) Except as provided in clause (e) below, each Advance will be either a Base Rate Advance or a LIBOR Advance as

provided in this Section. Each such Advance will be a Base Rate Advance for the period from the date of its borrowing to (but excluding) the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Advance. Thereafter, such Advance shall be a LIBOR Advance; provided that the Borrower (at the direction of the Controlling Party) may convert the Final Advance into a Base Rate Advance on the last day of an Interest Period for such Advance by giving the Liquidity Provider no less than four Business Days' prior written notice of such election.

(c) Each LIBOR Advance shall bear interest during each Interest Period at a rate per annum equal to the LIBOR Rate for such Interest Period plus the Applicable Margin for such LIBOR Advance, payable in arrears on the last day of such Interest Period and, in the event of the payment of principal of such LIBOR Advance on a day other than such last day, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(d) Each Base Rate Advance shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin for such Base Rate Advance, payable in arrears on each Regular Distribution Date and, in the event of the payment of principal of such Base Rate Advance on a day other than a Regular Distribution Date, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(e) Each Unapplied Downgrade Advance (i) during the period from and including the date of the making of such Unapplied Downgrade Advance through but excluding the Expiry Date (or, if earlier, the date of repayment thereof or of conversion thereof into a Final Advance), shall bear interest in an amount equal to the Investment Earnings on amounts on deposit in the ING Sub-Account of the Class A Cash Collateral Account for such period plus .35% per annum on the amount of such Unapplied Downgrade Advance from time to time during such period, payable in arrears on each Regular Distribution Date and (ii) thereafter, shall be a LIBOR Advance and shall bear interest in accordance with clause (c) above.

(f) Each amount not paid when due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by applicable law, installments of interest on Advances but excluding Advances) shall bear interest at a rate per annum equal to the Base Rate plus 2.00% until paid.

(g) Each change in the Base Rate shall become effective immediately. The rates of interest specified in this Section 3.07 with respect to any Advance or other amount shall be referred to as the "Applicable Liquidity Rate".

Section 3.08. Replacement of Borrower. From time to time and subject to the successor Borrower's meeting the eligibility requirements set forth in Section 6.9 of the Intercreditor Agreement applicable to the Subordination Agent, upon the effective date and time specified in a written and completed Notice of Replacement Subordination Agent in substantially the form of Annex VI attached hereto (a "Notice of Replacement Subordination Agent") delivered to the Liquidity Provider by the then Borrower, the successor Borrower designated therein shall be substituted for as the Borrower for all purposes hereunder.

Section 3.09. Funding Loss Indemnification. The Borrower shall pay to the Liquidity Provider, upon the request of the Liquidity Provider, such amount or amounts as shall be sufficient (in the reasonable opinion of the Liquidity Provider) to compensate it for any loss, cost, or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by the Liquidity Provider to fund or maintain any LIBOR Advance (but excluding loss of anticipated profits) incurred as a result of:

(1) Any repayment of a LIBOR Advance on a date other than the last day of the Interest Period for such Advance; or

(2) Any failure by the Borrower to borrow a LIBOR Advance on the date for borrowing specified in the relevant notice under Section 2.02.

Section 3.10. Illegality. Notwithstanding any other provision in this Agreement, if any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Liquidity Provider (or its Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Liquidity Provider (or its Lending Office) to maintain or fund its LIBOR Advances, then upon notice to the Borrower by the

Liquidity Provider, the outstanding principal amount of the LIBOR Advances shall be converted to Base Rate Advances (a) immediately upon demand of the Liquidity Provider, if such change or compliance with such request, in the judgment of the Liquidity Provider, requires immediate repayment; or (b) at the expiration of the last Interest Period to expire before the effective date of any such change or request.

#### ARTICLE IV

##### CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied or waived:

(a) The Liquidity Provider shall have received on or before the Closing Date each of the following, and in the case of each document delivered pursuant to paragraphs (i), (ii) and (iii), each in form and substance satisfactory to the Liquidity Provider:

(i) This Agreement duly executed on behalf of the Borrower;

(ii) The Intercreditor Agreement duly executed on behalf of each of the parties thereto;

(iii) Fully executed copies of each of the Operative Agreements executed and delivered on or before the Closing Date (other than this Agreement and the Intercreditor Agreement);

(iv) A copy of the Offering Memorandum and specimen copies of the Class A Certificates;

(v) An executed copy of each document, instrument, certificate and opinion delivered on or before the Closing Date pursuant to the Class A Trust Agreement, the Intercreditor Agreement and the other Operative Agreements (together with, in the case of each such opinion, other than the opinion of counsel for the Initial Purchasers, a letter from the counsel rendering such opinion to the effect that the Liquidity Provider is entitled to rely on such opinion as of its date as if it were addressed to the Liquidity Provider);

(vi) Evidence that there shall have been made and shall be in full force and effect, all filings, recordings and/or registrations, and there shall have been given or taken any notice or other similar action as may be reasonably necessary or, to the extent reasonably requested by the Liquidity Provider, reasonably advisable, in order to establish, perfect, protect and preserve the right, title and interest, remedies, powers, privileges, liens and security interests of, or for the benefit of, the Trustees, the Borrower and the Liquidity Provider created by the Operative Agreements executed and delivered on or prior to the Closing Date;

(vii) An agreement from Continental, pursuant to which (i) Continental agrees to provide copies of quarterly financial statements and audited annual financial statements to the Liquidity Provider, and such other information as the Liquidity Provider shall reasonably request with respect to the transactions contemplated by the Operative Agreements, in each case, only to the extent that Continental is obligated to provide such information pursuant to Section 8.2.1 of the Leases (related to Leased Aircraft) or the corresponding section of the Indentures (related to Owned Aircraft) to the parties thereto and (ii) Continental agrees to allow the Liquidity Provider to inspect Continental's books and records regarding such transactions, and to discuss such transactions with officers and employees of Continental; and

(viii) Such other documents, instruments, opinions and approvals as the Liquidity Provider shall have reasonably requested.

(b) The following statement shall be true on and as of the Effective Date: No event has occurred and is continuing, or would result from the entering into of this Agreement or the making of any Advance, which constitutes a Liquidity Event of Default.

(c) The Liquidity Provider shall have received payment in full of all fees and other sums required to be paid to or for the account of the Liquidity Provider on or prior to the Effective Date.

(d) All conditions precedent to the issuance of the Certificates under the Trust Agreements shall have been satisfied, all conditions precedent to the effectiveness of the other Liquidity Facilities shall have been satisfied, and all conditions precedent to the purchase of the Certificates by the Initial Purchasers under the Purchase Agreement shall have been satisfied (unless any of such conditions precedent shall have been waived by the Initial Purchasers).

(e) The Borrower shall have received a certificate, dated the date hereof, signed by a duly authorized representative of the Liquidity Provider, certifying that all conditions precedent to the effectiveness of Section 2.01 have been satisfied or waived.

Section 4.02. Conditions Precedent to Borrowing. The obligation of the Liquidity Provider to make an Advance on the occasion of each Borrowing shall be subject to the conditions precedent that the Effective Date shall have occurred and, prior to the date of such Borrowing, the Borrower shall have delivered a Notice of Borrowing which conforms to the terms and conditions of this Agreement and has been completed as may be required by the relevant form of the Notice of Borrowing for the type of Advances requested.

#### ARTICLE V

#### COVENANTS

Section 5.01. Affirmative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will, unless the Liquidity Provider shall otherwise consent in writing:

(a) Performance of This and Other Agreements. Punctually pay or cause to be paid all amounts payable by it under this Agreement and the other Operative Agreements and observe and perform in all material respects the conditions, covenants and requirements applicable to it contained in this Agreement and the other Operative Agreements.



(b) Reporting Requirements. Furnish to the Liquidity Provider with reasonable promptness, such other information and data with respect to the transactions contemplated by the Operative Agreements as from time to time may be reasonably requested by the Liquidity Provider; and permit the Liquidity Provider, upon reasonable notice, to inspect the Borrower's books and records with respect to such transactions and to meet with officers and employees of the Borrower to discuss such transactions.

(c) Certain Operative Agreements. Furnish to the Liquidity Provider with reasonable promptness, such Operative Agreements entered into after the date hereof as from time to time may be reasonably requested by the Liquidity Provider.

Section 5.02. Negative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will not appoint or permit or suffer to be appointed any successor Borrower without the written consent of the Liquidity Provider, which consent shall not be unreasonably withheld or delayed.

#### ARTICLE VI

##### LIQUIDITY EVENTS OF DEFAULT

Section 6.01. Liquidity Events of Default. If (a) any Liquidity Event of Default has occurred and is continuing and (b) there is a Performing Note Deficiency, the Liquidity Provider may, in its discretion, deliver to the Borrower a Termination Notice, the effect of which shall be to cause (i) this Agreement to expire on the fifth Business Day after the date on which such Termination Notice is received by the Borrower, (ii) the Borrower to promptly request, and the Liquidity Provider to promptly make, a Final Advance in accordance with Section 2.02(d) hereof and Section 3.6(i) of the Intercreditor Agreement, (iii) all other outstanding Advances to be automatically converted into Final Advances for purposes of determining the Applicable Liquidity Rate for interest payable thereon, and (iv) subject to Sections 2.07 and 2.09 hereof, all Advances (including, without limitation, any Provider Advance and Applied Provider Advance), any accrued interest thereon and any other amounts outstanding hereunder to become immediately due and payable to the Liquidity Provider.

## ARTICLE VII

## MISCELLANEOUS

Section 7.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Liquidity Provider, and, in the case of an amendment or of a waiver by the Borrower, the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.02. Notices, Etc. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telecopier and mailed or delivered or sent by telecopier):

Borrower: WILMINGTON TRUST COMPANY  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0001  
Attention: Corporate Trust Administration  
Telephone: (302) 651-1000  
Telecopy: (302) 651-8882

Liquidity Provider: ING Bank N.V.  
Department of Bankgarantie Zaken -  
Juridische Zaken  
Location code HG 01.06  
P.O. Box 1800  
1000 B.V. Amsterdam  
by courier:  
Amsterdamse Poort  
Bijlmer plein 888  
1102 MG Amsterdam  
The Netherlands  
  
Telephone: 011-31-20-652-3260  
Telecopy: 011-31-20-652-3235

with a copy to:

ING Lease (Ireland) B.V.  
49 St. Stephen's Green  
Dublin 2, Ireland

Telephone: 011-353-1-662-2211  
Telecopy: 011-353-1-662-2240

or, as to each of the foregoing, at such other address as shall be designated by such Person in a written notice to the others. All such notices and communications shall be effective (i) if given by telecopier, when transmitted to the telecopier number specified above, (ii) if given by mail, when deposited in the mails addressed as specified above, and (iii) if given by other means, when delivered at the address specified above, except that written notices to the Liquidity Provider pursuant to the provisions of Articles II and III hereof shall not be effective until received by the Liquidity Provider. A copy of all notices delivered hereunder to either party shall in addition be delivered to each of the parties to the Participation Agreements at their respective addresses set forth therein.

Section 7.03. No Waiver; Remedies. No failure on the part of the Liquidity Provider to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 7.04. Further Assurances. The Borrower agrees to do such further acts and things and to execute and deliver to the Liquidity Provider such additional assignments, agreements, powers and instruments as the Liquidity Provider may reasonably require or deem advisable to carry into effect the purposes of this Agreement and the other Operative Agreements or to better assure and confirm unto the Liquidity Provider its rights, powers and remedies hereunder and under the other Operative Agreements.

Section 7.05. Indemnification; Survival of Certain Provisions. The Liquidity Provider shall be indemnified hereunder to the extent and in the manner described in Section 10.1 of the Participation Agreements and Section 6 of the Note Purchase Agreement. In addition, the Borrower agrees to indemnify, protect, defend and hold harmless the Liquidity

Provider from, against and in respect of, and shall pay on demand, all Expenses of any kind or nature whatsoever (other than any Expenses of the nature described in Sections 3.01, 3.02 or 7.07 hereof or in the ING Fee Letter (regardless of whether indemnified against pursuant to said Sections or in such Fee Letter)), that may be imposed, incurred by or asserted against any Liquidity Indemnitee, in any way relating to, resulting from, or arising out of or in connection with any action, suit or proceeding by any third party against such Liquidity Indemnitee and relating to this Agreement, the ING Fee Letter, the Intercreditor Agreement or any Financing Agreement; provided, however, that the Borrower shall not be required to indemnify, protect, defend and hold harmless any Liquidity Indemnitee in respect of any Expense of such Liquidity Indemnitee (i) to the extent such Expense is attributable to the gross negligence or willful misconduct of such Liquidity Indemnitee or any other Liquidity Indemnitee, (ii) that is ordinary and usual operating overhead expense, and (iii) to the extent such Expense is attributable to the failure by such Liquidity Indemnitee or any other Liquidity Indemnitee to perform or observe any agreement, covenant or condition on its part to be performed or observed in this Agreement, the Intercreditor Agreement, the ING Fee Letter, the Tax Letter or any other Operative Document to which it is a party. The indemnities contained in such Section 10.1, and the provisions of Sections 3.01, 3.02, 3.03, 3.09, 7.05 and 7.07 hereof, shall survive the termination of this Agreement.

Section 7.06. Liability of the Liquidity Provider. (a)

Neither the Liquidity Provider nor any of its officers, employees, directors or affiliates shall be liable or responsible for: (i) the use which may be made of the Advances or any acts or omissions of the Borrower or any beneficiary or transferee in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (iii) the making of Advances by the Liquidity Provider against delivery of a Notice of Borrowing and other documents which do not comply with the terms hereof; provided, however, that the Borrower shall have a claim against the Liquidity Provider, and the Liquidity Provider shall be liable to the Borrower, to the extent of any damages suffered by the Borrower which were the result of (A) the Liquidity Provider's willful misconduct or negligence in determining whether documents presented hereunder comply with the terms hereof, or (B) any breach by the Liquidity Provider of any

of the terms of this Agreement, including, but not limited to, the Liquidity Provider's failure to make lawful payment hereunder after the delivery to it by the Borrower of a Notice of Borrowing strictly complying with the terms and conditions hereof.

(b) Neither the Liquidity Provider nor any of its officers, employees, director or affiliates shall be liable or responsible in any respect for (i) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with this Agreement or any Notice of Borrowing delivered hereunder, or (ii) any action, inaction or omission which may be taken by it in good faith, absent willful misconduct or negligence (in which event the extent of the Liquidity Provider's potential liability to the Borrower shall be limited as set forth in the immediately preceding paragraph), in connection with this Agreement or any Notice of Borrowing.

Section 7.07. Costs, Expenses and Taxes. The Borrower agrees to pay, or cause to be paid (A) on the Effective Date and on such later date or dates on which the Liquidity Provider shall make demand, all reasonable out-of-pocket costs and expenses (including, without limitation, the reasonable fees and expenses of outside counsel for the Liquidity Provider) of the Liquidity Provider in connection with the preparation, negotiation, execution, delivery, filing and recording of this Agreement, any other Operative Agreement and any other documents which may be delivered in connection with this Agreement and (B) on demand, all reasonable costs and expenses (including reasonable counsel fees and expenses) of the Liquidity Provider in connection with (i) the enforcement of this Agreement or any other Operative Agreement, (ii) the modification or amendment of, or supplement to, this Agreement or any other Operative Agreement or such other documents which may be delivered in connection herewith or therewith (whether or not the same shall become effective) or (iii) any action or proceeding relating to any order, injunction, or other process or decree restraining or seeking to restrain the Liquidity Provider from paying any amount under this Agreement, the Intercreditor Agreement or any other Operative Agreement or otherwise affecting the application of funds in the Cash Collateral Accounts. In addition, the Borrower shall pay any and all recording, stamp and other similar taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, any other Operative Agreement and such other documents, and agrees to save the Liquidity Provider harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees.

Section 7.08. Binding Effect; Participations. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower and the Liquidity Provider and their respective successors and assigns, except that neither the Liquidity Provider (except as otherwise provided in this Section 7.08) nor (except as contemplated by Section 3.08) the Borrower shall have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of the other party, subject to the requirements of Section 7.08(b). The Liquidity Provider may grant participations herein or in any of its rights hereunder (including, without limitation, funded participations and participations in rights to receive interest payments hereunder) and under the other Operative Agreements to such Persons as the Liquidity Provider may in its sole discretion select, subject to the requirements of Section 7.08(b). No such participation by the Liquidity Provider, however, will relieve the Liquidity Provider of its obligations hereunder. In connection with any participation or any proposed participation, the Liquidity Provider may disclose to the participant or the proposed participant any information that the Borrower is required to deliver or to disclose to the Liquidity Provider pursuant to this Agreement. The Borrower acknowledges and agrees that the Liquidity Provider's source of funds may derive in part from its participants (other than Continental). Accordingly, references in this Agreement and the other Operative Agreements to determinations, reserve and capital adequacy requirements, increased costs, reduced receipts, additional amounts due pursuant to Section 3.03(a) and the like as they pertain to the Liquidity Provider shall be deemed also to include those of each of its participants (subject, in each case, to the maximum amount that would have been incurred by or attributable to the Liquidity Provider directly if the Liquidity Provider, rather than the participant, had held the interest participated).

(b) If, pursuant to subsection (a) above, the Liquidity Provider sells any participation in this Agreement to any bank or other entity (each, a "Transferee"), then, concurrently with the effectiveness of such transfer, the Transferee shall (i) represent to the Liquidity Provider (for the benefit of the Liquidity Provider and the Borrower) either (A) that it is incorporated under the laws of the United States or a state thereof or (B) that under applicable law and treaties, no taxes will be required to be withheld with respect to any

payments to be made to such Transferee in respect of this Agreement, (ii) furnish to the Liquidity Provider and the Borrower either (x) a statement that it is incorporated under the laws of the United States or a state thereof or (y) if it is not so incorporated, two copies of a properly completed United States Internal Revenue Service Form 4224 or Form 1001, as appropriate, or other applicable form, certificate or document prescribed by the Internal Revenue Service certifying, in each case, such Transferee's entitlement to a complete exemption from United States federal withholding tax in respect to any and all payments to be made hereunder, and (iii) agree (for the benefit of the Liquidity Provider and the Borrower) to provide the Liquidity Provider and the Borrower a new Form 4224 or Form 1001, as appropriate, (A) on or before the date that any such form expires or becomes obsolete or (B) after the occurrence of any event requiring a change in the most recent form previously delivered by it and prior to the immediately following due date of any payment by the Borrower hereunder, certifying in the case of a Form 1001 or Form 4224 that such Transferee is entitled to a complete exemption from United States federal withholding tax on payments under this Agreement. Unless the Borrower has received forms or other documents reasonably satisfactory to it (and required by applicable law) indicating that payments hereunder are not subject to United States federal withholding tax, the Borrower will withhold taxes as required by law from such payments at the applicable statutory rate.

(c) Notwithstanding the other provisions of this Section 7.08, the Liquidity Provider may assign and pledge all or any portion of the Advances owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Advances made by the Borrower to the Liquidity Provider in accordance with the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect of such assigned Advance to the extent of such payment. No such assignment shall release the Liquidity Provider from its obligations hereunder.

(d) Notwithstanding the other provisions of this Section 7.08, if at any time after the date hereof the Borrower shall withhold taxes as required by law from any payments made to the Liquidity Provider, the Liquidity Provider may assign all (but not less than all) of its rights and obligations under this Agreement to the New York Branch of ING Bank N.V. ( the "ING

Transferee"); provided, that it shall be a condition to any such transfer that (i) the ING Transferee enters into an agreement in form and substance reasonably satisfactory to the Borrower pursuant to which the ING Transferee assumes all of the obligations of the Liquidity Provider hereunder, under the Intercreditor Agreement, the ING Fee Letter and the Tax Letter, (ii) the ING Transferee delivers an opinion to the Borrower and each of the Rating Agencies in form and substance reasonably satisfactory to the Borrower opining that this Agreement, the Intercreditor Agreement, the ING Fee Letter and the Tax Letter are enforceable obligations of the ING Transferee, (iii) the Liquidity Provider shall have delivered to the Borrower a Ratings Confirmation with respect to such transfer from each Rating Agency, (iv) the ING Transferee shall satisfy each of the requirements in respect of a Transferee set forth in Section 7.08(b) and (v) the Liquidity Provider shall pay all fees and expenses (including, without limitation, legal fees and disbursements) of the Borrower in connection with such transfer. Upon the satisfaction of the conditions set forth in this Section 7.08(d), the ING Transferee shall be deemed to be the Liquidity Provider with the rights and obligations of the Liquidity Provider hereunder and under the other Operative Agreements.

Section 7.09. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 7.10. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 7.11. Submission to Jurisdiction; Waiver of Jury Trial; Waiver of Immunity. (a) Each of the parties hereto hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Agreement or any other Operative Agreement, or for recognition and enforcement of any judgment in respect hereof or thereof, to the nonexclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and the appellate courts from any thereof;



(ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form and mail), postage prepaid, to each party hereto at its address set forth in Section 7.02 hereof, or at such other address of which the Liquidity Provider shall have been notified pursuant thereto; and

(iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(b) THE BORROWER AND THE LIQUIDITY PROVIDER EACH HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE RELATIONSHIP THAT IS BEING ESTABLISHED, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. The Borrower and the Liquidity Provider each warrant and represent that it has reviewed this waiver with its legal counsel, and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, AND CANNOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

(c) The Liquidity Provider hereby waives any immunity it may have from the jurisdiction of the courts of the United States or of any State and waives any immunity any of its properties located in the United States may have from attachment or execution upon a judgment entered by any such court under the United States Foreign Sovereign Immunities Act of 1976 or any similar successor legislation.

Section 7.12. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

Section 7.13. Entirety. This Agreement, the Intercreditor Agreement and the other Operative Agreements to which the Liquidity Provider is a party constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior understandings and agreements of such parties.

Section 7.14. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 7.15. Transfer. The Liquidity Provider hereby acknowledges and consents to the Transfer contemplated by the Assignment and Assumption Agreement.

Section 7.16. LIQUIDITY PROVIDER'S OBLIGATION TO MAKE ADVANCES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE OBLIGATIONS OF THE LIQUIDITY PROVIDER TO MAKE ADVANCES HEREUNDER, AND THE BORROWER'S RIGHTS TO DELIVER NOTICES OF BORROWING REQUESTING THE MAKING OF ADVANCES HEREUNDER, SHALL BE UNCONDITIONAL AND IRREVOCABLE, AND SHALL BE PAID OR PERFORMED, IN EACH CASE STRICTLY IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

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

WILMINGTON TRUST COMPANY, not in its  
individual capacity but  
solely as Subordination  
Agent, as agent and trustee  
for the Class A Trust, as  
Borrower

By: -----  
Name:  
Title:

ING BANK N.V.,  
as Liquidity Provider

By: -----  
Name:  
Title:

## INTEREST ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1A) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of an Interest Advance by the Liquidity Provider to be used, subject to clause (3)(v) below, for the payment of the Stated Portion of the interest on the Class A Certificates which was payable on \_\_\_\_\_, \_\_\_\_ (the "Distribution Date") in accordance with the terms and provisions of the Class A Trust Agreement and the Class A Certificates pursuant to clause fifth of Section 3.2 of the Intercreditor Agreement or clause seventh of Section 3.3 of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Interest Advance requested hereby (i) is \$ \_\_\_\_\_, to be applied in respect of the payment of the Stated Portion of the interest which was due and payable on the Class A Certificates on the Distribution Date, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class A Certificates, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, or interest on the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class A Certificates, the Class A Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), (iv) does not exceed the Maximum Available Commitment on the date hereof, (v) does not include any amount of interest which was due and payable on the Class A Certificates on such Distribution Date but which remains unpaid due to the

failure of the Depository to pay any amount of accrued interest on the Certificates of Deposit on such Distribution Date and (vi) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will apply the same in accordance with the terms of Section 3.2 or 3.3 of the Intercreditor Agreement, as the case may be, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, the making of the Interest Advance as requested by this Notice of Borrowing shall automatically reduce, subject to reinstatement in accordance with the terms of the Liquidity Agreement, the Maximum Available Commitment by an amount equal to the amount of the Interest Advance requested to be made hereby as set forth in clause (i) of paragraph (3) of this Certificate and such reduction shall automatically result in corresponding reductions in the amounts available to be borrowed pursuant to a subsequent Advance.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as Borrower

By: -----

Name:  
Title:

SCHEDULE I TO INTEREST ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with Interest Advance Notice of Borrowing]

Annex II to  
Revolving Credit Agreement

## NON-EXTENSION ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1A) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Non-Extension Advance by the Liquidity Provider to be used for the funding of the ING Sub-Account of the Class A Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Non-Extension Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ING Sub-Account of the Class A Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class A Certificates, or principal of, or interest or premium on, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class A Certificates, the Class A Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ING Sub-Account of the Class A Cash Collateral Account and apply the same in accordance with the



terms of Section 3.6(d) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Non-Extension Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Non-Extension Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its  
individual capacity but solely as  
Subordination Agent, as Borrower

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

Name:

Title:

SCHEDULE I TO NON-EXTENSION ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with Non-Extension Advance Notice of Borrowing]

## DOWNGRADE ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1A) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Downgrade Advance by the Liquidity Provider to be used for the funding of the ING Sub-Account of the Class A Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement by reason of the downgrading of the short-term unsecured debt rating of the Liquidity Provider issued by either Rating Agency below the Threshold Rating, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Downgrade Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ING Sub-Account of the Class A Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class A Certificates, or principal of, or interest or premium on, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class A Certificates, the Class A Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit

such amount in the ING Sub-Account of the Class A Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(c) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Downgrade Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Downgrade Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as Borrower

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

SCHEDULE I TO DOWNGRADE ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with Downgrade Advance Notice of Borrowing]

## Revolving Credit Agreement

## FINAL ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1A) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Final Advance by the Liquidity Provider to be used for the funding of the ING Sub-Account of the Class A Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement by reason of the receipt by the Borrower of a Termination Notice from the Liquidity Provider with respect to the Liquidity Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Final Advance requested hereby (i) is \$ \_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ING Sub-Account of the Class A Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class A Certificates, or principal of, or interest or premium on, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class A Certificates, the Class A Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ING Sub-Account of the Class A Cash

Collateral Account and apply the same in accordance with the terms of Section 3.6(i) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Final Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Final Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its  
individual capacity but solely as  
Subordination Agent, as Borrower

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

Name:  
Title:

SCHEDULE I TO FINAL ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with Final Advance Notice of Borrowing]



NOTICE OF TERMINATION

[Date]

Wilmington Trust Company,  
as Subordination Agent, as Borrower  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0001

Attention: Corporate Trust Administration

Revolving Credit Agreement dated as of March 21, 1997, between  
Wilmington Trust Company, as Subordination Agent, as agent and trustee  
for the Continental Airlines Pass Through Trust, 1997-1A-[O/S], as  
Borrower, and ING BANK N.V. (the "Liquidity Agreement")

- - - - -

Ladies and Gentlemen:

You are hereby notified that pursuant to Section 6.01 of the  
Liquidity Agreement, by reason of the occurrence of a Liquidity Event of  
Default and the existence of a Performing Note Deficiency (each as defined  
therein), we are giving this notice to you in order to cause (i) our  
obligations to make Advances (as defined therein) under such Liquidity  
Agreement to terminate on the fifth Business Day after the date on which you  
receive this notice and (ii) you to request a Final Advance under the Liquidity  
Agreement pursuant to Section 3.6(i) of the Intercreditor Agreement (as defined  
in the Liquidity Agreement) as a consequence of your receipt of this notice.

THIS NOTICE IS THE "NOTICE OF TERMINATION" PROVIDED FOR UNDER THE LIQUIDITY AGREEMENT. OUR OBLIGATIONS TO MAKE ADVANCES UNDER THE LIQUIDITY AGREEMENT WILL TERMINATE ON THE FIFTH BUSINESS DAY AFTER THE DATE ON WHICH YOU RECEIVE THIS NOTICE.

Very truly yours,

ING BANK N.V.,  
as Liquidity Provider

By: -----

Name:

Title:

cc: Wilmington Trust Company,  
as Class A Trustee

NOTICE OF REPLACEMENT SUBORDINATION AGENT

[Date]

Attention:

Revolving Credit Agreement dated as of March 21, 1997, between  
Wilmington Trust Company, as Subordination Agent, as agent and trustee  
for the Continental Airlines Pass Through Trust, 1997-1A-[O/S], as  
Borrower, and ING BANK N.V. (the "Liquidity Agreement")

-----  
Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby  
irrevocably transfers to:

-----  
[Name of Transferee]

-----  
[Address of Transferee]

all rights and obligations of the undersigned as Borrower under the Liquidity  
Agreement referred to above. The transferee has succeeded the undersigned as  
Subordination Agent under the Intercreditor Agreement referred to in the first  
paragraph of the Liquidity Agreement, pursuant to the terms of Section 8.1 of  
the Intercreditor Agreement.

By this transfer, all rights of the undersigned as Borrower  
under the Liquidity Agreement are transferred to the transferee and the  
transferee shall hereafter have the sole rights and obligations as Borrower  
thereunder. The undersigned shall pay any costs and expenses of such transfer,  
including, but not limited to, transfer taxes or governmental charges.

We ask that this transfer be effective as of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its  
individual capacity but solely as  
Subordination Agent, as Borrower

By: -----

Name:  
Title:

-----  
REVOLVING CREDIT AGREEMENT  
(1997-1B)  
Dated as of March 21, 1997

between

WILMINGTON TRUST COMPANY,

as Subordination Agent,  
as agent and trustee for the  
Continental Airlines Pass Through Trust 1997-1B-0

as Borrower

and

ABN AMRO BANK N.V., CHICAGO BRANCH

as Liquidity Provider  
-----

Relating to

Continental Airlines Pass Through Trust 1997-1B-0  
7.461% Continental Airlines Pass Through Certificates,  
Series 1997-1B-0

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## REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT dated as of March 21, 1997, between WILMINGTON TRUST COMPANY, a Delaware corporation, not in its individual capacity but solely as Subordination Agent under the Intercreditor Agreement (each as defined below), as agent and trustee for the Class B Trust (as defined below) (the "Borrower"), and ABN AMRO BANK N.V., a bank organized under the laws of The Netherlands, acting through its Chicago Branch ("ABN AMRO" or the "Liquidity Provider").

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

WHEREAS, pursuant to the Class B Trust Agreement (such term and all other capitalized terms used in these recitals having the meanings set forth or referred to in Section 1.01), the Class B Trust is issuing the Class B Certificates; and

WHEREAS, the Borrower, in order to support the timely payment of a portion of the interest on the Class B Certificates in accordance with their terms, has requested the Liquidity Provider to enter into this Agreement, providing in part for the Borrower to request in specified circumstances that Advances be made hereunder.

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

## ARTICLE I

## DEFINITIONS

Section 1.01. Certain Defined Terms. (a) Definitions. As used in this Agreement and unless otherwise expressly indicated, or unless the context clearly requires otherwise, the following capitalized terms shall have the following respective meanings for all purposes of this Agreement:

"Additional Cost" has the meaning assigned to such term in Section 3.01.

"Advance" means an Interest Advance, a Final Advance, a Provider Advance, an Applied Provider Advance or an Unpaid Advance, as the case may be.

"Applicable Liquidity Rate" has the meaning assigned to such term in Section 3.07(g).

"Applicable Margin" means (w) with respect to any Unpaid Advance or Applied Provider Advance that is a LIBOR Advance, 1.75%, (x) with respect to any Unpaid Advance or Applied Provider Advance that is a Base Rate Advance, 1.75%, (y) with respect to any Unapplied Provider Advance that is a LIBOR Advance, .40% and (z) with respect to any Unapplied Provider Advance that is a Base Rate Advance, .40%.

"Applied Downgrade Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Non-Extension Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Provider Advance" has the meaning assigned to such term in Section 2.06(a).

"Assignment and Assumption Agreement" means the Assignment and Assumption to be entered into between the Borrower and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Class B Trust Agreement.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to (a) the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Liquidity Provider from three Federal funds brokers of recognized standing selected by it, plus (b) one-quarter of one percent (1/4 or 1%).

"Base Rate Advance" means an Advance that bears interest at a rate based upon the Base Rate.

"Borrower" has the meaning assigned to such term in the recital of parties to this Agreement.

"Borrowing" means the making of Advances requested by delivery of a Notice of Borrowing.

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in Houston, Texas, New York, New York, Chicago, Illinois or, so long as any Class B Certificate is outstanding, the city and state in which the Class B Trustee, the Borrower or any Loan Trustee maintains its Corporate Trust Office or receives or disburses funds, and, if the applicable Business Day relates to any Advance or other amount bearing interest based on the LIBOR Rate, on which dealings are carried on in the London interbank market.

"Certificates of Deposit" has the meaning assigned to such term in the Deposit Agreement.

"Deposits" has the meaning assigned to such terms in the Deposit Agreement.

"Depository" has the meaning assigned to such term in the Deposit Agreement.

"Deposit Agreement" means the Deposit Agreement dated March 21, 1997 between First Security Bank, National Association, as Escrow Agent and Credit Suisse First Boston, as Depository, pertaining to the Class B Certificates, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof.

"Downgrade Advance" means an Advance made pursuant to Section 2.02(c).

"Effective Date" has the meaning specified in Section 4.01. The delivery of the certificate of the Liquidity Provider contemplated by Section 4.01(e) shall be conclusive evidence that the Effective Date has occurred.

"Expenses" means liabilities, obligations, damages, settlements, penalties, claims, actions, suits, costs, expenses, and disbursements (including, without limitation, reasonable fees and disbursements of legal counsel and costs

of investigation), provided that Expenses shall not include any Taxes.

"Excluded Taxes" means (i) taxes imposed on the overall net income of the Liquidity Provider or of its Lending Office by the jurisdiction where such Liquidity Provider's principal office or such Lending Office is located, and (ii) Excluded Withholding Taxes.

"Excluded Withholding Taxes" means (i) withholding Taxes imposed by the United States except to the extent that such United States withholding Taxes are imposed as a result of any change in applicable law after the date hereof (excluding from change in applicable law for this purpose a change in an applicable treaty or other change in law affecting the applicability of a treaty), or in the case of a successor Liquidity Provider (including a transferee of an Advance) or Lending Office, after the date on which such successor Liquidity Provider obtains its interest or on which the Lending Office is changed, and (ii) any withholding Taxes imposed by the United States which are imposed or increased as a result of the Liquidity Provider failing to deliver to the Borrower any certificate or document (which certificate or document in the good faith judgment of the Liquidity Provider it is legally entitled to provide) which is reasonably requested by the Borrower to establish that payments under this Agreement are exempt from (or entitled to a reduced rate of) withholding Tax.

"Expiry Date" means March 19, 1998, initially, or any date to which the Expiry Date is extended pursuant to Section 2.10.

"Final Advance" means an Advance made pursuant to Section 2.02(d).

"Intercreditor Agreement" means the Intercreditor Agreement dated the date hereof, among the Trustees, the Liquidity Provider, the liquidity provider under each Liquidity Facility (other than this Agreement) and the Subordination Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Interest Advance" means an Advance made pursuant to Section 2.02(a).

"Interest Period" means, with respect to any LIBOR Advance, each of the following periods:

- (i) the period beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such LIBOR Advance (or, in the case of an Unapplied Downgrade Advance, the period beginning on the Expiry Date) and ending on the next Regular Distribution Date; and
- (ii) each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the next Regular Distribution Date;

provided, however, that (I) if an Unapplied Provider Advance which is a LIBOR Advance becomes an Applied Provider Advance, the Interest Period then applicable to such Unapplied Provider Advance shall be applicable to such Applied Provider Advance and (II) if (x) the Final Advance shall have been made, or (y) other outstanding Advances shall have been converted into the Final Advance, then the Interest Periods shall be successive periods of one month beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Final Advance (in the case of clause (x) above) or the Regular Distribution Date following such conversion (in the case of clause (y) above).

"Lending Office" means the lending office of the Liquidity Provider presently located at Chicago, Illinois, or such other lending office as the Liquidity Provider from time to time shall notify the Borrower as its lending office hereunder; provided that the Liquidity Provider shall not change its Lending Office to a Lending Office outside the United States of America except in accordance with Section 3.01, 3.02 or 3.03 hereof.

"LIBOR Advance" means an Advance bearing interest at a rate based upon the LIBOR Rate.

"LIBOR Rate" means, with respect to any Interest Period, the average (rounded upward, if necessary, to the next higher 1/16 of 1%) of the rates per annum at which deposits in dollars are offered to major banks in the London interbank market at approximately 11:00 A.M. (London time)

two Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Advance to which such Interest Period is to apply and for a period of time comparable to such Interest Period.

"Liquidity Event of Default" means the occurrence of either (a) the acceleration of all of the Equipment Notes (provided that, with respect to the period prior to the Delivery Period Expiry Date, such Equipment Notes have an aggregate outstanding principal balance in excess of \$280,000,000) or (b) a Continental Bankruptcy Event.

"Liquidity Indemnitee" means (i) the Liquidity Provider, (ii) the directors, officers, employees and agents of the Liquidity Provider, and (iii) the successors and permitted assigns of the persons described in clauses (i) and (ii), inclusive.

"Liquidity Provider" has the meaning assigned to such term in the recital of parties to this Agreement.

"Maximum Available Commitment" shall mean, subject to the proviso contained in the third sentence of Section 2.02(a), at any time of determination, (a) the Maximum Commitment at such time less (b) the aggregate amount of each Interest Advance outstanding at such time; provided that following a Provider Advance or a Final Advance, the Maximum Available Commitment shall be zero.

"Maximum Commitment" means, for any day, the lesser of (x) \$9,020,603.58 and (y) the Stated Portion of the Required Amount on such day.

"Non-Extension Advance" means an Advance made pursuant to Section 2.02(b).

"Notice of Borrowing" has the meaning specified in Section 2.02(e).

"Notice of Replacement Subordination Agent" has the meaning specified in Section 3.08.

"Offering Memorandum" means the Offering Memorandum dated March 12, 1997 relating to the Certificates, as such Offering Memorandum may be amended or supplemented.

"Performing Note Deficiency" means any time that less than 65 % of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes.

"Provider Advance" means a Downgrade Advance or a Non-Extension Advance.

"Regulatory Change" has the meaning assigned to such term in Section 3.01.

"Replenishment Amount" has the meaning assigned to such term in Section 2.06(b).

"Required Amount" means, for any day, the sum of the aggregate amount of interest, calculated at the rate per annum equal to the Stated Interest Rate for the Class B Certificates, that would be payable on the Class B Certificates on each of the three successive semiannual Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the succeeding two semiannual Regular Distribution Dates, in each case calculated on the basis of the Pool Balance of the Class B Certificates on such day and without regard to expected future payments of principal on the Class B Certificates.

"Stated Portion" means 50%.

"Successor Trust" means Continental Airlines Pass Through Trust 1997-1B-S.

"Tax Letter" means the letter dated the date hereof between the Liquidity Provider and Continental pertaining to this Agreement.

"Termination Date" means the earliest to occur of the following: (i) the Expiry Date; (ii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that all of the Class B Certificates have been paid in full (or provision has been made for such payment in accordance with the Intercreditor Agreement and the Trust Agreements) or are otherwise no longer entitled to the benefits of this Agreement; (iii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that a

Replacement Liquidity Facility has been substituted for this Agreement in full pursuant to Section 3.6(e) of the Intercreditor Agreement; (iv) the fifth Business Day following the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof; and (v) the date on which no Advance is or may (including by reason of reinstatement as herein provided) become available for a Borrowing hereunder.

"Termination Notice" means the Notice of Termination substantially in the form of Annex V to this Agreement.

"Transferee" has the meaning assigned to such term in Section 7.08(b).

"Unapplied Downgrade Advance" means any Downgrade Advance other than an Applied Downgrade Advance.

"Unapplied Provider Advance" means any Provider Advance other than an Applied Provider Advance.

"Unpaid Advance" has the meaning assigned to such term in Section 2.05.

(b) Terms Defined in the Intercreditor Agreement. For all purposes of this Agreement, the following terms shall have the respective meanings assigned to such terms in the Intercreditor Agreement:

"ABN AMRO Fee Letter", "ABN AMRO Sub-Account", "Certificates", "Class A Certificates", "Class B Cash Collateral Account", "Class B Certificates", "Class B Certificateholders", "Class B Trust", "Class B Trust Agreement", "Class B Trustee", "Class C-I Certificates", "Class C-II Certificates", "Closing Date", "Continental", "Continental Bankruptcy Event", "Controlling Party", "Corporate Trust Office", "Delivery Period Expiry Date", "Distribution Date", "Downgraded Facility", "Equipment Notes", "Financing Agreement", "Indenture", "Initial Purchasers", "Investment Earnings", "Liquidity Facility", "Loan Trustee", "Moody's", "Non-Extended Facility", "Note Purchase Agreement", "Operative Agreements", "Performing Equipment Note", "Person", "Pool Balance", "Purchase Agreement", "Rating Agency", "Registration Rights Agreement", "Regular Distribution Date, "Replacement Liquidity Facility", "Responsible Officer", "Scheduled



Payment", "Special Payment", "Standard & Poor's", "Stated Interest Rate", "Sub-Account", "Subordination Agent", "Taxes", "Threshold Rating", "Transfer", "Trust Agreements", "Trustee" and "Written Notice".

(c) Interest on Certificates. For all purposes of this Agreement, each scheduled payment with respect to a Class B Certificate shall be deemed to be comprised of interest and principal components, with the interest component equalling interest accrued at the Stated Interest Rate for the Class B Certificates from (i) the later of (x) the date of issuance thereof and (y) the most recent but preceding Regular Distribution Date to (ii) the Regular Distribution Date on which such Scheduled Payment is being made, such interest to be considered payable in arrears on such Regular Distribution Date and to be calculated and allocated in the same manner as interest on the Class B Equipment Notes.

## ARTICLE II

### AMOUNT AND TERMS OF THE COMMITMENT

Section 2.01. The Advances. The Liquidity Provider hereby irrevocably agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until 12:00 Noon (New York City time) on the Expiry Date (unless the obligations of the Liquidity Provider shall be earlier terminated in accordance with the terms of Section 2.04(b)) in an aggregate amount at any time outstanding not to exceed the Maximum Commitment.

Section 2.02. Making the Advances. (a) Interest Advances shall be made in one or more Borrowings by delivery to the Liquidity Provider of one or more written and completed Notices of Borrowing in substantially the form of Annex I attached hereto, signed by a Responsible Officer of the Borrower, in an amount not exceeding the Maximum Available Commitment at such time and shall be used solely for the payment when due of the Stated Portion of interest on the Class B Certificates at the Stated Interest Rate therefor in accordance with Section 3.6(a) of the Intercreditor Agreement. Each Interest Advance made hereunder shall automatically reduce the Maximum Available Commitment and the amount available to be borrowed hereunder by subsequent Advances by the amount of such Interest Advance

(subject to reinstatement as provided in the next sentence). Upon repayment to the Liquidity Provider in full of the amount of any Interest Advance made pursuant to this Section 2.02(a), together with accrued interest thereon (as provided herein), the Maximum Available Commitment shall be reinstated by the amount of such repaid Interest Advance, but not to exceed the Maximum Commitment; provided, however, that the Maximum Available Commitment shall not be so reinstated at any time if (i) a Liquidity Event of Default shall have occurred and be continuing and (ii) there is a Performing Note Deficiency.

(b) A Non-Extension Advance shall be made in a single Borrowing if this Agreement is not extended in accordance with Section 3.6(d) of the Intercreditor Agreement (unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(d)) by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex II attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ABN AMRO Sub-Account of the Class B Cash Collateral Account in accordance with said Section 3.6(d).

(c) A Downgrade Advance shall be made in a single Borrowing upon a downgrading of the Liquidity Provider's short-term unsecured debt rating issued by either Rating Agency below the Threshold Rating (as provided for in Section 3.6(c) of the Intercreditor Agreement) unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(c), by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex III attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ABN AMRO Sub-Account of the Class B Cash Collateral Account in accordance with said Section 3.6(c).

(d) A Final Advance shall be made in a single Borrowing upon the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex IV attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment

at such time, and shall be used to fund the ABN AMRO Sub-Account of the Class B Cash Collateral Account (in accordance with Section 3.6(i) of the Intercreditor Agreement).

(e) Each Borrowing shall be made on notice in writing (a "Notice of Borrowing") in substantially the form required by Section 2.02(a), 2.02(b), 2.02(c) or 2.02(d), as the case may be, given by the Borrower to the Liquidity Provider. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing no later than 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the first Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and immediately available funds, the amount of such Borrowing. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing after 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the second Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified by the Borrower in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and in immediately available funds, the amount of such Borrowing. Payments of proceeds of a Borrowing shall be made by wire transfer of immediately available funds to the Borrower in accordance with such wire transfer instructions as the Borrower shall furnish from time to time to the Liquidity Provider for such purpose. Each Notice of Borrowing shall be irrevocable and binding on the Borrower.

(f) Upon the making of any Advance requested pursuant to a Notice of Borrowing, in accordance with the Borrower's payment instructions, the Liquidity Provider shall be fully discharged of its obligation hereunder with respect to such Notice of Borrowing, and the Liquidity Provider shall not thereafter be obligated to make any further Advances hereunder in respect of such Notice of Borrowing to the Borrower or to any other Person. Following the making of any Advance pursuant to Section 2.02(b), (c) or (d) hereof to fund the ABN AMRO Sub-Account of the Class B Cash Collateral Account, the Liquidity

Provider shall have no interest in or rights to the Class B Cash Collateral Account, any Sub-Account thereof, such Advance or any other amounts from time to time on deposit in the Class B Cash Collateral Account or any Sub-Account thereof; provided that the foregoing shall not affect or impair the obligations of the Subordination Agent to make the distributions contemplated by Section 3.6(e) or (f) of the Intercreditor Agreement. By paying to the Borrower proceeds of Advances requested by the Borrower in accordance with the provisions of this Agreement, the Liquidity Provider makes no representation as to, and assumes no responsibility for, the correctness or sufficiency for any purpose of the amount of the Advances so made and requested.

Section 2.03. Fees. The Borrower agrees to pay to the Liquidity Provider the fees set forth in the ABN AMRO Fee Letter.

Section 2.04. Adjustments or Termination of the Maximum Commitment. (a) Automatic Adjustments. Promptly following each date on which the Required Amount is (1) reduced as a result of a reduction in the Pool Balance of the Class B Certificates or otherwise, (2) increased as a result of an increase in the Stated Interest Rate or (3) subsequent to such an increase described in clause (2), reduced pursuant to the definition of "Stated Interest Rate", clause (y) of the definition of Maximum Commitment shall automatically be reduced or increased, as the case may be, to an amount equal to the Stated Portion of the Required Amount (as calculated by the Borrower). The Borrower shall give notice of any such automatic reduction or increase of the Maximum Commitment to the Liquidity Provider within two Business Days thereof. The failure by the Borrower to furnish any such notice shall not affect such automatic reduction or increase of the Maximum Commitment.

(b) Termination. Upon the making of any Provider Advance or Final Advance hereunder or the occurrence of the Termination Date, the obligation of the Liquidity Provider to make further Advances hereunder shall automatically and irrevocably terminate, and the Borrower shall not be entitled to request any further Borrowing hereunder.

Section 2.05. Repayments of Interest Advances or the Final Advance. Subject to Sections 2.06, 2.07 and 2.09 hereof, the Borrower hereby agrees, without notice of an Advance or demand for repayment from the Liquidity Provider (which notice and demand are hereby waived by the Borrower), to pay, or to

cause to be paid, to the Liquidity Provider on each date on which the Liquidity Provider shall make an Interest Advance or the Final Advance, an amount equal to (a) the amount of such Advance (any such Advance, until repaid, is referred to herein as an "Unpaid Advance"), plus (b) interest on the amount of each such Unpaid Advance as provided in Section 3.07 hereof; provided that if (i) the Liquidity Provider shall make a Provider Advance at any time after making one or more Interest Advances which shall not have been repaid in accordance with this Section 2.05 or (ii) this Liquidity Facility shall become a Downgraded Facility or Non-Extended Facility at any time when unreimbursed Interest Advances have reduced the Maximum Available Commitment to zero, then such Interest Advances shall cease to constitute Unpaid Advances and shall be deemed to have been changed into an Applied Downgrade Advance or an Applied Non-Extension Advance, as the case may be, for all purposes of this Agreement (including, without limitation, for the purpose of determining when such Interest Advance is required to be repaid to the Liquidity Provider in accordance with Section 2.06 and for the purposes of Section 2.06(b)). The Borrower and the Liquidity Provider agree that the repayment in full of each Interest Advance and Final Advance on the date such Advance is made is intended to be a contemporaneous exchange for new value given to the Borrower by the Liquidity Provider.

Section 2.06. Repayments of Provider Advances. (a) Amounts advanced hereunder in respect of a Provider Advance shall be deposited in the ABN AMRO Sub-Account of the Class B Cash Collateral Account, invested and withdrawn from the ABN AMRO Sub-Account of the Class B Cash Collateral Account as set forth in Sections 3.6(c), (d) and (f) of the Intercreditor Agreement. The Borrower agrees to pay to the Liquidity Provider, on each Regular Distribution Date, commencing on the first Regular Distribution Date after the making of a Provider Advance, interest on the principal amount of any such Provider Advance as provided in Section 3.07; provided, however, that amounts in respect of a Provider Advance withdrawn from the ABN AMRO Sub-Account of the Class B Cash Collateral Account for the purpose of paying interest on the Class B Certificates in accordance with Section 3.6(f) of the Intercreditor Agreement (the amount of any such withdrawal being (y) in the case of a Downgrade Advance, an "Applied Downgrade Advance" and (z) in the case of a Non-Extension Advance, an "Applied Non-Extension Advance" and, together with an Applied Downgrade Advance, an "Applied Provider Advance") shall thereafter (subject to Section 2.06(b)) be

treated as an Interest Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon; provided further, however, that if, following the making of a Provider Advance, the Liquidity Provider delivers a Termination Notice to the Borrower pursuant to Section 6.01 hereof, such Provider Advance shall thereafter be treated as a Final Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon. Subject to Sections 2.07 and 2.09 hereof, immediately upon the withdrawal of any amounts from the ABN AMRO Sub-Account of the Class B Cash Collateral Account on account of a reduction in the Required Amount, the Borrower shall repay to the Liquidity Provider a portion of the Provider Advances in a principal amount equal to the Stated Portion of such reduction, plus interest on the principal amount prepaid as provided in Section 3.07 hereof.

(b) At any time when an Applied Provider Advance (or any portion thereof) is outstanding, upon the deposit in the ABN AMRO Sub-Account of the Class B Cash Collateral Account of any amount pursuant to clause "third" of Section 2.4(b) of the Intercreditor Agreement, clause "third" of Section 3.2 of the Intercreditor Agreement or clause "fourth" of Section 3.3 of the Intercreditor Agreement (any such amount being a "Replenishment Amount") for the purpose of replenishing or increasing the balance thereof up to the Stated Portion of the Required Amount at such time, (i) the aggregate outstanding principal amount of all Applied Provider Advances (and of Provider Advances treated as an Interest Advance for purposes of determining the Applicable Liquidity Rate for interest payable thereon) shall be automatically reduced by the amount of such Replenishment Amount and (ii) the aggregate outstanding principal amount of all Unapplied Provider Advances shall be automatically increased by the amount of such Replenishment Amount.

(c) Upon the provision of a Replacement Liquidity Facility in replacement of this Agreement in accordance with Section 3.6(e) of the Intercreditor Agreement, amounts remaining on deposit in the ABN AMRO Sub-Account of the Class B Cash Collateral Account after giving effect to any Applied Provider Advance on the date of such replacement shall be reimbursed to the Liquidity Provider, but only to the extent such amounts are necessary to repay in full to the Liquidity Provider all amounts owing to it hereunder.

Section 2.07. Payments to the Liquidity Provider Under the Intercreditor Agreement. In order to provide for payment or repayment to the Liquidity Provider of any amounts hereunder, the Intercreditor Agreement provides that amounts available and referred to in Articles II and III of the Intercreditor Agreement, to the extent payable to the Liquidity Provider pursuant to the terms of the Intercreditor Agreement (including, without limitation, Section 3.6(f) of the Intercreditor Agreement), shall be paid to the Liquidity Provider in accordance with the terms thereof. Amounts so paid to the Liquidity Provider shall be applied by the Liquidity Provider to Liquidity Obligations then due and payable in such manner as it shall deem appropriate.

Section 2.08. Book Entries. The Liquidity Provider shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower resulting from Advances made from time to time and the amounts of principal and interest payable hereunder and paid from time to time in respect thereof; provided, however, that the failure by the Liquidity Provider to maintain such account or accounts shall not affect the obligations of the Borrower in respect of Advances.

Section 2.09. Payments from Available Funds Only. All payments to be made by the Borrower under this Agreement shall be made only from the Stated Portion of amounts that constitute Scheduled Payments, Special Payments or payments under Section 9.1 of the Participation Agreements and Sections 6 and 7 of the Note Purchase Agreement and only to the extent that the Borrower shall have sufficient income or proceeds therefrom to enable the Borrower to make payments in accordance with the terms hereof after giving effect to the priority of payments provisions set forth in the Intercreditor Agreement. The Liquidity Provider agrees that it will look solely to such amounts to the extent available for distribution to it as provided in the Intercreditor Agreement and this Agreement and that the Borrower, in its individual capacity, is not personally liable to it for any amounts payable or liability under this Agreement except as expressly provided in this Agreement, the Intercreditor Agreement or any Participation Agreement. Amounts on deposit in the ABN AMRO Sub-Account of the Class B Cash Collateral Account shall be available to the Borrower to make payments under this Agreement only to the extent and for the purposes expressly contemplated in Section 3.6(f) of the Intercreditor Agreement. Amounts on deposit in the other Sub-Account in respect of the Class B

Certificates shall not be available to make payments under this Agreement.

Section 2.10. Extension of the Expiry Date; Non-Extension Advance. No earlier than the 60th day and no later than the 40th day prior to the then effective Expiry Date (unless such Expiry Date is on or after the date that is 15 days after the Final Maturity Date for the Class B Certificates), the Borrower shall request that the Liquidity Provider extend the Expiry Date for a period of 364 days after the then effective Expiry Date (unless the obligations of the Liquidity Provider are earlier terminated in accordance with the terms hereof). The Liquidity Provider shall advise the Borrower, no earlier than 40 days and no later than 25 days prior to the then effective Expiry Date, whether, in its sole discretion, it agrees to so extend the Expiry Date. If the Liquidity Provider advises the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall not be so extended, or fails to irrevocably and unconditionally advise the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall be so extended (and, in each case, if the Liquidity Provider shall not have been replaced in accordance with Section 3.6(e) of the Intercreditor Agreement), the Borrower shall be entitled on and after such 25th day (but prior to the then effective Expiry Date) to request a Non-Extension Advance in accordance with Section 2.02(b) hereof and Section 3.6(d) of the Intercreditor Agreement.

### ARTICLE III

#### OBLIGATIONS OF THE BORROWER

Section 3.01. Increased Costs. Subject to the ABN AMRO Fee Letter, the Borrower shall pay to the Liquidity Provider from time to time such amounts as may be necessary to compensate the Liquidity Provider for any increased costs incurred by the Liquidity Provider which are attributable to its making or maintaining any LIBOR Advances hereunder or its obligation to make any such Advances hereunder, or any reduction in any amount receivable by the Liquidity Provider under this Agreement or the Intercreditor Agreement in respect of any such Advances or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any change after the date of this Agreement in U.S. federal,



state, municipal, or foreign laws or regulations (including Regulation D), or the adoption or making after the date of this Agreement of any interpretations, directives, or requirements applying to a class of banks including the Liquidity Provider under any U.S. federal, state, municipal, or any foreign laws or regulations (whether or not having the force of law) by any court, central bank or monetary authority charged with the interpretation or administration thereof (a "Regulatory Change"), which: (1) changes the basis of taxation of any amounts payable to the Liquidity Provider under this Agreement in respect of any such Advances (other than Excluded Taxes); or (2) imposes or modifies any reserve, special deposit, compulsory loan or similar requirements relating to any extensions of credit or other assets of, or any deposits with other liabilities of, the Liquidity Provider (including any such Advances or any deposits referred to in the definition of LIBOR Rate or related definitions). The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.01 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.01 of the effect of any Regulatory Change on its costs of making or maintaining Advances or on amounts receivable by it in respect of Advances, and of the additional amounts required to compensate the Liquidity Provider in respect of any Additional Costs, shall be prima facie evidence of the amount owed under this Section.

Section 3.02. Capital Adequacy. Subject to the ABN AMRO Fee Letter, if (1) the adoption, after the date hereof, of any applicable governmental law, rule or regulation regarding capital adequacy, (2) any change, after the date hereof, in the interpretation or administration of any such law, rule or regulation by any central bank or other governmental authority charged with the interpretation or administration thereof or

(3) compliance by the Liquidity Provider or any corporation controlling the Liquidity Provider with any applicable guideline or request of general applicability, issued after the date hereof, by any central bank or other governmental authority (whether or not having the force of law) that constitutes a change of the nature described in clause (2), has the effect of requiring an increase in the amount of capital required to be maintained by the Liquidity Provider or any corporation controlling the Liquidity Provider, and such increase is based upon the Liquidity Provider's obligations hereunder and other similar obligations, the Borrower shall pay to the Liquidity Provider from time to time such additional amount or amounts as are necessary to compensate the Liquidity Provider for such portion of such increase as shall be reasonably allocable to the Liquidity Provider's obligations to the Borrower hereunder. The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise materially disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.02 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.02 of the effect of any increase in the amount of capital required to be maintained by the bank and of the amount allocable to the Liquidity Provider's obligations to the Borrower hereunder shall be prima facie evidence of the amounts owed under this Section.

Section 3.03. Payments Free of Deductions. All payments made by the Borrower under this Agreement shall be made free and clear of, and without reduction for or on account of, any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected, withheld or assessed, excluding Excluded Taxes (such non-excluded taxes being referred to herein, collectively, as "Non-Excluded Taxes" and, individually, as a "Non-Excluded

Tax"). If any Non-Excluded Taxes are required to be withheld from any amounts payable to the Liquidity Provider under this Agreement, the amounts so payable to the Liquidity Provider shall be increased to the extent necessary to yield to the Liquidity Provider (after payment of all Non-Excluded Taxes) interest or any other such amounts payable under this Agreement at the rates or in the amounts specified in this Agreement. The Liquidity Provider agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider. From time to time upon the reasonable request of the Borrower, the Liquidity Provider agrees to provide to the Borrower two original Internal Revenue Service Forms 1001 or 4224, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that the Liquidity Provider is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement.

Section 3.04. Payments. The Borrower shall make or cause to be made each payment to the Liquidity Provider under this Agreement so as to cause the same to be received by the Liquidity Provider not later than 1:00 P.M. (New York City time) on the day when due. The Borrower shall make all such payments in lawful money of the United States of America, to the Liquidity Provider in immediately available funds, by wire transfer to ABN AMRO Bank N.V., New York, NY, ABA # 026009580, Account Name: ABN AMRO Bank, N.V. - Chicago Branch, Account # 651-0-010111-42, Reference: Continental Airlines, Inc.

Section 3.05. Computations. All computations of interest based on the Base Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the LIBOR Rate shall be made on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

Section 3.06. Payment on Non-Business Days. Whenever any payment to be made hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and no additional interest shall be

due as a result (and if so made, shall be deemed to have been made when due). If any payment in respect of interest on an Advance is so deferred to the next succeeding Business Day, such deferral shall not delay the commencement of the next Interest Period for such Advance (if such Advance is a LIBOR Advance) or reduce the number of days for which interest will be payable on such Advance on the next interest payment date for such Advance.

Section 3.07. Interest. (a) Subject to Section 2.09, the Borrower shall pay, or shall cause to be paid, without duplication, interest on (i) the unpaid principal amount of each Advance from and including the date of such Advance (or, in the case of an Applied Provider Advance, from and including the date on which the amount thereof was withdrawn from the ABN AMRO Sub-Account of the Class B Cash Collateral Account to pay interest on the Class B Certificates) to but excluding the date such principal amount shall be paid in full (or, in the case of an Applied Provider Advance, the date on which the ABN AMRO Sub-Account of the Class B Cash Collateral Account is fully replenished in respect of such Advance) and (ii) any other amount due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by law, installments of interest on Advances or any such other amount) which is not paid when due (whether at stated maturity, by acceleration or otherwise) from and including the due date thereof to but excluding the date such amount is paid in full, in each such case, at a fluctuating interest rate per annum for each day equal to the Applicable Liquidity Rate (as defined below) for such Advance or such other amount as in effect for such day, but in no event at a rate per annum greater than the maximum rate permitted by applicable law; provided, however, that, if at any time the otherwise applicable interest rate as set forth in this Section 3.07 shall exceed the maximum rate permitted by applicable law, then any subsequent reduction in such interest rate will not reduce the rate of interest payable pursuant to this Section 3.07 below the maximum rate permitted by applicable law until the total amount of interest accrued equals the amount of interest that would have accrued if such otherwise applicable interest rate as set forth in this Section 3.07 had at all times been in effect.

(b) Except as provided in clause (e) below, each Advance will be either a Base Rate Advance or a LIBOR Advance as provided in this Section. Each such Advance will be a Base Rate Advance for the period from the date of its borrowing to (but

excluding) the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Advance. Thereafter, such Advance shall be a LIBOR Advance; provided that the Borrower (at the direction of the Controlling Party) may convert the Final Advance into a Base Rate Advance on the last day of an Interest Period for such Advance by giving the Liquidity Provider no less than four Business Days' prior written notice of such election.

(c) Each LIBOR Advance shall bear interest during each Interest Period at a rate per annum equal to the LIBOR Rate for such Interest Period plus the Applicable Margin for such LIBOR Advance, payable in arrears on the last day of such Interest Period and, in the event of the payment of principal of such LIBOR Advance on a day other than such last day, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(d) Each Base Rate Advance shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin for such Base Rate Advance, payable in arrears on each Regular Distribution Date and, in the event of the payment of principal of such Base Rate Advance on a day other than a Regular Distribution Date, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(e) Each Unapplied Downgrade Advance (i) during the period from and including the date of the making of such Unapplied Downgrade Advance through but excluding the Expiry Date (or, if earlier, the date of repayment thereof or of conversion thereof into a Final Advance), shall bear interest in an amount equal to the Investment Earnings on amounts on deposit in the ABN AMRO Sub-Account of the Class B Cash Collateral Account for such period plus .35% per annum on the amount of such Unapplied Downgrade Advance from time to time during such period, payable in arrears on each Regular Distribution Date and (ii) thereafter, shall be a LIBOR Advance and shall bear interest in accordance with clause (c) above.

(f) Each amount not paid when due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by applicable law, installments of interest on Advances but excluding Advances) shall bear interest at a rate per annum equal to the Base Rate plus 2.00% until paid.

(g) Each change in the Base Rate shall become effective immediately. The rates of interest specified in this Section 3.07 with respect to any Advance or other amount shall be referred to as the "Applicable Liquidity Rate".

Section 3.08. Replacement of Borrower. From time to time and subject to the successor Borrower's meeting the eligibility requirements set forth in Section 6.9 of the Intercreditor Agreement applicable to the Subordination Agent, upon the effective date and time specified in a written and completed Notice of Replacement Subordination Agent in substantially the form of Annex VI attached hereto (a "Notice of Replacement Subordination Agent") delivered to the Liquidity Provider by the then Borrower, the successor Borrower designated therein shall be substituted for as the Borrower for all purposes hereunder.

Section 3.09. Funding Loss Indemnification. The Borrower shall pay to the Liquidity Provider, upon the request of the Liquidity Provider, such amount or amounts as shall be sufficient (in the reasonable opinion of the Liquidity Provider) to compensate it for any loss, cost, or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by the Liquidity Provider to fund or maintain any LIBOR Advance (but excluding loss of anticipated profits) incurred as a result of:

(1) Any repayment of a LIBOR Advance on a date other than the last day of the Interest Period for such Advance; or

(2) Any failure by the Borrower to borrow a LIBOR Advance on the date for borrowing specified in the relevant notice under Section 2.02.

Section 3.10. Illegality. Notwithstanding any other provision in this Agreement, if any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Liquidity Provider (or its Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Liquidity Provider (or its Lending Office) to maintain or fund

its LIBOR Advances, then upon notice to the Borrower by the Liquidity Provider, the outstanding principal amount of the LIBOR Advances shall be converted to Base Rate Advances (a) immediately upon demand of the Liquidity Provider, if such change or compliance with such request, in the judgment of the Liquidity Provider, requires immediate repayment; or (b) at the expiration of the last Interest Period to expire before the effective date of any such change or request.

#### ARTICLE IV

##### CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied or waived:

(a) The Liquidity Provider shall have received on or before the Closing Date each of the following, and in the case of each document delivered pursuant to paragraphs (i), (ii) and (iii), each in form and substance satisfactory to the Liquidity Provider:

(i) This Agreement duly executed on behalf of the Borrower;

(ii) The Intercreditor Agreement duly executed on behalf of each of the parties thereto;

(iii) Fully executed copies of each of the Operative Agreements executed and delivered on or before the Closing Date (other than this Agreement and the Intercreditor Agreement);

(iv) A copy of the Offering Memorandum and specimen copies of the Class B Certificates;

(v) An executed copy of each document, instrument, certificate and opinion delivered on or before the Closing Date pursuant to the Class B Trust Agreement, the Intercreditor Agreement and the other Operative Agreements (together with, in the case of each such opinion, other than the opinion of counsel

for the Initial Purchasers, a letter from the counsel rendering such opinion to the effect that the Liquidity Provider is entitled to rely on such opinion as of its date as if it were addressed to the Liquidity Provider);

(vi) Evidence that there shall have been made and shall be in full force and effect, all filings, recordings and/or registrations, and there shall have been given or taken any notice or other similar action as may be reasonably necessary or, to the extent reasonably requested by the Liquidity Provider, reasonably advisable, in order to establish, perfect, protect and preserve the right, title and interest, remedies, powers, privileges, liens and security interests of, or for the benefit of, the Trustees, the Borrower and the Liquidity Provider created by the Operative Agreements executed and delivered on or prior to the Closing Date;

(vii) An agreement from Continental, pursuant to which (i) Continental agrees to provide copies of quarterly financial statements and audited annual financial statements to the Liquidity Provider, and such other information as the Liquidity Provider shall reasonably request with respect to the transactions contemplated by the Operative Agreements, in each case, only to the extent that Continental is obligated to provide such information pursuant to Section 8.2.1 of the Leases (related to Leased Aircraft) or the corresponding section of the Indentures (related to Owned Aircraft) to the parties thereto and (ii) Continental agrees to allow the Liquidity Provider to inspect Continental's books and records regarding such transactions, and to discuss such transactions with officers and employees of Continental; and

(viii) Such other documents, instruments, opinions and approvals as the Liquidity Provider shall have reasonably requested.

(b) The following statement shall be true on and as of the Effective Date: No event has occurred and is continuing, or would result from the entering into of this Agreement or



the making of any Advance, which constitutes a Liquidity Event of Default.

(c) The Liquidity Provider shall have received payment in full of all fees and other sums required to be paid to or for the account of the Liquidity Provider on or prior to the Effective Date.

(d) All conditions precedent to the issuance of the Certificates under the Trust Agreements shall have been satisfied, all conditions precedent to the effectiveness of the other Liquidity Facilities shall have been satisfied, and all conditions precedent to the purchase of the Certificates by the Initial Purchasers under the Purchase Agreement shall have been satisfied (unless any of such conditions precedent shall have been waived by the Initial Purchasers).

(e) The Borrower shall have received a certificate, dated the date hereof, signed by a duly authorized representative of the Liquidity Provider, certifying that all conditions precedent to the effectiveness of Section 2.01 have been satisfied or waived.

Section 4.02. Conditions Precedent to Borrowing. The obligation of the Liquidity Provider to make an Advance on the occasion of each Borrowing shall be subject to the conditions precedent that the Effective Date shall have occurred and, prior to the date of such Borrowing, the Borrower shall have delivered a Notice of Borrowing which conforms to the terms and conditions of this Agreement and has been completed as may be required by the relevant form of the Notice of Borrowing for the type of Advances requested.

#### ARTICLE V

#### COVENANTS

Section 5.01. Affirmative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will, unless the Liquidity Provider shall otherwise consent in writing:

(a) Performance of This and Other Agreements. Punctually pay or cause to be paid all amounts payable by it under this Agreement and the other Operative Agreements and observe and perform in all material respects the conditions, covenants and requirements applicable to it contained in this Agreement and the other Operative Agreements.

(b) Reporting Requirements. Furnish to the Liquidity Provider with reasonable promptness, such other information and data with respect to the transactions contemplated by the Operative Agreements as from time to time may be reasonably requested by the Liquidity Provider; and permit the Liquidity Provider, upon reasonable notice, to inspect the Borrower's books and records with respect to such transactions and to meet with officers and employees of the Borrower to discuss such transactions.

(c) Certain Operative Agreements. Furnish to the Liquidity Provider with reasonable promptness, such Operative Agreements entered into after the date hereof as from time to time may be reasonably requested by the Liquidity Provider.

Section 5.02. Negative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will not appoint or permit or suffer to be appointed any successor Borrower without the written consent of the Liquidity Provider, which consent shall not be unreasonably withheld or delayed.

## ARTICLE VI

### LIQUIDITY EVENTS OF DEFAULT

Section 6.01. Liquidity Events of Default. If (a) any Liquidity Event of Default has occurred and is continuing and (b) there is a Performing Note Deficiency, the Liquidity Provider may, in its discretion, deliver to the Borrower a Termination Notice, the effect of which shall be to cause (i) this Agreement to expire on the fifth Business Day after the date on which such Termination Notice is received by the Borrower, (ii) the Borrower to promptly request, and the Liquidity Provider to promptly make, a Final Advance in accordance with Section 2.02(d) hereof and

Section 3.6(i) of the Intercreditor Agreement, (iii) all other outstanding Advances to be automatically converted into Final Advances for purposes of determining the Applicable Liquidity Rate for interest payable thereon, and (iv) subject to Sections 2.07 and 2.09 hereof, all Advances (including, without limitation, any Provider Advance and Applied Provider Advance), any accrued interest thereon and any other amounts outstanding hereunder to become immediately due and payable to the Liquidity Provider.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Liquidity Provider, and, in the case of an amendment or of a waiver by the Borrower, the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.02. Notices, Etc. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telecopier and mailed or delivered or sent by telecopier):

Borrower: WILMINGTON TRUST COMPANY  
 Rodney Square North  
 1100 North Market Square  
 Wilmington, DE 19890-0001  
  
 Attention: Corporate Trust Administration  
 Telephone: (302) 651-1000  
 Telecopy: (302) 651-8882

Liquidity  
 Provider: ABN AMRO BANK N.V.  
 Aerospace Department  
 135 South LaSalle Street, #760  
 Chicago, IL 60674-9135

Attention: Lukas van der Hoef  
Telephone: (312) 904-2836  
Telecopy: (312) 606-8428

with a copy to:

ABN AMRO Bank N.V.  
135 South LaSalle St., #625  
Chicago, IL 60674-9135

Attention: Loan Operations  
Telephone: (312) 904-2836  
Telecopy: (312) 606-8428

or, as to each of the foregoing, at such other address as shall be designated by such Person in a written notice to the others. All such notices and communications shall be effective (i) if given by telecopier, when transmitted to the telecopier number specified above, (ii) if given by mail, when deposited in the mails addressed as specified above, and (iii) if given by other means, when delivered at the address specified above, except that written notices to the Liquidity Provider pursuant to the provisions of Articles II and III hereof shall not be effective until received by the Liquidity Provider. A copy of all notices delivered hereunder to either party shall in addition be delivered to each of the parties to the Participation Agreements at their respective addresses set forth therein.

Section 7.03. No Waiver; Remedies. No failure on the part of the Liquidity Provider to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 7.04. Further Assurances. The Borrower agrees to do such further acts and things and to execute and deliver to the Liquidity Provider such additional assignments, agreements, powers and instruments as the Liquidity Provider may reasonably require or deem advisable to carry into effect the purposes of this Agreement and the other Operative Agreements or to better assure and confirm unto the Liquidity Provider its rights, powers and remedies hereunder and under the other Operative Agreements.

Section 7.05. Indemnification; Survival of Certain Provisions. The Liquidity Provider shall be indemnified hereunder to the extent and in the manner described in Section 10.1 of the Participation Agreements and Section 6 of the Note Purchase Agreement. In addition, the Borrower agrees to indemnify, protect, defend and hold harmless the Liquidity Provider from, against and in respect of, and shall pay on demand, all Expenses of any kind or nature whatsoever (other than any Expenses of the nature described in Sections 3.01, 3.02 or 7.07 hereof or in the ABN AMRO Fee Letter (regardless of whether indemnified against pursuant to said Sections or in such Fee Letter)), that may be imposed, incurred by or asserted against any Liquidity Indemnitee, in any way relating to, resulting from, or arising out of or in connection with any action, suit or proceeding by any third party against such Liquidity Indemnitee and relating to this Agreement, the ABN AMRO Fee Letter, the Intercreditor Agreement or any Financing Agreement; provided, however, that the Borrower shall not be required to indemnify, protect, defend and hold harmless any Liquidity Indemnitee in respect of any Expense of such Liquidity Indemnitee (i) to the extent such Expense is attributable to the gross negligence or willful misconduct of such Liquidity Indemnitee or any other Liquidity Indemnitee, (ii) that is ordinary and usual operating overhead expense, and (iii) to the extent such Expense is attributable to the failure by such Liquidity Indemnitee or any other Liquidity Indemnitee to perform or observe any agreement, covenant or condition on its part to be performed or observed in this Agreement, the Intercreditor Agreement, the ABN AMRO Fee Letter, the Tax Letter or any other Operative Document to which it is a party. The indemnities contained in such Section 10.1, and the provisions of Sections 3.01, 3.02, 3.03, 3.09, 7.05 and 7.07 hereof, shall survive the termination of this Agreement.

Section 7.06. Liability of the Liquidity Provider. (a) Neither the Liquidity Provider nor any of its officers, employees, directors or affiliates shall be liable or responsible for: (i) the use which may be made of the Advances or any acts or omissions of the Borrower or any beneficiary or transferee in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (iii) the making of Advances by the Liquidity Provider against delivery of a Notice of Borrowing and other documents which do not comply with the terms hereof; provided, however, that the Borrower shall have a

claim against the Liquidity Provider, and the Liquidity Provider shall be liable to the Borrower, to the extent of any damages suffered by the Borrower which were the result of (A) the Liquidity Provider's willful misconduct or negligence in determining whether documents presented hereunder comply with the terms hereof, or (B) any breach by the Liquidity Provider of any of the terms of this Agreement, including, but not limited to, the Liquidity Provider's failure to make lawful payment hereunder after the delivery to it by the Borrower of a Notice of Borrowing strictly complying with the terms and conditions hereof.

(b) Neither the Liquidity Provider nor any of its officers, employees, director or affiliates shall be liable or responsible in any respect for (i) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with this Agreement or any Notice of Borrowing delivered hereunder, or (ii) any action, inaction or omission which may be taken by it in good faith, absent willful misconduct or negligence (in which event the extent of the Liquidity Provider's potential liability to the Borrower shall be limited as set forth in the immediately preceding paragraph), in connection with this Agreement or any Notice of Borrowing.

Section 7.07. Costs, Expenses and Taxes. The Borrower agrees to pay, or cause to be paid (A) on the Effective Date and on such later date or dates on which the Liquidity Provider shall make demand, all reasonable out-of-pocket costs and expenses (including, without limitation, the reasonable fees and expenses of outside counsel for the Liquidity Provider) of the Liquidity Provider in connection with the preparation, negotiation, execution, delivery, filing and recording of this Agreement, any other Operative Agreement and any other documents which may be delivered in connection with this Agreement and (B) on demand, all reasonable costs and expenses (including reasonable counsel fees and expenses) of the Liquidity Provider in connection with (i) the enforcement of this Agreement or any other Operative Agreement, (ii) the modification or amendment of, or supplement to, this Agreement or any other Operative Agreement or such other documents which may be delivered in connection herewith or therewith (whether or not the same shall become effective) or (iii) any action or proceeding relating to any order, injunction, or other process or decree restraining or seeking to restrain the Liquidity Provider from paying any amount under this Agreement, the Intercreditor Agreement or any other Operative Agreement or

otherwise affecting the application of funds in the Cash Collateral Accounts. In addition, the Borrower shall pay any and all recording, stamp and other similar taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, any other Operative Agreement and such other documents, and agrees to save the Liquidity Provider harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees.

Section 7.08. Binding Effect; Participations.

(a) This Agreement shall be binding upon and inure to the benefit of the Borrower and the Liquidity Provider and their respective successors and assigns, except that neither the Liquidity Provider (except as otherwise provided in this Section 7.08) nor (except as contemplated by Section 3.08) the Borrower shall have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of the other party, subject to the requirements of Section 7.08(b). The Liquidity Provider may grant participations herein or in any of its rights hereunder (including, without limitation, funded participations and participations in rights to receive interest payments hereunder) and under the other Operative Agreements to such Persons as the Liquidity Provider may in its sole discretion select, subject to the requirements of Section 7.08(b). No such participation by the Liquidity Provider, however, will relieve the Liquidity Provider of its obligations hereunder. In connection with any participation or any proposed participation, the Liquidity Provider may disclose to the participant or the proposed participant any information that the Borrower is required to deliver or to disclose to the Liquidity Provider pursuant to this Agreement. The Borrower acknowledges and agrees that the Liquidity Provider's source of funds may derive in part from its participants (other than Continental). Accordingly, references in this Agreement and the other Operative Agreements to determinations, reserve and capital adequacy requirements, increased costs, reduced receipts, additional amounts due pursuant to Section 3.03(a) and the like as they pertain to the Liquidity Provider shall be deemed also to include those of each of its participants (subject, in each case, to the maximum amount that would have been incurred by or attributable to the Liquidity Provider directly if the Liquidity Provider, rather than the participant, had held the interest participated).

(b) If, pursuant to subsection (a) above, the Liquidity Provider sells any participation in this Agreement to any bank or other entity (each, a "Transferee"), then, concurrently with the effectiveness of such transfer, the Transferee shall (i) represent to the Liquidity Provider (for the benefit of the Liquidity Provider and the Borrower) either (A) that it is incorporated under the laws of the United States or a state thereof or (B) that under applicable law and treaties, no taxes will be required to be withheld with respect to any payments to be made to such Transferee in respect of this Agreement, (ii) furnish to the Liquidity Provider and the Borrower either (x) a statement that it is incorporated under the laws of the United States or a state thereof or (y) if it is not so incorporated, two copies of a properly completed United States Internal Revenue Service Form 4224 or Form 1001, as appropriate, or other applicable form, certificate or document prescribed by the Internal Revenue Service certifying, in each case, such Transferee's entitlement to a complete exemption from United States federal withholding tax in respect to any and all payments to be made hereunder, and (iii) agree (for the benefit of the Liquidity Provider and the Borrower) to provide the Liquidity Provider and the Borrower a new Form 4224 or Form 1001, as appropriate, (A) on or before the date that any such form expires or becomes obsolete or (B) after the occurrence of any event requiring a change in the most recent form previously delivered by it and prior to the immediately following due date of any payment by the Borrower hereunder, certifying in the case of a Form 1001 or Form 4224 that such Transferee is entitled to a complete exemption from United States federal withholding tax on payments under this Agreement. Unless the Borrower has received forms or other documents reasonably satisfactory to it (and required by applicable law) indicating that payments hereunder are not subject to United States federal withholding tax, the Borrower will withhold taxes as required by law from such payments at the applicable statutory rate.

(c) Notwithstanding the other provisions of this Section 7.08, the Liquidity Provider may assign and pledge all or any portion of the Advances owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Advances made by the Borrower to the Liquidity Provider in accordance with the terms of this Agreement shall satisfy the



Borrower's obligations hereunder in respect of such assigned Advance to the extent of such payment. No such assignment shall release the Liquidity Provider from its obligations hereunder.

Section 7.09. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 7.10. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 7.11. Submission to Jurisdiction; Waiver of Jury Trial; Waiver of Immunity. (a) Each of the parties hereto hereby irrevocably and unconditionally:

- (i) submits for itself and its property in any legal action or proceeding relating to this Agreement or any other Operative Agreement, or for recognition and enforcement of any judgment in respect hereof or thereof, to the nonexclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and the appellate courts from any thereof;
- (ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;
- (iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form and mail), postage prepaid, to each party hereto at its address set forth in Section 7.02 hereof, or at such other address of which the Liquidity

Provider shall have been notified pursuant thereto; and

- (iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(b) THE BORROWER AND THE LIQUIDITY PROVIDER EACH HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE RELATIONSHIP THAT IS BEING ESTABLISHED, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. The Borrower and the Liquidity Provider each warrant and represent that it has reviewed this waiver with its legal counsel, and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, AND CANNOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

(c) The Liquidity Provider hereby waives any immunity it may have from the jurisdiction of the courts of the United States or of any State and waives any immunity any of its properties located in the United States may have from attachment or execution upon a judgement entered by any such court under the United States Foreign Sovereign Immunities Act of 1976 or any similar successor legislation.

Section 7.12. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

Section 7.13. Entirety. This Agreement, the Intercreditor Agreement and the other Operative Agreements to which the Liquidity Provider is a party constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior understandings and agreements of such parties.

Section 7.14. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 7.15. Transfer. The Liquidity Provider hereby acknowledges and consents to the Transfer contemplated by the Assignment and Assumption Agreement.

Section 7.16. LIQUIDITY PROVIDER'S OBLIGATION TO MAKE ADVANCES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE OBLIGATIONS OF THE LIQUIDITY PROVIDER TO MAKE ADVANCES HEREUNDER, AND THE BORROWER'S RIGHTS TO DELIVER NOTICES OF BORROWING REQUESTING THE MAKING OF ADVANCES HEREUNDER, SHALL BE UNCONDITIONAL AND IRREVOCABLE, AND SHALL BE PAID OR PERFORMED, IN EACH CASE STRICTLY IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

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

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as agent and trustee for the Class B Trust, as Borrower

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

Name:  
Title:

ABN  
AMRO BANK N.V., Chicago Branch,  
as Liquidity Provider

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

Name:  
Title:

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

Name:  
Title:

Annex I to  
Revolving Credit Agreement

## INTEREST ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ABN AMRO N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1B) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of an Interest Advance by the Liquidity Provider to be used, subject to clause (3)(v) below, for the payment of the Stated Portion of the interest on the Class B Certificates which was payable on \_\_\_\_\_, \_\_\_\_ (the "Distribution Date") in accordance with the terms and provisions of the Class B Trust Agreement and the Class B Certificates pursuant to clause fifth of Section 3.2 of the Intercreditor Agreement or clause seventh of Section 3.3 of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Interest Advance requested hereby (i) is \$\_\_\_\_\_, to be applied in respect of the payment of the Stated Portion of the interest which was due and payable on the Class B Certificates on the Distribution Date, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class A Certificates, Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, or interest on the Class A Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class B Certificates, the Class B Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), (iv) does not exceed the Maximum Available Commitment on the date hereof, (v) does not include any amount of interest which was due and payable on the Class B Certificates on

such Distribution Date but which remains unpaid due to the failure of the Depositary to pay any amount of accrued interest on the Certificates of Deposit on such Distribution Date and (vi) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will apply the same in accordance with the terms of Section 3.2 or 3.3 of the Intercreditor Agreement, as the case may be, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, the making of the Interest Advance as requested by this Notice of Borrowing shall automatically reduce, subject to reinstatement in accordance with the terms of the Liquidity Agreement, the Maximum Available Commitment by an amount equal to the amount of the Interest Advance requested to be made hereby as set forth in clause (i) of paragraph (3) of this Certificate and such reduction shall automatically result in corresponding reductions in the amounts available to be borrowed pursuant to a subsequent Advance.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its  
individual capacity but solely as  
Subordination Agent, as Borrower

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

SCHEDULE I TO INTEREST ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with  
Interest Advance Notice of Borrowing]

Annex II to  
Revolving Credit Agreement

## NON-EXTENSION ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1B) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Non-Extension Advance by the Liquidity Provider to be used for the funding of the ABN AMRO Sub-Account of the Class B Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Non-Extension Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ABN AMRO Sub-Account of the Class B Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class B Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class B Certificates, the Class B Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ABN AMRO Sub-Account of the Class B Cash

Collateral Account and apply the same in accordance with the terms of Section 3.6(d) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Non-Extension Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Non-Extension Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as Borrower

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



SCHEDULE I TO NON-EXTENSION ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with  
Non-Extension Advance Notice of Borrowing]

Annex III to  
Revolving Credit Agreement

DOWNGRADE ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1B) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Downgrade Advance by the Liquidity Provider to be used for the funding of the ABN AMRO Sub-Account of the Class B Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement by reason of the downgrading of the short-term unsecured debt rating of the Liquidity Provider issued by either Rating Agency below the Threshold Rating, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Downgrade Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ABN AMRO Sub-Account of the Class B Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class B Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class B Certificates, the Class B Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ABN AMRO Sub-Account of the Class B Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(c) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Downgrade Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Downgrade Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its  
individual capacity but solely as  
Subordination Agent, as Borrower

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

SCHEDULE I TO DOWNGRADE ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with  
Downgrade Advance Notice of Borrowing]

Annex IV to  
Revolving Credit Agreement

## FINAL ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1B) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Final Advance by the Liquidity Provider to be used for the funding of the ABN AMRO Sub-Account of the Class B Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement by reason of the receipt by the Borrower of a Termination Notice from the Liquidity Provider with respect to the Liquidity Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Final Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ABN AMRO Sub-Account of the Class B Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class B Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class B Certificates, the Class B Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ABN AMRO Sub-Account of the Class B Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(i) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Final Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Final Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as Borrower

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

SCHEDULE I TO FINAL ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with  
Final Advance Notice of Borrowing]

NOTICE OF TERMINATION

[Date]

Wilmington Trust Company,  
as Subordination Agent, as Borrower  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0001

Attention: Corporate Trust Administration

Revolving Credit Agreement dated as of March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust, 1997-1B-[O/S], as Borrower, and ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Agreement")

-----  
Ladies and Gentlemen:

You are hereby notified that pursuant to Section 6.01 of the Liquidity Agreement, by reason of the occurrence of a Liquidity Event of Default and the existence of a Performing Note Deficiency (each as defined therein), we are giving this notice to you in order to cause (i) our obligations to make Advances (as defined therein) under such Liquidity Agreement to terminate on the fifth Business Day after the date on which you receive this notice and (ii) you to request a Final Advance under the Liquidity Agreement pursuant to Section 3.6(i) of the Intercreditor Agreement (as defined in the Liquidity Agreement) as a consequence of your receipt of this notice.



THIS NOTICE IS THE "NOTICE OF TERMINATION" PROVIDED FOR UNDER THE LIQUIDITY AGREEMENT. OUR OBLIGATIONS TO MAKE ADVANCES UNDER THE LIQUIDITY AGREEMENT WILL TERMINATE ON THE FIFTH BUSINESS DAY AFTER THE DATE ON WHICH YOU RECEIVE THIS NOTICE.

Very truly yours,

ABN AMRO BANK N.V., Chicago Branch, as  
Liquidity Provider

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

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

cc: Wilmington Trust Company,  
as Class B Trustee

Annex VI to  
Revolving Credit Agreement

NOTICE OF REPLACEMENT SUBORDINATION AGENT

[Date]  
Attention:

Revolving Credit Agreement dated as of March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust, 1997-1B-[O/S], as Borrower, and ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Agreement")

-----  
Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

\_\_\_\_\_  
[Name of Transferee]

\_\_\_\_\_  
[Address of Transferee]

all rights and obligations of the undersigned as Borrower under the Liquidity Agreement referred to above. The transferee has succeeded the undersigned as Subordination Agent under the Intercreditor Agreement referred to in the first paragraph of the Liquidity Agreement, pursuant to the terms of Section 8.1 of the Intercreditor Agreement.

By this transfer, all rights of the undersigned as Borrower under the Liquidity Agreement are transferred to the transferee and the transferee shall hereafter have the sole rights and obligations as Borrower thereunder. The undersigned shall pay any costs and expenses of such transfer, including, but not limited to, transfer taxes or governmental charges.

We ask that this transfer be effective as of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in  
its individual capacity but solely as  
Subordination Agent, as Borrower

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

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REVOLVING CREDIT AGREEMENT  
(1997-1B)

Dated as of March 21, 1997

between

WILMINGTON TRUST COMPANY,

as Subordination Agent,  
as agent and trustee for the  
Continental Airlines Pass Through Trust 1997-1B-0

as Borrower

and

ING Bank N.V.

as Liquidity Provider  
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Relating to

Continental Airlines Pass Through Trust 1997-1B-0  
7.461% Continental Airlines Pass Through Certificates,  
Series 1997-1B-0

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## REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT dated as of MarchE21, 1997, between WILMINGTON TRUST COMPANY, a Delaware corporation, not in its individual capacity but solely as Subordination Agent under the Intercreditor Agreement (each as defined below), as agent and trustee for the Class B Trust (as defined below) (the "Borrower"), and ING BANK N.V., a bank organized under the laws of The Netherlands ("ING" or the "Liquidity Provider").

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

WHEREAS, pursuant to the Class B Trust Agreement (such term and all other capitalized terms used in these recitals having the meanings set forth or referred to in Section 1.01), the Class B Trust is issuing the Class B Certificates; and

WHEREAS, the Borrower, in order to support the timely payment of a portion of the interest on the Class B Certificates in accordance with their terms, has requested the Liquidity Provider to enter into this Agreement, providing in part for the Borrower to request in specified circumstances that Advances be made hereunder.

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

## ARTICLE I

## DEFINITIONS

Section 1.01. Certain Defined Terms. (a) Definitions. As used in this Agreement and unless otherwise expressly indicated, or unless the context clearly requires otherwise, the following capitalized terms shall have the following respective meanings for all purposes of this Agreement:

"Additional Cost" has the meaning assigned to such term in Section 3.01.

"Advance" means an Interest Advance, a Final Advance, a Provider Advance, an Applied Provider Advance or an Unpaid Advance, as the case may be.

"Applicable Liquidity Rate" has the meaning assigned to such term in Section 3.07(g).

"Applicable Margin" means (w) with respect to any Unpaid Advance or Applied Provider Advance that is a LIBOR Advance, 1.75%, (x) with respect to any Unpaid Advance or Applied Provider Advance that is a Base Rate Advance, 1.75%, (y) with respect to any Unapplied Provider Advance that is a LIBOR Advance, .40% and (z) with respect to any Unapplied Provider Advance that is a Base Rate Advance, .40%.

"Applied Downgrade Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Non-Extension Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Provider Advance" has the meaning assigned to such term in Section 2.06(a).

"Assignment and Assumption Agreement" means the Assignment and Assumption to be entered into between the Borrower and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Class B Trust Agreement.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to (a) the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Liquidity Provider from three Federal funds brokers of recognized standing selected by it, plus (b) one-quarter of one percent (1/4 or 1%).

"Base Rate Advance" means an Advance that bears interest at a rate based upon the Base Rate.

"Borrower" has the meaning assigned to such term in the recital of parties to this Agreement.

"Borrowing" means the making of Advances requested by delivery of a Notice of Borrowing.



"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in Houston, Texas, New York, New York, Amsterdam, The Netherlands or, so long as any Class B Certificate is outstanding, the city and state in which the Class B Trustee, the Borrower or any Loan Trustee maintains its Corporate Trust Office or receives or disburses funds, and, if the applicable Business Day relates to any Advance or other amount bearing interest based on the LIBOR Rate, on which dealings are carried on in the London interbank market.

"Certificates of Deposit" has the meaning assigned to such term in the Deposit Agreement.

"Deposits" has the meaning assigned to such terms in the Deposit Agreement.

"Depository" has the meaning assigned to such term in the Deposit Agreement.

"Deposit Agreement" means the Deposit Agreement dated March 21, 1997 between First Security Bank, National Association, as Escrow Agent and Credit Suisse First Boston, as Depository, pertaining to the Class B Certificates, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof.

"Downgrade Advance" means an Advance made pursuant to Section 2.02(c).

"Effective Date" has the meaning specified in Section 4.01. The delivery of the certificate of the Liquidity Provider contemplated by Section 4.01(e) shall be conclusive evidence that the Effective Date has occurred.

"Expenses" means liabilities, obligations, damages, settlements, penalties, claims, actions, suits, costs, expenses, and disbursements (including, without limitation, reasonable fees and disbursements of legal counsel and costs of investigation), provided that Expenses shall not include any Taxes.

"Excluded Taxes" means (i) taxes imposed on the overall net income of the Liquidity Provider or of its Lending Office by the jurisdiction where such Liquidity Provider's principal office or such Lending Office is located, and (ii) Excluded Withholding Taxes.

"Excluded Withholding Taxes" means (i) withholding Taxes imposed by the United States except to the extent that such United States withholding Taxes are imposed as a result of any change in applicable law after the date hereof (excluding from change in applicable law for this purpose a change in an applicable treaty or other change in law affecting the applicability of a treaty), or in the case of a successor Liquidity Provider (including a transferee of an Advance) or Lending Office, after the date on which such successor Liquidity Provider obtains its interest or on which the Lending Office is changed, and (ii) any withholding Taxes imposed by the United States which are imposed or increased as a result of the Liquidity Provider failing to deliver to the Borrower any certificate or document (which certificate or document in the good faith judgment of the Liquidity Provider it is legally entitled to provide) which is reasonably requested by the Borrower to establish that payments under this Agreement are exempt from (or entitled to a reduced rate of) withholding Tax.

"Expiry Date" means March 19, 1998, initially, or any date to which the Expiry Date is extended pursuant to Section 2.10.

"Final Advance" means an Advance made pursuant to Section 2.02(d).

"Intercreditor Agreement" means the Intercreditor Agreement dated the date hereof, among the Trustees, the Liquidity Provider, the liquidity provider under each Liquidity Facility (other than this Agreement) and the Subordination Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Interest Advance" means an Advance made pursuant to Section 2.02(a).

"Interest Period" means, with respect to any LIBOR Advance, each of the following periods:

- (i) the period beginning on the third Business Day following the Liquidity Provider's receipt of the

Notice of Borrowing for such LIBOR Advance (or, in the case of an Unapplied Downgrade Advance, the period beginning on the Expiry Date) and ending on the next Regular Distribution Date; and

- (ii) each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the next Regular Distribution Date;

provided, however, that (I) if an Unapplied Provider Advance which is a LIBOR Advance becomes an Applied Provider Advance, the Interest Period then applicable to such Unapplied Provider Advance shall be applicable to such Applied Provider Advance and (II) if (x) the Final Advance shall have been made, or (y) other outstanding Advances shall have been converted into the Final Advance, then the Interest Periods shall be successive periods of one month beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Final Advance (in the case of clause (x) above) or the Regular Distribution Date following such conversion (in the case of clause (y) above).

"Lending Office" means the lending office of the Liquidity Provider presently located at Amsterdam, The Netherlands, or such other lending office as the Liquidity Provider from time to time shall notify the Borrower as its lending office hereunder; provided that the Liquidity Provider shall not change its Lending Office to a Lending Office outside the United States of America except in accordance with Section 3.01, 3.02 or 3.03 hereof.

"LIBOR Advance" means an Advance bearing interest at a rate based upon the LIBOR Rate.

"LIBOR Rate" means, with respect to any Interest Period, the average (rounded upward, if necessary, to the next higher 1/16 of 1%) of the rates per annum at which deposits in dollars are offered to major banks in the London interbank market at approximately 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Advance to which such Interest Period is to apply and for a period of time comparable to such Interest Period.

"Liquidity Event of Default" means the occurrence of either (a) the acceleration of all of the Equipment Notes (provided that, with respect to the period prior to the Delivery Period Expiry Date, such Equipment Notes have an aggregate outstanding principal balance in excess of \$280,000,000) or (b) a Continental Bankruptcy Event.

"Liquidity Indemnitee" means (i) the Liquidity Provider, (ii) the directors, officers, employees and agents of the Liquidity Provider, and (iii) the successors and permitted assigns of the persons described in clauses (i) and (ii), inclusive.

"Liquidity Provider" has the meaning assigned to such term in the recital of parties to this Agreement.

"Maximum Available Commitment" shall mean, subject to the proviso contained in the third sentence of Section 2.02(a), at any time of determination, (a) the Maximum Commitment at such time less (b) the aggregate amount of each Interest Advance outstanding at such time; provided that following a Provider Advance or a Final Advance, the Maximum Available Commitment shall be zero.

"Maximum Commitment" means, for any day, the lesser of (x) \$9,020,603.58 and (y) the Stated Portion of the Required Amount on such day.

"Non-Extension Advance" means an Advance made pursuant to Section 2.02(b).

"Notice of Borrowing" has the meaning specified in Section 2.02(e).

"Notice of Replacement Subordination Agent" has the meaning specified in Section 3.08.

"Offering Memorandum" means the Offering Memorandum dated March 12, 1997 relating to the Certificates, as such Offering Memorandum may be amended or supplemented.

"Performing Note Deficiency" means any time that less than 65 % of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes.

"Provider Advance" means a Downgrade Advance or a Non-Extension Advance.

"Regulatory Change" has the meaning assigned to such term in Section 3.01.

"Replenishment Amount" has the meaning assigned to such term in Section 2.06(b).

"Required Amount" means, for any day, the sum of the aggregate amount of interest, calculated at the rate per annum equal to the Stated Interest Rate for the Class B Certificates, that would be payable on the Class B Certificates on each of the three successive semiannual Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the succeeding two semiannual Regular Distribution Dates, in each case calculated on the basis of the Pool Balance of the Class B Certificates on such day and without regard to expected future payments of principal on the Class B Certificates.

"Stated Portion" means 50%.

"Successor Trust" means Continental Airlines Pass Through Trust 1997-1B-S.

"Tax Letter" means the letter dated the date hereof between the Liquidity Provider and Continental pertaining to this Agreement.

"Termination Date" means the earliest to occur of the following: (i) the Expiry Date; (ii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that all of the Class B Certificates have been paid in full (or provision has been made for such payment in accordance with the Intercreditor Agreement and the Trust Agreements) or are otherwise no longer entitled to the benefits of this Agreement; (iii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that a Replacement Liquidity Facility has been substituted for this Agreement in full pursuant to Section 3.6(e) of the Intercreditor Agreement; (iv) the fifth Business Day following the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof; and (v) the date on which no Advance is or may

(including by reason of reinstatement as herein provided) become available for a Borrowing hereunder.

"Termination Notice" means the Notice of Termination substantially in the form of Annex V to this Agreement.

"Transferee" has the meaning assigned to such term in Section 7.08(b).

"Unapplied Downgrade Advance" means any Downgrade Advance other than an Applied Downgrade Advance.

"Unapplied Provider Advance" means any Provider Advance other than an Applied Provider Advance.

"Unpaid Advance" has the meaning assigned to such term in Section 2.05.

(b) Terms Defined in the Intercreditor Agreement. For all purposes of this Agreement, the following terms shall have the respective meanings assigned to such terms in the Intercreditor Agreement:

"Certificates", "Class A Certificates", "Class B Cash Collateral Account", "Class B Certificates", "Class B Certificateholders", "Class B Trust", "Class B Trust Agreement", "Class B Trustee", "Class C-I Certificates", "Class C-II Certificates", "Closing Date", "Continental", "Continental Bankruptcy Event", "Controlling Party", "Corporate Trust Office", "Delivery Period Expiry Date", "Distribution Date", "Downgraded Facility", "Equipment Notes", "Financing Agreement", "Indenture", "ING Fee Letter", "ING Sub-Account", "Initial Purchasers", "Investment Earnings", "Liquidity Facility", "Loan Trustee", "Moody's", "Non-Extended Facility", "Note Purchase Agreement", "Operative Agreements", "Performing Equipment Note", "Person", "Pool Balance", "Purchase Agreement", "Rating Agency", "Registration Rights Agreement", "Regular Distribution Date", "Replacement Liquidity Facility", "Responsible Officer", "Scheduled Payment", "Special Payment", "Standard & Poor's", "Stated Interest Rate", "Sub-Account", "Subordination Agent", "Taxes", "Threshold Rating", "Transfer", "Trust Agreements", "Trustee" and "Written Notice".

(c) Interest on Certificates. For all purposes of this Agreement, each scheduled payment with respect to a Class B Certificate shall be deemed to be comprised of interest and principal components, with the interest component equalling interest accrued at the Stated Interest Rate for the Class B Certificates from (i) the later of (x) the date of issuance thereof and (y) the most recent but preceding Regular Distribution Date to (ii) the Regular Distribution Date on which such Scheduled Payment is being made, such interest to be considered payable in arrears on such Regular Distribution Date and to be calculated and allocated in the same manner as interest on the Class B Equipment Notes.

## ARTICLE II

### AMOUNT AND TERMS OF THE COMMITMENT

Section 2.01. The Advances. The Liquidity Provider hereby irrevocably agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until 12:00 Noon (New York City time) on the Expiry Date (unless the obligations of the Liquidity Provider shall be earlier terminated in accordance with the terms of Section 2.04(b)) in an aggregate amount at any time outstanding not to exceed the Maximum Commitment.

Section 2.02. Making the Advances. (a) Interest Advances shall be made in one or more Borrowings by delivery to the Liquidity Provider of one or more written and completed Notices of Borrowing in substantially the form of Annex I attached hereto, signed by a Responsible Officer of the Borrower, in an amount not exceeding the Maximum Available Commitment at such time and shall be used solely for the payment when due of the Stated Portion of interest on the Class B Certificates at the Stated Interest Rate therefor in accordance with Section 3.6(a) of the Intercreditor Agreement. Each Interest Advance made hereunder shall automatically reduce the Maximum Available Commitment and the amount available to be borrowed hereunder by subsequent Advances by the amount of such Interest Advance (subject to reinstatement as provided in the next sentence). Upon repayment to the Liquidity Provider in full of the amount of any Interest Advance made pursuant to this Section 2.02(a), together with accrued interest thereon (as provided herein), the Maximum Available Commitment shall be reinstated by the amount of such repaid Interest Advance, but not to exceed the Maximum

Commitment; provided, however, that the Maximum Available Commitment shall not be so reinstated at any time if (i) a Liquidity Event of Default shall have occurred and be continuing and (ii) there is a Performing Note Deficiency.

(b) A Non-Extension Advance shall be made in a single Borrowing if this Agreement is not extended in accordance with Section 3.6(d) of the Intercreditor Agreement (unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(d)) by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex II attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ING Sub-Account of the Class B Cash Collateral Account in accordance with said Section 3.6(d).

(c) A Downgrade Advance shall be made in a single Borrowing upon a downgrading of the Liquidity Provider's short-term unsecured debt rating issued by either Rating Agency below the Threshold Rating (as provided for in Section 3.6(c) of the Intercreditor Agreement) unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(c), by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex III attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ING Sub-Account of the Class B Cash Collateral Account in accordance with said Section 3.6(c).

(d) A Final Advance shall be made in a single Borrowing upon the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex IV attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ING Sub-Account of the Class B Cash Collateral Account (in accordance with Section 3.6(i) of the Intercreditor Agreement).

(e) Each Borrowing shall be made on notice in writing (a "Notice of Borrowing") in substantially the form required by Section 2.02(a), 2.02(b), 2.02(c) or 2.02(d), as the case may be,



given by the Borrower to the Liquidity Provider. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing no later than 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the first Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and immediately available funds, the amount of such Borrowing. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing after 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the second Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified by the Borrower in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and in immediately available funds, the amount of such Borrowing. Payments of proceeds of a Borrowing shall be made by wire transfer of immediately available funds to the Borrower in accordance with such wire transfer instructions as the Borrower shall furnish from time to time to the Liquidity Provider for such purpose. Each Notice of Borrowing shall be irrevocable and binding on the Borrower.

(f) Upon the making of any Advance requested pursuant to a Notice of Borrowing, in accordance with the Borrower's payment instructions, the Liquidity Provider shall be fully discharged of its obligation hereunder with respect to such Notice of Borrowing, and the Liquidity Provider shall not thereafter be obligated to make any further Advances hereunder in respect of such Notice of Borrowing to the Borrower or to any other Person. Following the making of any Advance pursuant to Section 2.02(b), (c) or (d) hereof to fund the ING Sub-Account of the Class B Cash Collateral Account, the Liquidity Provider shall have no interest in or rights to the Class B Cash Collateral Account, any Sub-Account thereof, such Advance or any other amounts from time to time on deposit in the Class B Cash Collateral Account or any Sub-Account thereof; provided that the foregoing shall not affect or impair the obligations of the Subordination Agent to make the distributions contemplated by Section 3.6(e) or (f) of the Intercreditor Agreement. By paying

to the Borrower proceeds of Advances requested by the Borrower in accordance with the provisions of this Agreement, the Liquidity Provider makes no representation as to, and assumes no responsibility for, the correctness or sufficiency for any purpose of the amount of the Advances so made and requested.

Section 2.03. Fees. The Borrower agrees to pay to the Liquidity Provider the fees set forth in the ING Fee Letter.

Section 2.04. Adjustments or Termination of the Maximum Commitment. (a) Automatic Adjustments. Promptly following each date on which the Required Amount is (1) reduced as a result of a reduction in the Pool Balance of the Class B Certificates or otherwise, (2) increased as a result of an increase in the Stated Interest Rate or (3) subsequent to such an increase described in clause (2), reduced pursuant to the definition of "Stated Interest Rate", clause (y) of the definition of Maximum Commitment shall automatically be reduced or increased, as the case may be, to an amount equal to the Stated Portion of the Required Amount (as calculated by the Borrower). The Borrower shall give notice of any such automatic reduction or increase of the Maximum Commitment to the Liquidity Provider within two Business Days thereof. The failure by the Borrower to furnish any such notice shall not affect such automatic reduction or increase of the Maximum Commitment.

(b) Termination. Upon the making of any Provider Advance or Final Advance hereunder or the occurrence of the Termination Date, the obligation of the Liquidity Provider to make further Advances hereunder shall automatically and irrevocably terminate, and the Borrower shall not be entitled to request any further Borrowing hereunder.

Section 2.05. Repayments of Interest Advances or the Final Advance. Subject to Sections 2.06, 2.07 and 2.09 hereof, the Borrower hereby agrees, without notice of an Advance or demand for repayment from the Liquidity Provider (which notice and demand are hereby waived by the Borrower), to pay, or to cause to be paid, to the Liquidity Provider on each date on which the Liquidity Provider shall make an Interest Advance or the Final Advance, an amount equal to (a) the amount of such Advance (any such Advance, until repaid, is referred to herein as an "Unpaid Advance"), plus (b) interest on the amount of each such Unpaid Advance as provided in Section 3.07 hereof; provided that if (i) the Liquidity Provider shall make a Provider Advance at any time after making one or more Interest Advances which shall

not have been repaid in accordance with this Section 2.05 or (ii) this Liquidity Facility shall become a Downgraded Facility or Non-Extended Facility at any time when unreimbursed Interest Advances have reduced the Maximum Available Commitment to zero, then such Interest Advances shall cease to constitute Unpaid Advances and shall be deemed to have been changed into an Applied Downgrade Advance or an Applied Non-Extension Advance, as the case may be, for all purposes of this Agreement (including, without limitation, for the purpose of determining when such Interest Advance is required to be repaid to the Liquidity Provider in accordance with Section 2.06 and for the purposes of Section 2.06(b)). The Borrower and the Liquidity Provider agree that the repayment in full of each Interest Advance and Final Advance on the date such Advance is made is intended to be a contemporaneous exchange for new value given to the Borrower by the Liquidity Provider.

Section 2.06. Repayments of Provider Advances. (a) Amounts advanced hereunder in respect of a Provider Advance shall be deposited in the ING Sub-Account of the Class B Cash Collateral Account, invested and withdrawn from the ING Sub-Account of the Class B Cash Collateral Account as set forth in Sections 3.6(c), (d) and (f) of the Intercreditor Agreement. The Borrower agrees to pay to the Liquidity Provider, on each Regular Distribution Date, commencing on the first Regular Distribution Date after the making of a Provider Advance, interest on the principal amount of any such Provider Advance as provided in Section 3.07; provided, however, that amounts in respect of a Provider Advance withdrawn from the ING Sub-Account of the Class B Cash Collateral Account for the purpose of paying interest on the Class B Certificates in accordance with Section 3.6(f) of the Intercreditor Agreement (the amount of any such withdrawal being (y) in the case of a Downgrade Advance, an "Applied Downgrade Advance" and (z) in the case of a Non-Extension Advance, an "Applied Non-Extension Advance" and, together with an Applied Downgrade Advance, an "Applied Provider Advance") shall thereafter (subject to Section 2.06(b)) be treated as an Interest Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon; provided further, however, that if, following the making of a Provider Advance, the Liquidity Provider delivers a Termination Notice to the Borrower pursuant to Section 6.01 hereof, such Provider Advance shall thereafter be treated as a Final Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon. Subject to Sections 2.07 and

2.09 hereof, immediately upon the withdrawal of any amounts from the ING Sub-Account of the Class B Cash Collateral Account on account of a reduction in the Required Amount, the Borrower shall repay to the Liquidity Provider a portion of the Provider Advances in a principal amount equal to the Stated Portion of such reduction, plus interest on the principal amount prepaid as provided in Section 3.07 hereof.

(b) At any time when an Applied Provider Advance (or any portion thereof) is outstanding, upon the deposit in the ING Sub-Account of the Class B Cash Collateral Account of any amount pursuant to clause "third" of Section 2.4(b) of the Intercreditor Agreement, clause "third" of Section 3.2 of the Intercreditor Agreement or clause "fourth" of Section 3.3 of the Intercreditor Agreement (any such amount being a "Replenishment Amount") for the purpose of replenishing or increasing the balance thereof up to the Stated Portion of the Required Amount at such time, (i) the aggregate outstanding principal amount of all Applied Provider Advances (and of Provider Advances treated as an Interest Advance for purposes of determining the Applicable Liquidity Rate for interest payable thereon) shall be automatically reduced by the amount of such Replenishment Amount and (ii) the aggregate outstanding principal amount of all Unapplied Provider Advances shall be automatically increased by the amount of such Replenishment Amount.

(c) Upon the provision of a Replacement Liquidity Facility in replacement of this Agreement in accordance with Section 3.6(e) of the Intercreditor Agreement, amounts remaining on deposit in the ING Sub-Account of the Class B Cash Collateral Account after giving effect to any Applied Provider Advance on the date of such replacement shall be reimbursed to the Liquidity Provider, but only to the extent such amounts are necessary to repay in full to the Liquidity Provider all amounts owing to it hereunder.

Section 2.07. Payments to the Liquidity Provider Under the Intercreditor Agreement. In order to provide for payment or repayment to the Liquidity Provider of any amounts hereunder, the Intercreditor Agreement provides that amounts available and referred to in Articles II and III of the Intercreditor Agreement, to the extent payable to the Liquidity Provider pursuant to the terms of the Intercreditor Agreement (including, without limitation, Section 3.6(f) of the Intercreditor Agreement), shall be paid to the Liquidity Provider in accordance with the terms thereof. Amounts so paid to the Liquidity

Provider shall be applied by the Liquidity Provider to Liquidity Obligations then due and payable in such manner as it shall deem appropriate.

Section 2.08. Book Entries. The Liquidity Provider shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower resulting from Advances made from time to time and the amounts of principal and interest payable hereunder and paid from time to time in respect thereof; provided, however, that the failure by the Liquidity Provider to maintain such account or accounts shall not affect the obligations of the Borrower in respect of Advances.

Section 2.09. Payments from Available Funds Only. All payments to be made by the Borrower under this Agreement shall be made only from the Stated Portion of amounts that constitute Scheduled Payments, Special Payments or payments under Section 9.1 of the Participation Agreements and Sections 6 and 7 of the Note Purchase Agreement and only to the extent that the Borrower shall have sufficient income or proceeds therefrom to enable the Borrower to make payments in accordance with the terms hereof after giving effect to the priority of payments provisions set forth in the Intercreditor Agreement. The Liquidity Provider agrees that it will look solely to such amounts to the extent available for distribution to it as provided in the Intercreditor Agreement and this Agreement and that the Borrower, in its individual capacity, is not personally liable to it for any amounts payable or liability under this Agreement except as expressly provided in this Agreement, the Intercreditor Agreement or any Participation Agreement. Amounts on deposit in the ING Sub-Account of the Class B Cash Collateral Account shall be available to the Borrower to make payments under this Agreement only to the extent and for the purposes expressly contemplated in Section 3.6(f) of the Intercreditor Agreement. Amounts on deposit in the other Sub-Account in respect of the Class B Certificates shall not be available to make payments under this Agreement.

Section 2.10. Extension of the Expiry Date; Non-Extension Advance. No earlier than the 60th day and no later than the 40th day prior to the then effective Expiry Date (unless such Expiry Date is on or after the date that is 15 days after the Final Maturity Date for the Class B Certificates), the Borrower shall request that the Liquidity Provider extend the Expiry Date for a period of 364 days after the then effective Expiry Date (unless the obligations of the Liquidity Provider

are earlier terminated in accordance with the terms hereof). The Liquidity Provider shall advise the Borrower, no earlier than 40 days and no later than 25 days prior to the then effective Expiry Date, whether, in its sole discretion, it agrees to so extend the Expiry Date. If the Liquidity Provider advises the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall not be so extended, or fails to irrevocably and unconditionally advise the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall be so extended (and, in each case, if the Liquidity Provider shall not have been replaced in accordance with Section 3.6(e) of the Intercreditor Agreement), the Borrower shall be entitled on and after such 25th day (but prior to the then effective Expiry Date) to request a Non-Extension Advance in accordance with Section 2.02(b) hereof and Section 3.6(d) of the Intercreditor Agreement.

### ARTICLE III

#### OBLIGATIONS OF THE BORROWER

Section 3.01. Increased Costs. Subject to the ING Fee Letter, the Borrower shall pay to the Liquidity Provider from time to time such amounts as may be necessary to compensate the Liquidity Provider for any increased costs incurred by the Liquidity Provider which are attributable to its making or maintaining any LIBOR Advances hereunder or its obligation to make any such Advances hereunder, or any reduction in any amount receivable by the Liquidity Provider under this Agreement or the Intercreditor Agreement in respect of any such Advances or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any change after the date of this Agreement in U.S. federal, state, municipal, or foreign laws or regulations (including Regulation D), or the adoption or making after the date of this Agreement of any interpretations, directives, or requirements applying to a class of banks including the Liquidity Provider under any U.S. federal, state, municipal, or any foreign laws or regulations (whether or not having the force of law) by any court, central bank or monetary authority charged with the interpretation or administration thereof (a "Regulatory Change"), which: (1) changes the basis of taxation of any amounts payable to the Liquidity Provider under this Agreement in respect of any such Advances (other than Excluded Taxes); or (2) imposes or modifies any reserve, special deposit, compulsory loan or similar requirements relating to any extensions of credit or other assets

of, or any deposits with other liabilities of, the Liquidity Provider (including any such Advances or any deposits referred to in the definition of LIBOR Rate or related definitions). The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.01 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.01 of the effect of any Regulatory Change on its costs of making or maintaining Advances or on amounts receivable by it in respect of Advances, and of the additional amounts required to compensate the Liquidity Provider in respect of any Additional Costs, shall be prima facie evidence of the amount owed under this Section.

Section 3.02. Capital Adequacy. Subject to the ING Fee Letter, if (1) the adoption, after the date hereof, of any applicable governmental law, rule or regulation regarding capital adequacy, (2) any change, after the date hereof, in the interpretation or administration of any such law, rule or regulation by any central bank or other governmental authority charged with the interpretation or administration thereof or (3) compliance by the Liquidity Provider or any corporation controlling the Liquidity Provider with any applicable guideline or request of general applicability, issued after the date hereof, by any central bank or other governmental authority (whether or not having the force of law) that constitutes a change of the nature described in clause (2), has the effect of requiring an increase in the amount of capital required to be maintained by the Liquidity Provider or any corporation controlling the Liquidity Provider, and such increase is based upon the Liquidity Provider's obligations hereunder and other similar obligations, the Borrower shall pay to the Liquidity Provider from time to time such additional amount or amounts as are necessary to compensate the Liquidity Provider for such

portion of such increase as shall be reasonably allocable to the Liquidity Provider's obligations to the Borrower hereunder. The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise materially disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.02 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.02 of the effect of any increase in the amount of capital required to be maintained by the bank and of the amount allocable to the Liquidity Provider's obligations to the Borrower hereunder shall be prima facie evidence of the amounts owed under this Section.

Section 3.03. Payments Free of Deductions. (a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without reduction for or on account of, any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected, withheld or assessed, excluding Excluded Taxes (such non-excluded taxes being referred to herein, collectively, as "Non-Excluded Taxes" and, individually, as a "Non-Excluded Tax"). If any Non-Excluded Taxes are required to be withheld from any amounts payable to the Liquidity Provider under this Agreement, the amounts so payable to the Liquidity Provider shall be increased to the extent necessary to yield to the Liquidity Provider (after payment of all Non-Excluded Taxes) interest or any other such amounts payable under this Agreement at the rates or in the amounts specified in this Agreement. The Liquidity Provider agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise



disadvantageous to the Liquidity Provider. From time to time upon the reasonable request of the Borrower, the Liquidity Provider agrees to provide to the Borrower two original Internal Revenue Service Forms 1001 or 4224, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that the Liquidity Provider is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement.

(b) All payments (including, without limitation, Advances) made by the Liquidity Provider under this Agreement shall be made free and clear of, and without reduction for or on account of, any Taxes. If any Taxes are required to be withheld or deducted from any amounts payable to the Borrower under this Agreement, the Liquidity Provider shall (i) within the time prescribed therefor by applicable law pay to the appropriate governmental or taxing authority the full amount of any such Taxes (and any additional Taxes in respect of the payment required under clause (ii) hereof) and make such reports or returns in connection therewith at the time or times and in the manner prescribed by applicable law, and (ii) pay to the Borrower an additional amount which (after deduction of all such Taxes) will be sufficient to yield to the Borrower the full amount which would have been received by it had no such withholding or deduction been made. Within 30 days after the date of each payment hereunder, the Liquidity Provider shall furnish to the Borrower the original or a certified copy of (or other documentary evidence of) the payment of the Taxes applicable to such payment.

Section 3.04. Payments. The Borrower shall make or cause to be made each payment to the Liquidity Provider under this Agreement so as to cause the same to be received by the Liquidity Provider not later than 1:00 P.M. (New York City time) on the day when due. The Borrower shall make all such payments in lawful money of the United States of America, to the Liquidity Provider in immediately available funds, by wire transfer to Northern Trust Company of New York, One World Trade Center, Suite 3941, New York, New York 10048, Account No. 105981-20010, Account Name: ING Lease (Ireland) B.V., as agent for ING Bank N.V.

Section 3.05. Computations. All computations of interest based on the Base Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the LIBOR Rate shall be made on the basis of a year of 360 days, in each case for the actual number of days

(including the first day but excluding the last day) occurring in the period for which such interest is payable.

Section 3.06. Payment on Non-Business Days. Whenever any payment to be made hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and no additional interest shall be due as a result (and if so made, shall be deemed to have been made when due). If any payment in respect of interest on an Advance is so deferred to the next succeeding Business Day, such deferral shall not delay the commencement of the next Interest Period for such Advance (if such Advance is a LIBOR Advance) or reduce the number of days for which interest will be payable on such Advance on the next interest payment date for such Advance.

Section 3.07. Interest. (a) Subject to Section 2.09, the Borrower shall pay, or shall cause to be paid, without duplication, interest on (i) the unpaid principal amount of each Advance from and including the date of such Advance (or, in the case of an Applied Provider Advance, from and including the date on which the amount thereof was withdrawn from the ING Sub-Account of the Class B Cash Collateral Account to pay interest on the Class B Certificates) to but excluding the date such principal amount shall be paid in full (or, in the case of an Applied Provider Advance, the date on which the ING Sub-Account of the Class B Cash Collateral Account is fully replenished in respect of such Advance) and (ii) any other amount due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by law, installments of interest on Advances or any such other amount) which is not paid when due (whether at stated maturity, by acceleration or otherwise) from and including the due date thereof to but excluding the date such amount is paid in full, in each such case, at a fluctuating interest rate per annum for each day equal to the Applicable Liquidity Rate (as defined below) for such Advance or such other amount as in effect for such day, but in no event at a rate per annum greater than the maximum rate permitted by applicable law; provided, however, that, if at any time the otherwise applicable interest rate as set forth in this Section 3.07 shall exceed the maximum rate permitted by applicable law, then any subsequent reduction in such interest rate will not reduce the rate of interest payable pursuant to this Section 3.07 below the maximum rate permitted by applicable law until the total amount of interest accrued equals the amount of interest that would have accrued if such otherwise

applicable interest rate as set forth in this Section 3.07 had at all times been in effect.

(b) Except as provided in clause (e) below, each Advance will be either a Base Rate Advance or a LIBOR Advance as provided in this Section. Each such Advance will be a Base Rate Advance for the period from the date of its borrowing to (but excluding) the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Advance. Thereafter, such Advance shall be a LIBOR Advance; provided that the Borrower (at the direction of the Controlling Party) may convert the Final Advance into a Base Rate Advance on the last day of an Interest Period for such Advance by giving the Liquidity Provider no less than four Business Days' prior written notice of such election.

(c) Each LIBOR Advance shall bear interest during each Interest Period at a rate per annum equal to the LIBOR Rate for such Interest Period plus the Applicable Margin for such LIBOR Advance, payable in arrears on the last day of such Interest Period and, in the event of the payment of principal of such LIBOR Advance on a day other than such last day, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(d) Each Base Rate Advance shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin for such Base Rate Advance, payable in arrears on each Regular Distribution Date and, in the event of the payment of principal of such Base Rate Advance on a day other than a Regular Distribution Date, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(e) Each Unapplied Downgrade Advance (i) during the period from and including the date of the making of such Unapplied Downgrade Advance through but excluding the Expiry Date (or, if earlier, the date of repayment thereof or of conversion thereof into a Final Advance), shall bear interest in an amount equal to the Investment Earnings on amounts on deposit in the ING Sub-Account of the Class B Cash Collateral Account for such period plus .35% per annum on the amount of such Unapplied Downgrade Advance from time to time during such period, payable in arrears on each Regular Distribution Date and (ii) thereafter, shall be a LIBOR Advance and shall bear interest in accordance with clause (c) above.

(f) Each amount not paid when due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by applicable law, installments of interest on Advances but excluding Advances) shall bear interest at a rate per annum equal to the Base Rate plus 2.00% until paid.

(g) Each change in the Base Rate shall become effective immediately. The rates of interest specified in this Section 3.07 with respect to any Advance or other amount shall be referred to as the "Applicable Liquidity Rate".

Section 3.08. Replacement of Borrower. From time to time and subject to the successor Borrower's meeting the eligibility requirements set forth in Section 6.9 of the Intercreditor Agreement applicable to the Subordination Agent, upon the effective date and time specified in a written and completed Notice of Replacement Subordination Agent in substantially the form of Annex VI attached hereto (a "Notice of Replacement Subordination Agent") delivered to the Liquidity Provider by the then Borrower, the successor Borrower designated therein shall be substituted for as the Borrower for all purposes hereunder.

Section 3.09. Funding Loss Indemnification. The Borrower shall pay to the Liquidity Provider, upon the request of the Liquidity Provider, such amount or amounts as shall be sufficient (in the reasonable opinion of the Liquidity Provider) to compensate it for any loss, cost, or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by the Liquidity Provider to fund or maintain any LIBOR Advance (but excluding loss of anticipated profits) incurred as a result of:

(1) Any repayment of a LIBOR Advance on a date other than the last day of the Interest Period for such Advance; or

(2) Any failure by the Borrower to borrow a LIBOR Advance on the date for borrowing specified in the relevant notice under Section 2.02.

Section 3.10. Illegality. Notwithstanding any other provision in this Agreement, if any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or

administration thereof, or compliance by the Liquidity Provider (or its Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Liquidity Provider (or its Lending Office) to maintain or fund its LIBOR Advances, then upon notice to the Borrower by the Liquidity Provider, the outstanding principal amount of the LIBOR Advances shall be converted to Base Rate Advances (a) immediately upon demand of the Liquidity Provider, if such change or compliance with such request, in the judgment of the Liquidity Provider, requires immediate repayment; or (b) at the expiration of the last Interest Period to expire before the effective date of any such change or request.

#### ARTICLE IV

##### CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied or waived:

(a) The Liquidity Provider shall have received on or before the Closing Date each of the following, and in the case of each document delivered pursuant to paragraphs (i), (ii) and (iii), each in form and substance satisfactory to the Liquidity Provider:

(i) This Agreement duly executed on behalf of the Borrower;

(ii) The Intercreditor Agreement duly executed on behalf of each of the parties thereto;

(iii) Fully executed copies of each of the Operative Agreements executed and delivered on or before the Closing Date (other than this Agreement and the Intercreditor Agreement);

(iv) A copy of the Offering Memorandum and specimen copies of the Class B Certificates;

(v) An executed copy of each document, instrument, certificate and opinion delivered on or before the Closing Date pursuant to the Class B Trust

Agreement, the Intercreditor Agreement and the other Operative Agreements (together with, in the case of each such opinion, other than the opinion of counsel for the Initial Purchasers, a letter from the counsel rendering such opinion to the effect that the Liquidity Provider is entitled to rely on such opinion as of its date as if it were addressed to the Liquidity Provider);

(vi) Evidence that there shall have been made and shall be in full force and effect, all filings, recordings and/or registrations, and there shall have been given or taken any notice or other similar action as may be reasonably necessary or, to the extent reasonably requested by the Liquidity Provider, reasonably advisable, in order to establish, perfect, protect and preserve the right, title and interest, remedies, powers, privileges, liens and security interests of, or for the benefit of, the Trustees, the Borrower and the Liquidity Provider created by the Operative Agreements executed and delivered on or prior to the Closing Date;

(vii) An agreement from Continental, pursuant to which (i) Continental agrees to provide copies of quarterly financial statements and audited annual financial statements to the Liquidity Provider, and such other information as the Liquidity Provider shall reasonably request with respect to the transactions contemplated by the Operative Agreements, in each case, only to the extent that Continental is obligated to provide such information pursuant to Section 8.2.1 of the Leases (related to Leased Aircraft) or the corresponding section of the Indentures (related to Owned Aircraft) to the parties thereto and (ii) Continental agrees to allow the Liquidity Provider to inspect Continental's books and records regarding such transactions, and to discuss such transactions with officers and employees of Continental; and

(viii) Such other documents, instruments, opinions and approvals as the Liquidity Provider shall have reasonably requested.

(b) The following statement shall be true on and as of the Effective Date: No event has occurred and is continuing,

or would result from the entering into of this Agreement or the making of any Advance, which constitutes a Liquidity Event of Default.

(c) The Liquidity Provider shall have received payment in full of all fees and other sums required to be paid to or for the account of the Liquidity Provider on or prior to the Effective Date.

(d) All conditions precedent to the issuance of the Certificates under the Trust Agreements shall have been satisfied, all conditions precedent to the effectiveness of the other Liquidity Facilities shall have been satisfied, and all conditions precedent to the purchase of the Certificates by the Initial Purchasers under the Purchase Agreement shall have been satisfied (unless any of such conditions precedent shall have been waived by the Initial Purchasers).

(e) The Borrower shall have received a certificate, dated the date hereof, signed by a duly authorized representative of the Liquidity Provider, certifying that all conditions precedent to the effectiveness of Section 2.01 have been satisfied or waived.

Section 4.02. Conditions Precedent to Borrowing. The obligation of the Liquidity Provider to make an Advance on the occasion of each Borrowing shall be subject to the conditions precedent that the Effective Date shall have occurred and, prior to the date of such Borrowing, the Borrower shall have delivered a Notice of Borrowing which conforms to the terms and conditions of this Agreement and has been completed as may be required by the relevant form of the Notice of Borrowing for the type of Advances requested.

#### ARTICLE V

#### COVENANTS

Section 5.01. Affirmative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will, unless the Liquidity Provider shall otherwise consent in writing:

(a) Performance of This and Other Agreements. Punctually pay or cause to be paid all amounts payable by it under this Agreement and the other Operative Agreements and observe and perform in all material respects the conditions, covenants and requirements applicable to it contained in this Agreement and the other Operative Agreements.

(b) Reporting Requirements. Furnish to the Liquidity Provider with reasonable promptness, such other information and data with respect to the transactions contemplated by the Operative Agreements as from time to time may be reasonably requested by the Liquidity Provider; and permit the Liquidity Provider, upon reasonable notice, to inspect the Borrower's books and records with respect to such transactions and to meet with officers and employees of the Borrower to discuss such transactions.

(c) Certain Operative Agreements. Furnish to the Liquidity Provider with reasonable promptness, such Operative Agreements entered into after the date hereof as from time to time may be reasonably requested by the Liquidity Provider.

Section 5.02. Negative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will not appoint or permit or suffer to be appointed any successor Borrower without the written consent of the Liquidity Provider, which consent shall not be unreasonably withheld or delayed.

#### ARTICLE VI

##### LIQUIDITY EVENTS OF DEFAULT

Section 6.01. Liquidity Events of Default. If (a) any Liquidity Event of Default has occurred and is continuing and (b) there is a Performing Note Deficiency, the Liquidity Provider may, in its discretion, deliver to the Borrower a Termination Notice, the effect of which shall be to cause (i) this Agreement to expire on the fifth Business Day after the date on which such Termination Notice is received by the Borrower, (ii) the Borrower to promptly request, and the Liquidity Provider to promptly make, a Final Advance in accordance with Section 2.02(d) hereof and Section 3.6(i) of the Intercreditor Agreement, (iii) all other



outstanding Advances to be automatically converted into Final Advances for purposes of determining the Applicable Liquidity Rate for interest payable thereon, and (iv) subject to Sections 2.07 and 2.09 hereof, all Advances (including, without limitation, any Provider Advance and Applied Provider Advance), any accrued interest thereon and any other amounts outstanding hereunder to become immediately due and payable to the Liquidity Provider.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Liquidity Provider, and, in the case of an amendment or of a waiver by the Borrower, the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.02. Notices, Etc. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telecopier and mailed or delivered or sent by telecopier):

Borrower: WILMINGTON TRUST COMPANY  
 Rodney Square North  
 1100 North Market Square  
 Wilmington, DE 19890-0001  
  
 Attention: Corporate Trust Administration  
 Telephone: (302) 651-1000  
 Telecopy: (302) 651-8882

Liquidity  
 Provider: ING Bank N.V.  
 Department of Bankgarantie Zaken -  
 Juridische Zaken  
 Location code HG 01.06  
 P.O. Box 1800  
 1000 B.V. Amsterdam  
 by courier:  
 Amsterdamse Poort

Bijlmer plein 888  
1102 MG Amsterdam  
The Netherlands

Telephone: 011-31-20-652-3260  
Telecopy: 011-31-20-652-3235

with a copy to:

ING Lease (Ireland) B.V.  
49 St. Stephen's Green  
Dublin 2, Ireland

Telephone: 011-353-1-662-2211  
Telecopy: 011-353-1-662-2240

or, as to each of the foregoing, at such other address as shall be designated by such Person in a written notice to the others. All such notices and communications shall be effective (i) if given by telecopier, when transmitted to the telecopier number specified above, (ii) if given by mail, when deposited in the mails addressed as specified above, and (iii) if given by other means, when delivered at the address specified above, except that written notices to the Liquidity Provider pursuant to the provisions of Articles II and III hereof shall not be effective until received by the Liquidity Provider. A copy of all notices delivered hereunder to either party shall in addition be delivered to each of the parties to the Participation Agreements at their respective addresses set forth therein.

Section 7.03. No Waiver; Remedies. No failure on the part of the Liquidity Provider to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 7.04. Further Assurances. The Borrower agrees to do such further acts and things and to execute and deliver to the Liquidity Provider such additional assignments, agreements, powers and instruments as the Liquidity Provider may reasonably require or deem advisable to carry into effect the purposes of this Agreement and the other Operative Agreements or to better

assure and confirm unto the Liquidity Provider its rights, powers and remedies hereunder and under the other Operative Agreements.

Section 7.05. Indemnification; Survival of Certain Provisions. The Liquidity Provider shall be indemnified hereunder to the extent and in the manner described in Section 10.1 of the Participation Agreements and Section 6 of the Note Purchase Agreement. In addition, the Borrower agrees to indemnify, protect, defend and hold harmless the Liquidity Provider from, against and in respect of, and shall pay on demand, all Expenses of any kind or nature whatsoever (other than any Expenses of the nature described in Sections 3.01, 3.02 or 7.07 hereof or in the ING Fee Letter (regardless of whether indemnified against pursuant to said Sections or in such Fee Letter)), that may be imposed, incurred by or asserted against any Liquidity Indemnitee, in any way relating to, resulting from, or arising out of or in connection with any action, suit or proceeding by any third party against such Liquidity Indemnitee and relating to this Agreement, the ING Fee Letter, the Intercreditor Agreement or any Financing Agreement; provided, however, that the Borrower shall not be required to indemnify, protect, defend and hold harmless any Liquidity Indemnitee in respect of any Expense of such Liquidity Indemnitee (i) to the extent such Expense is attributable to the gross negligence or willful misconduct of such Liquidity Indemnitee or any other Liquidity Indemnitee, (ii) that is ordinary and usual operating overhead expense, and (iii) to the extent such Expense is attributable to the failure by such Liquidity Indemnitee or any other Liquidity Indemnitee to perform or observe any agreement, covenant or condition on its part to be performed or observed in this Agreement, the Intercreditor Agreement, the ING Fee Letter, the Tax Letter or any other Operative Document to which it is a party. The indemnities contained in such Section 10.1, and the provisions of Sections 3.01, 3.02, 3.03, 3.09, 7.05 and 7.07 hereof, shall survive the termination of this Agreement.

Section 7.06. Liability of the Liquidity Provider. (a) Neither the Liquidity Provider nor any of its officers, employees, directors or affiliates shall be liable or responsible for: (i) the use which may be made of the Advances or any acts or omissions of the Borrower or any beneficiary or transferee in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (iii) the making of

Advances by the Liquidity Provider against delivery of a Notice of Borrowing and other documents which do not comply with the terms hereof; provided, however, that the Borrower shall have a claim against the Liquidity Provider, and the Liquidity Provider shall be liable to the Borrower, to the extent of any damages suffered by the Borrower which were the result of (A) the Liquidity Provider's willful misconduct or negligence in determining whether documents presented hereunder comply with the terms hereof, or (B) any breach by the Liquidity Provider of any of the terms of this Agreement, including, but not limited to, the Liquidity Provider's failure to make lawful payment hereunder after the delivery to it by the Borrower of a Notice of Borrowing strictly complying with the terms and conditions hereof.

(b) Neither the Liquidity Provider nor any of its officers, employees, director or affiliates shall be liable or responsible in any respect for (i) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with this Agreement or any Notice of Borrowing delivered hereunder, or (ii) any action, inaction or omission which may be taken by it in good faith, absent willful misconduct or negligence (in which event the extent of the Liquidity Provider's potential liability to the Borrower shall be limited as set forth in the immediately preceding paragraph), in connection with this Agreement or any Notice of Borrowing.

Section 7.07. Costs, Expenses and Taxes. The Borrower agrees to pay, or cause to be paid (A) on the Effective Date and on such later date or dates on which the Liquidity Provider shall make demand, all reasonable out-of-pocket costs and expenses (including, without limitation, the reasonable fees and expenses of outside counsel for the Liquidity Provider) of the Liquidity Provider in connection with the preparation, negotiation, execution, delivery, filing and recording of this Agreement, any other Operative Agreement and any other documents which may be delivered in connection with this Agreement and (B) on demand, all reasonable costs and expenses (including reasonable counsel fees and expenses) of the Liquidity Provider in connection with (i) the enforcement of this Agreement or any other Operative Agreement, (ii) the modification or amendment of, or supplement to, this Agreement or any other Operative Agreement or such other documents which may be delivered in connection herewith or therewith (whether or not the same shall become effective) or (iii) any action or proceeding relating to any order, injunction,

or other process or decree restraining or seeking to restrain the Liquidity Provider from paying any amount under this Agreement, the Intercreditor Agreement or any other Operative Agreement or otherwise affecting the application of funds in the Cash Collateral Accounts. In addition, the Borrower shall pay any and all recording, stamp and other similar taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, any other Operative Agreement and such other documents, and agrees to save the Liquidity Provider harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees.

Section 7.08. Binding Effect; Participations. (a)EEThis Agreement shall be binding upon and inure to the benefit of the Borrower and the Liquidity Provider and their respective successors and assigns, except that neither the Liquidity Provider (except as otherwise provided in this Section 7.08) nor (except as contemplated by Section 3.08) the Borrower shall have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of the other party, subject to the requirements of Section 7.08(b). The Liquidity Provider may grant participations herein or in any of its rights hereunder (including, without limitation, funded participations and participations in rights to receive interest payments hereunder) and under the other Operative Agreements to such Persons as the Liquidity Provider may in its sole discretion select, subject to the requirements of Section 7.08(b). No such participation by the Liquidity Provider, however, will relieve the Liquidity Provider of its obligations hereunder. In connection with any participation or any proposed participation, the Liquidity Provider may disclose to the participant or the proposed participant any information that the Borrower is required to deliver or to disclose to the Liquidity Provider pursuant to this Agreement. The Borrower acknowledges and agrees that the Liquidity Provider's source of funds may derive in part from its participants (other than Continental). Accordingly, references in this Agreement and the other Operative Agreements to determinations, reserve and capital adequacy requirements, increased costs, reduced receipts, additional amounts due pursuant to Section 3.03(a) and the like as they pertain to the Liquidity Provider shall be deemed also to include those of each of its participants (subject, in each case, to the maximum amount that would have been incurred by or attributable to the Liquidity Provider directly if the Liquidity

Provider, rather than the participant, had held the interest participated).

(b) If, pursuant to subsection (a) above, the Liquidity Provider sells any participation in this Agreement to any bank or other entity (each, a "Transferee"), then, concurrently with the effectiveness of such transfer, the Transferee shall (i) represent to the Liquidity Provider (for the benefit of the Liquidity Provider and the Borrower) either (A) that it is incorporated under the laws of the United States or a state thereof or (B) that under applicable law and treaties, no taxes will be required to be withheld with respect to any payments to be made to such Transferee in respect of this Agreement, (ii) furnish to the Liquidity Provider and the Borrower either (x) a statement that it is incorporated under the laws of the United States or a state thereof or (y) if it is not so incorporated, two copies of a properly completed United States Internal Revenue Service Form 4224 or Form 1001, as appropriate, or other applicable form, certificate or document prescribed by the Internal Revenue Service certifying, in each case, such Transferee's entitlement to a complete exemption from United States federal withholding tax in respect to any and all payments to be made hereunder, and (iii) agree (for the benefit of the Liquidity Provider and the Borrower) to provide the Liquidity Provider and the Borrower a new Form 4224 or Form 1001, as appropriate, (A) on or before the date that any such form expires or becomes obsolete or (B) after the occurrence of any event requiring a change in the most recent form previously delivered by it and prior to the immediately following due date of any payment by the Borrower hereunder, certifying in the case of a Form 1001 or Form 4224 that such Transferee is entitled to a complete exemption from United States federal withholding tax on payments under this Agreement. Unless the Borrower has received forms or other documents reasonably satisfactory to it (and required by applicable law) indicating that payments hereunder are not subject to United States federal withholding tax, the Borrower will withhold taxes as required by law from such payments at the applicable statutory rate.

(c) Notwithstanding the other provisions of this Section 7.08, the Liquidity Provider may assign and pledge all or any portion of the Advances owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal

Reserve Bank, provided that any payment in respect of such assigned Advances made by the Borrower to the Liquidity Provider in accordance with the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect of such assigned Advance to the extent of such payment. No such assignment shall release the Liquidity Provider from its obligations hereunder.

(d) Notwithstanding the other provisions of this Section 7.08, if at any time after the date hereof the Borrower shall withhold taxes as required by law from any payments made to the Liquidity Provider, the Liquidity Provider may assign all (but not less than all) of its rights and obligations under this Agreement to the New York Branch of ING Bank N.V. (the "ING Transferee"); provided, that it shall be a condition to any such transfer that (i) the ING Transferee enters into an agreement in form and substance reasonably satisfactory to the Borrower pursuant to which the ING Transferee assumes all of the obligations of the Liquidity Provider hereunder, under the Intercreditor Agreement, the ING Fee Letter and the Tax Letter, (ii) the ING Transferee delivers an opinion to the Borrower and each of the Rating Agencies in form and substance reasonably satisfactory to the Borrower opining that this Agreement, the Intercreditor Agreement, the ING Fee Letter and the Tax Letter are enforceable obligations of the ING Transferee, (iii) the Liquidity Provider shall have delivered to the Borrower a Ratings Confirmation with respect to such transfer from each Rating Agency, (iv) the ING Transferee shall satisfy each of the requirements in respect of a Transferee set forth in Section 7.08(b) and (v) the Liquidity Provider shall pay all fees and expenses (including, without limitation, legal fees and disbursements) of the Borrower in connection with such transfer. Upon the satisfaction of the conditions set forth in this Section 7.08(d), the ING Transferee shall be deemed to be the Liquidity Provider with the rights and obligations of the Liquidity Provider hereunder and under the other Operative Agreements.

Section 7.09. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 7.10. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 7.11. Submission to Jurisdiction; Waiver of Jury Trial; Waiver of Immunity. (a) Each of the parties hereto hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Agreement or any other Operative Agreement, or for recognition and enforcement of any judgment in respect hereof or thereof, to the nonexclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and the appellate courts from any thereof;

(ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form and mail), postage prepaid, to each party hereto at its address set forth in Section 7.02 hereof, or at such other address of which the Liquidity Provider shall have been notified pursuant thereto; and

(iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(b) THE BORROWER AND THE LIQUIDITY PROVIDER EACH HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE RELATIONSHIP THAT IS BEING ESTABLISHED, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and



statutory claims. The Borrower and the Liquidity Provider each warrant and represent that it has reviewed this waiver with its legal counsel, and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, AND CANNOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

(c) The Liquidity Provider hereby waives any immunity it may have from the jurisdiction of the courts of the United States or of any State and waives any immunity any of its properties located in the United States may have from attachment or execution upon a judgement entered by any such court under the United States Foreign Sovereign Immunities Act of 1976 or any similar successor legislation.

Section 7.12. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

Section 7.13. Entirety. This Agreement, the Intercreditor Agreement and the other Operative Agreements to which the Liquidity Provider is a party constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior understandings and agreements of such parties.

Section 7.14. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 7.15 Transfer. The Liquidity Provider hereby acknowledges and consents to the Transfer contemplated by the Assignment and Assumption Agreement.

Section 7.16. LIQUIDITY PROVIDER'S OBLIGATION TO MAKE ADVANCES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE OBLIGATIONS OF THE LIQUIDITY PROVIDER TO MAKE ADVANCES HEREUNDER, AND THE BORROWER'S RIGHTS TO DELIVER NOTICES OF BORROWING REQUESTING THE MAKING OF ADVANCES HEREUNDER, SHALL BE UNCONDITIONAL AND IRREVOCABLE, AND SHALL BE PAID OR PERFORMED, IN EACH CASE STRICTLY IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

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

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as agent and trustee for the Class B Trust, as Borrower

By: -----  
Name:  
Title:

ING BANK N.V.,  
as Liquidity Provider

By: -----  
Name:  
Title:

Annex I to  
Revolving Credit Agreement

INTEREST ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1B) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of an Interest Advance by the Liquidity Provider to be used, subject to clause (3)(v) below, for the payment of the Stated Portion of the interest on the ClassEB Certificates which was payable on \_\_\_\_\_, \_\_\_\_ (the "Distribution Date") in accordance with the terms and provisions of the ClassEB Trust Agreement and the ClassEB Certificates pursuant to clause fifth of Section 3.2 of the Intercreditor Agreement or clause seventh of Section 3.3 of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Interest Advance requested hereby (i) is \$ \_\_\_\_\_, to be applied in respect of the payment of the Stated Portion of the interest which was due and payable on the Class B Certificates on the Distribution Date, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class A Certificates, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, or interest on the Class A Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class B Certificates, the Class B Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), (iv) does not exceed the Maximum Available Commitment on the date hereof, (v) does not include any amount of interest which was due and payable on the Class B Certificates on such Distribution Date but which remains unpaid due to the failure of the Depository to pay any amount of accrued interest on the Certificates of Deposit on such Distribution

Date and (vi) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will apply the same in accordance with the terms of Section 3.2 or 3.3 of the Intercreditor Agreement, as the case may be, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, the making of the Interest Advance as requested by this Notice of Borrowing shall automatically reduce, subject to reinstatement in accordance with the terms of the Liquidity Agreement, the Maximum Available Commitment by an amount equal to the amount of the Interest Advance requested to be made hereby as set forth in clause (i) of paragraph (3) of this Certificate and such reduction shall automatically result in corresponding reductions in the amounts available to be borrowed pursuant to a subsequent Advance.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in  
its individual capacity but solely as  
Subordination Agent, as Borrower

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

Name:  
Title:

SCHEDULE I TO INTEREST ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with Interest Advance Notice of Borrowing]

Annex II to  
Revolving Credit Agreement

NON-EXTENSION ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1B) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Non-Extension Advance by the Liquidity Provider to be used for the funding of the ING Sub-Account of the Class B Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Non-Extension Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ING Sub-Account of the Class B Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class B Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class B Certificates, the Class B Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ING Sub-Account of the Class B Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(d) of the Intercreditor Agreement,

(b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Non- Extension Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Non-Extension Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as Borrower

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

SCHEDULE I TO NON-EXTENSION ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with  
Non-Extension Advance Notice of Borrowing]



Annex III to  
Revolving Credit Agreement

## DOWNGRADE ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1B) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Downgrade Advance by the Liquidity Provider to be used for the funding of the ING Sub-Account of the Class B Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement by reason of the downgrading of the short-term unsecured debt rating of the Liquidity Provider issued by either Rating Agency below the Threshold Rating, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Downgrade Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ING Sub-Account of the Class B Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class B Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class B Certificates, the Class B Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ING Sub-Account of the Class B Cash

Collateral Account and apply the same in accordance with the terms of Section 3.6(c) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Downgrade Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Downgrade Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in  
its individual capacity but solely as  
Subordination Agent, as Borrower

By:

-----  
Name:  
Title:

SCHEDULE I TO DOWNGRADE ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with  
Downgrade Advance Notice of Borrowing]

Annex IV to  
Revolving Credit Agreement

FINAL ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1B) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Final Advance by the Liquidity Provider to be used for the funding of the ING Sub-Account of the Class B Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement by reason of the receipt by the Borrower of a Termination Notice from the Liquidity Provider with respect to the Liquidity Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Final Advance requested hereby (i) is \$ \_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ING Sub-Account of the Class B Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class B Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class C-I Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class B Certificates, the Class B Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ING Sub-Account of the Class B Cash Collateral Account and apply the same in accordance with the

terms of Section 3.6(i) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Final Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Final Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as Borrower

By: -----  
Name:  
Title:

SCHEDULE I TO FINAL ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with  
Final Advance Notice of Borrowing]

Annex V to  
Revolving Credit Agreement

## NOTICE OF TERMINATION

[Date]

Wilmington Trust Company,  
as Subordination Agent, as Borrower  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0001

Attention: Corporate Trust Administration

Revolving Credit Agreement dated as of March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust, 1997-1B-[O/S], as Borrower, and ING BANK N.V. (the "Liquidity Agreement")

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Ladies and Gentlemen:

You are hereby notified that pursuant to Section 6.01 of the Liquidity Agreement, by reason of the occurrence of a Liquidity Event of Default and the existence of a Performing Note Deficiency (each as defined therein), we are giving this notice to you in order to cause (i) our obligations to make Advances (as defined therein) under such Liquidity Agreement to terminate on the fifth Business Day after the date on which you receive this notice and (ii) you to request a Final Advance under the Liquidity Agreement pursuant to Section 3.6(i) of the Intercreditor Agreement (as defined in the Liquidity Agreement) as a consequence of your receipt of this notice.

THIS NOTICE IS THE "NOTICE OF TERMINATION" PROVIDED FOR UNDER THE LIQUIDITY AGREEMENT. OUR OBLIGATIONS TO MAKE ADVANCES UNDER THE LIQUIDITY AGREEMENT WILL TERMINATE ON THE FIFTH BUSINESS DAY AFTER THE DATE ON WHICH YOU RECEIVE THIS NOTICE.

Very truly yours,

ING BANK N.V.,  
as Liquidity Provider

By: -----  
Name:  
Title:

cc: Wilmington Trust Company,  
as Class B Trustee



NOTICE OF REPLACEMENT SUBORDINATION AGENT

[Date]

Attention:

Revolving Credit Agreement dated as of March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust, 1997-1B-[O/S], as Borrower, and ING BANK N.V. (the "Liquidity Agreement")

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Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

-----  
[Name of Transferee]

-----  
[Address of Transferee]

all rights and obligations of the undersigned as Borrower under the Liquidity Agreement referred to above. The transferee has succeeded the undersigned as Subordination Agent under the Intercreditor Agreement referred to in the first paragraph of the Liquidity Agreement, pursuant to the terms of Section 8.1 of the Intercreditor Agreement.

By this transfer, all rights of the undersigned as Borrower under the Liquidity Agreement are transferred to the transferee and the transferee shall hereafter have the sole rights and obligations as Borrower thereunder. The undersigned shall pay any costs and expenses of such transfer, including, but not limited to, transfer taxes or governmental charges.

We ask that this transfer be effective as of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in  
its individual capacity but solely as  
Subordination Agent, as Borrower

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

-----  
REVOLVING CREDIT AGREEMENT  
(1997-1C-I)

Dated as of March 21, 1997

between

WILMINGTON TRUST COMPANY,

as Subordination Agent,  
as agent and trustee for the  
Continental Airlines Pass Through Trust 1997-1C-I-0

as Borrower

and

ABN AMRO BANK N.V., CHICAGO BRANCH

as Liquidity Provider  
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Relating to

Continental Airlines Pass Through Trust 1997-1C-I-0  
7.42% Continental Airlines Pass Through Certificates,  
Series 1997-1C-I-0

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## REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT dated as of March 21, 1997, between WILMINGTON TRUST COMPANY, a Delaware corporation, not in its individual capacity but solely as Subordination Agent under the Intercreditor Agreement (each as defined below), as agent and trustee for the Class C-I Trust (as defined below) (the "Borrower"), and ABN AMRO BANK N.V., a bank organized under the laws of The Netherlands, acting through its Chicago Branch ("ABN AMRO" or the "Liquidity Provider").

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

WHEREAS, pursuant to the Class C-I Trust Agreement (such term and all other capitalized terms used in these recitals having the meanings set forth or referred to in Section 1.01), the Class C-I Trust is issuing the Class C-I Certificates; and

WHEREAS, the Borrower, in order to support the timely payment of a portion of the interest on the Class C-I Certificates in accordance with their terms, has requested the Liquidity Provider to enter into this Agreement, providing in part for the Borrower to request in specified circumstances that Advances be made hereunder.

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

## ARTICLE I

## DEFINITIONS

Section 1.01. Certain Defined Terms. (a) Definitions. As used in this Agreement and unless otherwise expressly indicated, or unless the context clearly requires otherwise, the following capitalized terms shall have the following respective meanings for all purposes of this Agreement:

"Additional Cost" has the meaning assigned to such term in Section 3.01.

"Advance" means an Interest Advance, a Final Advance, a Provider Advance, an Applied Provider Advance or an Unpaid Advance, as the case may be.

"Applicable Liquidity Rate" has the meaning assigned to such term in Section 3.07(g).

"Applicable Margin" means (w) with respect to any Unpaid Advance or Applied Provider Advance that is a LIBOR Advance, 1.75%, (x) with respect to any Unpaid Advance or Applied Provider Advance that is a Base Rate Advance, 1.75%, (y) with respect to any Unapplied Provider Advance that is a LIBOR Advance, .40% and (z) with respect to any Unapplied Provider Advance that is a Base Rate Advance, .40%.

"Applied Downgrade Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Non-Extension Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Provider Advance" has the meaning assigned to such term in Section 2.06(a).

"Assignment and Assumption Agreement" means the Assignment and Assumption to be entered into between the Borrower and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Class C-I Trust Agreement.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to (a) the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Liquidity Provider from three Federal funds brokers of recognized standing selected by it, plus (b) one-quarter of one percent (1/4 or 1%).

"Base Rate Advance" means an Advance that bears interest at a rate based upon the Base Rate.

"Borrower" has the meaning assigned to such term in the recital of parties to this Agreement.



"Borrowing" means the making of Advances requested by delivery of a Notice of Borrowing.

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in Houston, Texas, New York, New York, Chicago, Illinois or, so long as any Class C-I Certificate is outstanding, the city and state in which the Class C-I Trustee, the Borrower or any Loan Trustee maintains its Corporate Trust Office or receives or disburses funds, and, if the applicable Business Day relates to any Advance or other amount bearing interest based on the LIBOR Rate, on which dealings are carried on in the London interbank market.

"Certificates of Deposit" has the meaning assigned to such term in the Deposit Agreement.

"Deposits" has the meaning assigned to such terms in the Deposit Agreement.

"Depositary" has the meaning assigned to such term in the Deposit Agreement.

"Deposit Agreement" means the Deposit Agreement dated March 21, 1997 between First Security Bank, National Association, as Escrow Agent and Credit Suisse First Boston, as Depositary, pertaining to the Class C-I Certificates, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof.

"Downgrade Advance" means an Advance made pursuant to Section 2.02(c).

"Effective Date" has the meaning specified in Section 4.01. The delivery of the certificate of the Liquidity Provider contemplated by Section 4.01(e) shall be conclusive evidence that the Effective Date has occurred.

"Expenses" means liabilities, obligations, damages, settlements, penalties, claims, actions, suits, costs, expenses, and disbursements (including, without limitation, reasonable fees and disbursements of legal counsel and costs of investigation), provided that Expenses shall not include any Taxes.

"Excluded Taxes" means (i) taxes imposed on the overall net income of the Liquidity Provider or of its Lending Office by the jurisdiction where such Liquidity Provider's principal office or such Lending Office is located, and (ii) Excluded Withholding Taxes.

"Excluded Withholding Taxes" means (i) withholding Taxes imposed by the United States except to the extent that such United States withholding Taxes are imposed as a result of any change in applicable law after the date hereof (excluding from change in applicable law for this purpose a change in an applicable treaty or other change in law affecting the applicability of a treaty), or in the case of a successor Liquidity Provider (including a transferee of an Advance) or Lending Office, after the date on which such successor Liquidity Provider obtains its interest or on which the Lending Office is changed, and (ii) any withholding Taxes imposed by the United States which are imposed or increased as a result of the Liquidity Provider failing to deliver to the Borrower any certificate or document (which certificate or document in the good faith judgment of the Liquidity Provider it is legally entitled to provide) which is reasonably requested by the Borrower to establish that payments under this Agreement are exempt from (or entitled to a reduced rate of) withholding Tax.

"Expiry Date" means March 19, 1998, initially, or any date to which the Expiry Date is extended pursuant to Section 2.10.

"Final Advance" means an Advance made pursuant to Section 2.02(d).

"Intercreditor Agreement" means the Intercreditor Agreement dated the date hereof, among the Trustees, the Liquidity Provider, the liquidity provider under each Liquidity Facility (other than this Agreement) and the Subordination Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Interest Advance" means an Advance made pursuant to Section 2.02(a).

"Interest Period" means, with respect to any LIBOR Advance, each of the following periods:

- (i) the period beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such LIBOR Advance (or, in the case of an Unapplied Downgrade Advance, the period beginning on the Expiry Date) and ending on the next Regular Distribution Date; and
- (ii) each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the next Regular Distribution Date;

provided, however, that (I) if an Unapplied Provider Advance which is a LIBOR Advance becomes an Applied Provider Advance, the Interest Period then applicable to such Unapplied Provider Advance shall be applicable to such Applied Provider Advance and (II) if (x) the Final Advance shall have been made, or (y) other outstanding Advances shall have been converted into the Final Advance, then the Interest Periods shall be successive periods of one month beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Final Advance (in the case of clause (x) above) or the Regular Distribution Date following such conversion (in the case of clause (y) above).

"Lending Office" means the lending office of the Liquidity Provider presently located at Chicago, Illinois, or such other lending office as the Liquidity Provider from time to time shall notify the Borrower as its lending office hereunder; provided that the Liquidity Provider shall not change its Lending Office to a Lending Office outside the United States of America except in accordance with Section 3.01, 3.02 or 3.03 hereof.

"LIBOR Advance" means an Advance bearing interest at a rate based upon the LIBOR Rate.

"LIBOR Rate" means, with respect to any Interest Period, the average (rounded upward, if necessary, to the next higher 1/16 of 1%) of the rates per annum at which deposits in dollars are offered to major banks in the London interbank market at approximately 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Advance to which such Interest Period is to

apply and for a period of time comparable to such Interest Period.

"Liquidity Event of Default" means the occurrence of either (a) the acceleration of all of the Equipment Notes (provided that, with respect to the period prior to the Delivery Period Expiry Date, such Equipment Notes have an aggregate outstanding principal balance in excess of \$280,000,000) or (b) a Continental Bankruptcy Event.

"Liquidity Indemnitee" means (i) the Liquidity Provider, (ii) the directors, officers, employees and agents of the Liquidity Provider, and (iii) the successors and permitted assigns of the persons described in clauses (i) and (ii), inclusive.

"Liquidity Provider" has the meaning assigned to such term in the recital of parties to this Agreement.

"Maximum Available Commitment" shall mean, subject to the proviso contained in the third sentence of Section 2.02(a), at any time of determination, (a) the Maximum Commitment at such time less (b) the aggregate amount of each Interest Advance outstanding at such time; provided that following a Provider Advance or a Final Advance, the Maximum Available Commitment shall be zero.

"Maximum Commitment" means, for any day, the lesser of (x) \$6,721,126.50 and (y) the Stated Portion of the Required Amount on such day.

"Non-Extension Advance" means an Advance made pursuant to Section 2.02(b).

"Notice of Borrowing" has the meaning specified in Section 2.02(e).

"Notice of Replacement Subordination Agent" has the meaning specified in Section 3.08.

"Offering Memorandum" means the Offering Memorandum dated March 12, 1997 relating to the Certificates, as such Offering Memorandum may be amended or supplemented.

"Performing Note Deficiency" means any time that less than 65 % of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes.

"Provider Advance" means a Downgrade Advance or a Non-Extension Advance.

"Regulatory Change" has the meaning assigned to such term in Section 3.01.

"Replenishment Amount" has the meaning assigned to such term in Section 2.06(b).

"Required Amount" means, for any day, the sum of the aggregate amount of interest, calculated at the rate per annum equal to the Stated Interest Rate for the Class C-I Certificates, that would be payable on the Class C-I Certificates on each of the three successive semiannual Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the succeeding two semiannual Regular Distribution Dates, in each case calculated on the basis of the Pool Balance of the Class C-I Certificates on such day and without regard to expected future payments of principal on the Class C-I Certificates.

"Stated Portion" means 50%.

"Successor Trust" means Continental Airlines Pass Through Trust 1997-1C-I-S.

"Tax Letter" means the letter dated the date hereof between the Liquidity Provider and Continental pertaining to this Agreement.

"Termination Date" means the earliest to occur of the following: (i) the Expiry Date; (ii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that all of the Class C-I Certificates have been paid in full (or provision has been made for such payment in accordance with the Intercreditor Agreement and the Trust Agreements) or are otherwise no longer entitled to the benefits of this Agreement; (iii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying

that a Replacement Liquidity Facility has been substituted for this Agreement in full pursuant to Section 3.6(e) of the Intercreditor Agreement; (iv) the fifth Business Day following the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof; and (v) the date on which no Advance is or may (including by reason of reinstatement as herein provided) become available for a Borrowing hereunder.

"Termination Notice" means the Notice of Termination substantially in the form of Annex V to this Agreement.

"Transferee" has the meaning assigned to such term in Section 7.08(b).

"Unapplied Downgrade Advance" means any Downgrade Advance other than an Applied Downgrade Advance.

"Unapplied Provider Advance" means any Provider Advance other than an Applied Provider Advance.

"Unpaid Advance" has the meaning assigned to such term in Section 2.05.

(b) Terms Defined in the Intercreditor Agreement. For all purposes of this Agreement, the following terms shall have the respective meanings assigned to such terms in the Intercreditor Agreement:

"ABN AMRO Fee Letter", "ABN AMRO Sub-Account", "Certificates", "Class A Certificates", "Class B Certificates", "Class C-I Cash Collateral Account", "Class C-I Certificateholders", "Class C-I Certificates", "Class C-I Trust", "Class C-I Trust Agreement", "Class C-I Trustee", "Class C-II Certificates", "Closing Date", "Continental", "Continental Bankruptcy Event", "Controlling Party", "Corporate Trust Office", "Delivery Period Expiry Date", "Distribution Date", "Downgraded Facility", "Equipment Notes", "Financing Agreement", "Indenture", "Initial Purchasers", "Investment Earnings", "Liquidity Facility", "Loan Trustee", "Moody's", "Non-Extended Facility", "Note Purchase Agreement", "Operative Agreements", "Performing Equipment Note", "Person", "Pool Balance", "Purchase Agreement", "Rating Agency", "Registration Rights Agreement", "Regular Distribution Date", "Replacement Liquidity Facility", "Responsible Officer", "Scheduled

Payment", "Special Payment", "Standard & Poor's", "Stated Interest Rate", "Sub-Account", "Subordination Agent", "Taxes", "Threshold Rating", "Transfer", "Trust Agreements, "Trustee" and "Written Notice".

(c) Interest on Certificates. For all purposes of this Agreement, each scheduled payment with respect to a Class C-I Certificate shall be deemed to be comprised of interest and principal components, with the interest component equalling interest accrued at the Stated Interest Rate for the Class C-I Certificates from (i) the later of (x) the date of issuance thereof and (y) the most recent but preceding Regular Distribution Date to (ii) the Regular Distribution Date on which such Scheduled Payment is being made, such interest to be considered payable in arrears on such Regular Distribution Date and to be calculated and allocated in the same manner as interest on the Class C-I Equipment Notes.

## ARTICLE II

### AMOUNT AND TERMS OF THE COMMITMENT

Section 2.01. The Advances. The Liquidity Provider hereby irrevocably agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until 12:00 Noon (New York City time) on the Expiry Date (unless the obligations of the Liquidity Provider shall be earlier terminated in accordance with the terms of Section 2.04(b)) in an aggregate amount at any time outstanding not to exceed the Maximum Commitment.

Section 2.02. Making the Advances. (a) Interest Advances shall be made in one or more Borrowings by delivery to the Liquidity Provider of one or more written and completed Notices of Borrowing in substantially the form of Annex I attached hereto, signed by a Responsible Officer of the Borrower, in an amount not exceeding the Maximum Available Commitment at such time and shall be used solely for the payment when due of the Stated Portion of interest on the Class C-I Certificates at the Stated Interest Rate therefor in accordance with Section 3.6(a) of the Intercreditor Agreement. Each Interest Advance made hereunder shall automatically reduce the Maximum Available Commitment and the amount available to be borrowed hereunder by subsequent Advances by the amount of such Interest Advance

(subject to reinstatement as provided in the next sentence). Upon repayment to the Liquidity Provider in full of the amount of any Interest Advance made pursuant to this Section 2.02(a), together with accrued interest thereon (as provided herein), the Maximum Available Commitment shall be reinstated by the amount of such repaid Interest Advance, but not to exceed the Maximum Commitment; provided, however, that the Maximum Available Commitment shall not be so reinstated at any time if (i) a Liquidity Event of Default shall have occurred and be continuing and (ii) there is a Performing Note Deficiency.

(b) A Non-Extension Advance shall be made in a single Borrowing if this Agreement is not extended in accordance with Section 3.6(d) of the Intercreditor Agreement (unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(d)) by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex II attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account in accordance with said Section 3.6(d).

(c) A Downgrade Advance shall be made in a single Borrowing upon a downgrading of the Liquidity Provider's short-term unsecured debt rating issued by either Rating Agency below the Threshold Rating (as provided for in Section 3.6(c) of the Intercreditor Agreement) unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(c), by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex III attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account in accordance with said Section 3.6(c).

(d) A Final Advance shall be made in a single Borrowing upon the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex IV attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment



at such time, and shall be used to fund the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account (in accordance with Section 3.6(i) of the Intercreditor Agreement).

(e) Each Borrowing shall be made on notice in writing (a "Notice of Borrowing") in substantially the form required by Section 2.02(a), 2.02(b), 2.02(c) or 2.02(d), as the case may be, given by the Borrower to the Liquidity Provider. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing no later than 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the first Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and immediately available funds, the amount of such Borrowing. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing after 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the second Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified by the Borrower in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and in immediately available funds, the amount of such Borrowing. Payments of proceeds of a Borrowing shall be made by wire transfer of immediately available funds to the Borrower in accordance with such wire transfer instructions as the Borrower shall furnish from time to time to the Liquidity Provider for such purpose. Each Notice of Borrowing shall be irrevocable and binding on the Borrower.

(f) Upon the making of any Advance requested pursuant to a Notice of Borrowing, in accordance with the Borrower's payment instructions, the Liquidity Provider shall be fully discharged of its obligation hereunder with respect to such Notice of Borrowing, and the Liquidity Provider shall not thereafter be obligated to make any further Advances hereunder in respect of such Notice of Borrowing to the Borrower or to any other Person. Following the making of any Advance pursuant to Section 2.02(b), (c) or (d) hereof to fund the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account, the Liquidity

Provider shall have no interest in or rights to the Class C-I Cash Collateral Account, any Sub-Account thereof, such Advance or any other amounts from time to time on deposit in the Class C-I Cash Collateral Account or any Sub-Account thereof; provided that the foregoing shall not affect or impair the obligations of the Subordination Agent to make the distributions contemplated by Section 3.6(e) or (f) of the Intercreditor Agreement. By paying to the Borrower proceeds of Advances requested by the Borrower in accordance with the provisions of this Agreement, the Liquidity Provider makes no representation as to, and assumes no responsibility for, the correctness or sufficiency for any purpose of the amount of the Advances so made and requested.

Section 2.03. Fees. The Borrower agrees to pay to the Liquidity Provider the fees set forth in the ABN AMRO Fee Letter.

Section 2.04. Adjustments or Termination of the Maximum Commitment. (a) Automatic Adjustments. Promptly following each date on which the Required Amount is (1) reduced as a result of a reduction in the Pool Balance of the Class C-I Certificates or otherwise, (2) increased as a result of an increase in the Stated Interest Rate or (3) subsequent to such an increase described in clause (2), reduced pursuant to the definition of "Stated Interest Rate", clause (y) of the definition of Maximum Commitment shall automatically be reduced or increased, as the case may be, to an amount equal to the Stated Portion of the Required Amount (as calculated by the Borrower). The Borrower shall give notice of any such automatic reduction or increase of the Maximum Commitment to the Liquidity Provider within two Business Days thereof. The failure by the Borrower to furnish any such notice shall not affect such automatic reduction or increase of the Maximum Commitment.

(b) Termination. Upon the making of any Provider Advance or Final Advance hereunder or the occurrence of the Termination Date, the obligation of the Liquidity Provider to make further Advances hereunder shall automatically and irrevocably terminate, and the Borrower shall not be entitled to request any further Borrowing hereunder.

Section 2.05. Repayments of Interest Advances or the Final Advance. Subject to Sections 2.06, 2.07 and 2.09 hereof, the Borrower hereby agrees, without notice of an Advance or demand for repayment from the Liquidity Provider (which notice and demand are hereby waived by the Borrower), to pay, or to

cause to be paid, to the Liquidity Provider on each date on which the Liquidity Provider shall make an Interest Advance or the Final Advance, an amount equal to (a) the amount of such Advance (any such Advance, until repaid, is referred to herein as an "Unpaid Advance"), plus (b) interest on the amount of each such Unpaid Advance as provided in Section 3.07 hereof; provided that if (i) the Liquidity Provider shall make a Provider Advance at any time after making one or more Interest Advances which shall not have been repaid in accordance with this Section 2.05 or (ii) this Liquidity Facility shall become a Downgraded Facility or Non-Extended Facility at any time when unreimbursed Interest Advances have reduced the Maximum Available Commitment to zero, then such Interest Advances shall cease to constitute Unpaid Advances and shall be deemed to have been changed into an Applied Downgrade Advance or an Applied Non-Extension Advance, as the case may be, for all purposes of this Agreement (including, without limitation, for the purpose of determining when such Interest Advance is required to be repaid to the Liquidity Provider in accordance with Section 2.06 and for the purposes of Section 2.06(b)). The Borrower and the Liquidity Provider agree that the repayment in full of each Interest Advance and Final Advance on the date such Advance is made is intended to be a contemporaneous exchange for new value given to the Borrower by the Liquidity Provider.

Section 2.06. Repayments of Provider Advances. (a) Amounts advanced hereunder in respect of a Provider Advance shall be deposited in the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account, invested and withdrawn from the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account as set forth in Sections 3.6(c), (d) and (f) of the Intercreditor Agreement. The Borrower agrees to pay to the Liquidity Provider, on each Regular Distribution Date, commencing on the first Regular Distribution Date after the making of a Provider Advance, interest on the principal amount of any such Provider Advance as provided in Section 3.07; provided, however, that amounts in respect of a Provider Advance withdrawn from the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account for the purpose of paying interest on the Class C-I Certificates in accordance with Section 3.6(f) of the Intercreditor Agreement (the amount of any such withdrawal being (y) in the case of a Downgrade Advance, an "Applied Downgrade Advance" and (z) in the case of a Non-Extension Advance, an "Applied Non-Extension Advance" and, together with an Applied Downgrade Advance, an "Applied Provider Advance") shall thereafter (subject to Section 2.06(b)) be

treated as an Interest Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon; provided further, however, that if, following the making of a Provider Advance, the Liquidity Provider delivers a Termination Notice to the Borrower pursuant to Section 6.01 hereof, such Provider Advance shall thereafter be treated as a Final Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon. Subject to Sections 2.07 and 2.09 hereof, immediately upon the withdrawal of any amounts from the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account on account of a reduction in the Required Amount, the Borrower shall repay to the Liquidity Provider a portion of the Provider Advances in a principal amount equal to the Stated Portion of such reduction, plus interest on the principal amount prepaid as provided in Section 3.07 hereof.

(b) At any time when an Applied Provider Advance (or any portion thereof) is outstanding, upon the deposit in the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account of any amount pursuant to clause "third" of Section 2.4(b) of the Intercreditor Agreement, clause "third" of Section 3.2 of the Intercreditor Agreement or clause "fourth" of Section 3.3 of the Intercreditor Agreement (any such amount being a "Replenishment Amount") for the purpose of replenishing or increasing the balance thereof up to the Stated Portion of the Required Amount at such time, (i) the aggregate outstanding principal amount of all Applied Provider Advances (and of Provider Advances treated as an Interest Advance for purposes of determining the Applicable Liquidity Rate for interest payable thereon) shall be automatically reduced by the amount of such Replenishment Amount and (ii) the aggregate outstanding principal amount of all Unapplied Provider Advances shall be automatically increased by the amount of such Replenishment Amount.

(c) Upon the provision of a Replacement Liquidity Facility in replacement of this Agreement in accordance with Section 3.6(e) of the Intercreditor Agreement, amounts remaining on deposit in the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account after giving effect to any Applied Provider Advance on the date of such replacement shall be reimbursed to the Liquidity Provider, but only to the extent such amounts are necessary to repay in full to the Liquidity Provider all amounts owing to it hereunder.

Section 2.07. Payments to the Liquidity Provider Under the Intercreditor Agreement. In order to provide for payment or repayment to the Liquidity Provider of any amounts hereunder, the Intercreditor Agreement provides that amounts available and referred to in Articles II and III of the Intercreditor Agreement, to the extent payable to the Liquidity Provider pursuant to the terms of the Intercreditor Agreement (including, without limitation, Section 3.6(f) of the Intercreditor Agreement), shall be paid to the Liquidity Provider in accordance with the terms thereof. Amounts so paid to the Liquidity Provider shall be applied by the Liquidity Provider to Liquidity Obligations then due and payable in such manner as it shall deem appropriate.

Section 2.08. Book Entries. The Liquidity Provider shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower resulting from Advances made from time to time and the amounts of principal and interest payable hereunder and paid from time to time in respect thereof; provided, however, that the failure by the Liquidity Provider to maintain such account or accounts shall not affect the obligations of the Borrower in respect of Advances.

Section 2.09. Payments from Available Funds Only. All payments to be made by the Borrower under this Agreement shall be made only from the Stated Portion of amounts that constitute Scheduled Payments, Special Payments or payments under Section 9.1 of the Participation Agreements and Sections 6 and 7 of the Note Purchase Agreement and only to the extent that the Borrower shall have sufficient income or proceeds therefrom to enable the Borrower to make payments in accordance with the terms hereof after giving effect to the priority of payments provisions set forth in the Intercreditor Agreement. The Liquidity Provider agrees that it will look solely to such amounts to the extent available for distribution to it as provided in the Intercreditor Agreement and this Agreement and that the Borrower, in its individual capacity, is not personally liable to it for any amounts payable or liability under this Agreement except as expressly provided in this Agreement, the Intercreditor Agreement or any Participation Agreement. Amounts on deposit in the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account shall be available to the Borrower to make payments under this Agreement only to the extent and for the purposes expressly contemplated in Section 3.6(f) of the Intercreditor Agreement. Amounts on deposit in the other Sub-Account in respect of the

Class C-I Certificates shall not be available to make payments under this Agreement.

Section 2.10. Extension of the Expiry Date; Non-Extension Advance. No earlier than the 60th day and no later than the 40th day prior to the then effective Expiry Date (unless such Expiry Date is on or after the date that is 15 days after the Final Maturity Date for the Class C-I Certificates), the Borrower shall request that the Liquidity Provider extend the Expiry Date for a period of 364 days after the then effective Expiry Date (unless the obligations of the Liquidity Provider are earlier terminated in accordance with the terms hereof). The Liquidity Provider shall advise the Borrower, no earlier than 40 days and no later than 25 days prior to the then effective Expiry Date, whether, in its sole discretion, it agrees to so extend the Expiry Date. If the Liquidity Provider advises the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall not be so extended, or fails to irrevocably and unconditionally advise the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall be so extended (and, in each case, if the Liquidity Provider shall not have been replaced in accordance with Section 3.6(e) of the Intercreditor Agreement), the Borrower shall be entitled on and after such 25th day (but prior to the then effective Expiry Date) to request a Non-Extension Advance in accordance with Section 2.02(b) hereof and Section 3.6(d) of the Intercreditor Agreement.

### ARTICLE III

#### OBLIGATIONS OF THE BORROWER

Section 3.01. Increased Costs. Subject to the ABN AMRO Fee Letter, the Borrower shall pay to the Liquidity Provider from time to time such amounts as may be necessary to compensate the Liquidity Provider for any increased costs incurred by the Liquidity Provider which are attributable to its making or maintaining any LIBOR Advances hereunder or its obligation to make any such Advances hereunder, or any reduction in any amount receivable by the Liquidity Provider under this Agreement or the Intercreditor Agreement in respect of any such Advances or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any change after the date of this Agreement in U.S. federal, state, municipal, or foreign laws or regulations (including

Regulation D), or the adoption or making after the date of this Agreement of any interpretations, directives, or requirements applying to a class of banks including the Liquidity Provider under any U.S. federal, state, municipal, or any foreign laws or regulations (whether or not having the force of law) by any court, central bank or monetary authority charged with the interpretation or administration thereof (a "Regulatory Change"), which: (1) changes the basis of taxation of any amounts payable to the Liquidity Provider under this Agreement in respect of any such Advances (other than Excluded Taxes); or (2) imposes or modifies any reserve, special deposit, compulsory loan or similar requirements relating to any extensions of credit or other assets of, or any deposits with other liabilities of, the Liquidity Provider (including any such Advances or any deposits referred to in the definition of LIBOR Rate or related definitions). The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.01 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.01 of the effect of any Regulatory Change on its costs of making or maintaining Advances or on amounts receivable by it in respect of Advances, and of the additional amounts required to compensate the Liquidity Provider in respect of any Additional Costs, shall be prima facie evidence of the amount owed under this Section.

Section 3.02. Capital Adequacy. Subject to the ABN AMRO Fee Letter, if (1) the adoption, after the date hereof, of any applicable governmental law, rule or regulation regarding capital adequacy, (2) any change, after the date hereof, in the interpretation or administration of any such law, rule or regulation by any central bank or other governmental authority charged with the interpretation or administration thereof or (3) compliance by the Liquidity Provider or any corporation

controlling the Liquidity Provider with any applicable guideline or request of general applicability, issued after the date hereof, by any central bank or other governmental authority (whether or not having the force of law) that constitutes a change of the nature described in clause (2), has the effect of requiring an increase in the amount of capital required to be maintained by the Liquidity Provider or any corporation controlling the Liquidity Provider, and such increase is based upon the Liquidity Provider's obligations hereunder and other similar obligations, the Borrower shall pay to the Liquidity Provider from time to time such additional amount or amounts as are necessary to compensate the Liquidity Provider for such portion of such increase as shall be reasonably allocable to the Liquidity Provider's obligations to the Borrower hereunder. The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise materially disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.02 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.02 of the effect of any increase in the amount of capital required to be maintained by the bank and of the amount allocable to the Liquidity Provider's obligations to the Borrower hereunder shall be prima facie evidence of the amounts owed under this Section.

Section 3.03. Payments Free of Deductions. All payments made by the Borrower under this Agreement shall be made free and clear of, and without reduction for or on account of, any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected, withheld or assessed, excluding Excluded Taxes (such non-excluded taxes being referred to herein, collectively, as "Non-Excluded Taxes" and, individually, as a "Non-Excluded Tax"). If any Non-Excluded Taxes are required to be withheld



from any amounts payable to the Liquidity Provider under this Agreement, the amounts so payable to the Liquidity Provider shall be increased to the extent necessary to yield to the Liquidity Provider (after payment of all Non-Excluded Taxes) interest or any other such amounts payable under this Agreement at the rates or in the amounts specified in this Agreement. The Liquidity Provider agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider. From time to time upon the reasonable request of the Borrower, the Liquidity Provider agrees to provide to the Borrower two original Internal Revenue Service Forms 1001 or 4224, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that the Liquidity Provider is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement.

Section 3.04. Payments. The Borrower shall make or cause to be made each payment to the Liquidity Provider under this Agreement so as to cause the same to be received by the Liquidity Provider not later than 1:00 P.M. (New York City time) on the day when due. The Borrower shall make all such payments in lawful money of the United States of America, to the Liquidity Provider in immediately available funds, by wire transfer to ABN AMRO Bank N.V., New York, NY, ABA # 026009580, Account Name: ABN AMRO Bank, N.V. - Chicago Branch, Account # 651-0-010111-42, Reference: Continental Airlines, Inc.

Section 3.05. Computations. All computations of interest based on the Base Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the LIBOR Rate shall be made on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

Section 3.06. Payment on Non-Business Days. Whenever any payment to be made hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and no additional interest shall be due as a result (and if so made, shall be deemed to have been

made when due). If any payment in respect of interest on an Advance is so deferred to the next succeeding Business Day, such deferral shall not delay the commencement of the next Interest Period for such Advance (if such Advance is a LIBOR Advance) or reduce the number of days for which interest will be payable on such Advance on the next interest payment date for such Advance.

Section 3.07. Interest. (a) Subject to Section 2.09, the Borrower shall pay, or shall cause to be paid, without duplication, interest on (i) the unpaid principal amount of each Advance from and including the date of such Advance (or, in the case of an Applied Provider Advance, from and including the date on which the amount thereof was withdrawn from the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account to pay interest on the Class C-I Certificates) to but excluding the date such principal amount shall be paid in full (or, in the case of an Applied Provider Advance, the date on which the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account is fully replenished in respect of such Advance) and (ii) any other amount due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by law, installments of interest on Advances or any such other amount) which is not paid when due (whether at stated maturity, by acceleration or otherwise) from and including the due date thereof to but excluding the date such amount is paid in full, in each such case, at a fluctuating interest rate per annum for each day equal to the Applicable Liquidity Rate (as defined below) for such Advance or such other amount as in effect for such day, but in no event at a rate per annum greater than the maximum rate permitted by applicable law; provided, however, that, if at any time the otherwise applicable interest rate as set forth in this Section 3.07 shall exceed the maximum rate permitted by applicable law, then any subsequent reduction in such interest rate will not reduce the rate of interest payable pursuant to this Section 3.07 below the maximum rate permitted by applicable law until the total amount of interest accrued equals the amount of interest that would have accrued if such otherwise applicable interest rate as set forth in this Section 3.07 had at all times been in effect.

(b) Except as provided in clause (e) below, each Advance will be either a Base Rate Advance or a LIBOR Advance as provided in this Section. Each such Advance will be a Base Rate Advance for the period from the date of its borrowing to (but excluding) the third Business Day following the Liquidity

Provider's receipt of the Notice of Borrowing for such Advance. Thereafter, such Advance shall be a LIBOR Advance; provided that the Borrower (at the direction of the Controlling Party) may convert the Final Advance into a Base Rate Advance on the last day of an Interest Period for such Advance by giving the Liquidity Provider no less than four Business Days' prior written notice of such election.

(c) Each LIBOR Advance shall bear interest during each Interest Period at a rate per annum equal to the LIBOR Rate for such Interest Period plus the Applicable Margin for such LIBOR Advance, payable in arrears on the last day of such Interest Period and, in the event of the payment of principal of such LIBOR Advance on a day other than such last day, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(d) Each Base Rate Advance shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin for such Base Rate Advance, payable in arrears on each Regular Distribution Date and, in the event of the payment of principal of such Base Rate Advance on a day other than a Regular Distribution Date, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(e) Each Unapplied Downgrade Advance (i) during the period from and including the date of the making of such Unapplied Downgrade Advance through but excluding the Expiry Date (or, if earlier, the date of repayment thereof or of conversion thereof into a Final Advance), shall bear interest in an amount equal to the Investment Earnings on amounts on deposit in the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account for such period plus .35% per annum on the amount of such Unapplied Downgrade Advance from time to time during such period, payable in arrears on each Regular Distribution Date and (ii) thereafter, shall be a LIBOR Advance and shall bear interest in accordance with clause (c) above.

(f) Each amount not paid when due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by applicable law, installments of interest on Advances but excluding Advances) shall bear interest at a rate per annum equal to the Base Rate plus 2.00% until paid.

(g) Each change in the Base Rate shall become effective immediately. The rates of interest specified in this Section 3.07 with respect to any Advance or other amount shall be referred to as the "Applicable Liquidity Rate".

Section 3.08. Replacement of Borrower. From time to time and subject to the successor Borrower's meeting the eligibility requirements set forth in Section 6.9 of the Intercreditor Agreement applicable to the Subordination Agent, upon the effective date and time specified in a written and completed Notice of Replacement Subordination Agent in substantially the form of Annex VI attached hereto (a "Notice of Replacement Subordination Agent") delivered to the Liquidity Provider by the then Borrower, the successor Borrower designated therein shall be substituted for as the Borrower for all purposes hereunder.

Section 3.09. Funding Loss Indemnification. The Borrower shall pay to the Liquidity Provider, upon the request of the Liquidity Provider, such amount or amounts as shall be sufficient (in the reasonable opinion of the Liquidity Provider) to compensate it for any loss, cost, or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by the Liquidity Provider to fund or maintain any LIBOR Advance (but excluding loss of anticipated profits) incurred as a result of:

(1) Any repayment of a LIBOR Advance on a date other than the last day of the Interest Period for such Advance; or

(2) Any failure by the Borrower to borrow a LIBOR Advance on the date for borrowing specified in the relevant notice under Section 2.02.

Section 3.10. Illegality. Notwithstanding any other provision in this Agreement, if any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Liquidity Provider (or its Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Liquidity Provider (or its Lending Office) to maintain or fund

its LIBOR Advances, then upon notice to the Borrower by the Liquidity Provider, the outstanding principal amount of the LIBOR Advances shall be converted to Base Rate Advances (a) immediately upon demand of the Liquidity Provider, if such change or compliance with such request, in the judgment of the Liquidity Provider, requires immediate repayment; or (b) at the expiration of the last Interest Period to expire before the effective date of any such change or request.

#### ARTICLE IV

##### CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied or waived:

(a) The Liquidity Provider shall have received on or before the Closing Date each of the following, and in the case of each document delivered pursuant to paragraphs (i), (ii) and (iii), each in form and substance satisfactory to the Liquidity Provider:

(i) This Agreement duly executed on behalf of the Borrower;

(ii) The Intercreditor Agreement duly executed on behalf of each of the parties thereto;

(iii) Fully executed copies of each of the Operative Agreements executed and delivered on or before the Closing Date (other than this Agreement and the Intercreditor Agreement);

(iv) A copy of the Offering Memorandum and specimen copies of the Class C-I Certificates;

(v) An executed copy of each document, instrument, certificate and opinion delivered on or before the Closing Date pursuant to the Class C-I Trust Agreement, the Intercreditor Agreement and the other Operative Agreements (together with, in the case of each such opinion, other than the opinion of counsel for the Initial Purchasers, a letter from the counsel

rendering such opinion to the effect that the Liquidity Provider is entitled to rely on such opinion as of its date as if it were addressed to the Liquidity Provider);

(vi) Evidence that there shall have been made and shall be in full force and effect, all filings, recordings and/or registrations, and there shall have been given or taken any notice or other similar action as may be reasonably necessary or, to the extent reasonably requested by the Liquidity Provider, reasonably advisable, in order to establish, perfect, protect and preserve the right, title and interest, remedies, powers, privileges, liens and security interests of, or for the benefit of, the Trustees, the Borrower and the Liquidity Provider created by the Operative Agreements executed and delivered on or prior to the Closing Date;

(vii) An agreement from Continental, pursuant to which (i) Continental agrees to provide copies of quarterly financial statements and audited annual financial statements to the Liquidity Provider, and such other information as the Liquidity Provider shall reasonably request with respect to the transactions contemplated by the Operative Agreements, in each case, only to the extent that Continental is obligated to provide such information pursuant to Section 8.2.1 of the Leases (related to Leased Aircraft) or the corresponding section of the Indentures (related to Owned Aircraft) to the parties thereto and (ii) Continental agrees to allow the Liquidity Provider to inspect Continental's books and records regarding such transactions, and to discuss such transactions with officers and employees of Continental; and

(viii) Such other documents, instruments, opinions and approvals as the Liquidity Provider shall have reasonably requested.

(b) The following statement shall be true on and as of the Effective Date: No event has occurred and is continuing, or would result from the entering into of this Agreement or the making of any Advance, which constitutes a Liquidity Event of Default.

(c) The Liquidity Provider shall have received payment in full of all fees and other sums required to be paid to or for the account of the Liquidity Provider on or prior to the Effective Date.

(d) All conditions precedent to the issuance of the Certificates under the Trust Agreements shall have been satisfied, all conditions precedent to the effectiveness of the other Liquidity Facilities shall have been satisfied, and all conditions precedent to the purchase of the Certificates by the Initial Purchasers under the Purchase Agreement shall have been satisfied (unless any of such conditions precedent shall have been waived by the Initial Purchasers).

(e) The Borrower shall have received a certificate, dated the date hereof, signed by a duly authorized representative of the Liquidity Provider, certifying that all conditions precedent to the effectiveness of Section 2.01 have been satisfied or waived.

Section 4.02. Conditions Precedent to Borrowing. The obligation of the Liquidity Provider to make an Advance on the occasion of each Borrowing shall be subject to the conditions precedent that the Effective Date shall have occurred and, prior to the date of such Borrowing, the Borrower shall have delivered a Notice of Borrowing which conforms to the terms and conditions of this Agreement and has been completed as may be required by the relevant form of the Notice of Borrowing for the type of Advances requested.

#### ARTICLE V

#### COVENANTS

Section 5.01. Affirmative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will, unless the Liquidity Provider shall otherwise consent in writing:

(a) Performance of This and Other Agreements. Punctually pay or cause to be paid all amounts payable by it under this Agreement and the other Operative Agreements and

observe and perform in all material respects the conditions, covenants and requirements applicable to it contained in this Agreement and the other Operative Agreements.

(b) Reporting Requirements. Furnish to the Liquidity Provider with reasonable promptness, such other information and data with respect to the transactions contemplated by the Operative Agreements as from time to time may be reasonably requested by the Liquidity Provider; and permit the Liquidity Provider, upon reasonable notice, to inspect the Borrower's books and records with respect to such transactions and to meet with officers and employees of the Borrower to discuss such transactions.

(c) Certain Operative Agreements. Furnish to the Liquidity Provider with reasonable promptness, such Operative Agreements entered into after the date hereof as from time to time may be reasonably requested by the Liquidity Provider.

Section 5.02. Negative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will not appoint or permit or suffer to be appointed any successor Borrower without the written consent of the Liquidity Provider, which consent shall not be unreasonably withheld or delayed.

#### ARTICLE VI

##### LIQUIDITY EVENTS OF DEFAULT

Section 6.01. Liquidity Events of Default. If (a) any Liquidity Event of Default has occurred and is continuing and (b) there is a Performing Note Deficiency, the Liquidity Provider may, in its discretion, deliver to the Borrower a Termination Notice, the effect of which shall be to cause (i) this Agreement to expire on the fifth Business Day after the date on which such Termination Notice is received by the Borrower, (ii) the Borrower to promptly request, and the Liquidity Provider to promptly make, a Final Advance in accordance with Section 2.02(d) hereof and Section 3.6(i) of the Intercreditor Agreement, (iii) all other outstanding Advances to be automatically converted into Final Advances for purposes of determining the Applicable Liquidity



Rate for interest payable thereon, and (iv) subject to Sections 2.07 and 2.09 hereof, all Advances (including, without limitation, any Provider Advance and Applied Provider Advance), any accrued interest thereon and any other amounts outstanding hereunder to become immediately due and payable to the Liquidity Provider.

#### ARTICLE VII

##### MISCELLANEOUS

Section 7.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Liquidity Provider, and, in the case of an amendment or of a waiver by the Borrower, the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.02. Notices, Etc. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telecopier and mailed or delivered or sent by telecopier):

Borrower: WILMINGTON TRUST COMPANY  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0001  
Attention: Corporate Trust  
Administration  
Telephone: (302) 651-1000  
Telecopy: (302) 651-8882

Liquidity Provider: ABN AMRO BANK N.V.  
Aerospace Department  
135 South LaSalle Street, #760  
Chicago, IL 60674-9135  
Attention: Lukas van der Hoef  
Telephone: (312) 904-2836  
Telecopy: (312) 606-8428

with a copy to:

ABN AMRO Bank N.V.  
135 South LaSalle St., #625  
Chicago, IL 60674-9135  
Attention: Loan Operations  
Telephone: (312) 904-2836  
Telecopy: (312) 606-8428

or, as to each of the foregoing, at such other address as shall be designated by such Person in a written notice to the others. All such notices and communications shall be effective (i) if given by telecopier, when transmitted to the telecopier number specified above, (ii) if given by mail, when deposited in the mails addressed as specified above, and (iii) if given by other means, when delivered at the address specified above, except that written notices to the Liquidity Provider pursuant to the provisions of Articles II and III hereof shall not be effective until received by the Liquidity Provider. A copy of all notices delivered hereunder to either party shall in addition be delivered to each of the parties to the Participation Agreements at their respective addresses set forth therein.

Section 7.03. No Waiver; Remedies. No failure on the part of the Liquidity Provider to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 7.04. Further Assurances. The Borrower agrees to do such further acts and things and to execute and deliver to the Liquidity Provider such additional assignments, agreements, powers and instruments as the Liquidity Provider may reasonably require or deem advisable to carry into effect the purposes of this Agreement and the other Operative Agreements or to better assure and confirm unto the Liquidity Provider its rights, powers and remedies hereunder and under the other Operative Agreements.

Section 7.05. Indemnification; Survival of Certain Provisions. The Liquidity Provider shall be indemnified hereunder to the extent and in the manner described in Section 10.1 of the Participation Agreements and Section 6 of the Note Purchase Agreement. In addition, the Borrower agrees to indemnify, protect, defend and hold harmless the Liquidity Provider from, against and in respect of, and shall pay on

demand, all Expenses of any kind or nature whatsoever (other than any Expenses of the nature described in Sections 3.01, 3.02 or 7.07 hereof or in the ABN AMRO Fee Letter (regardless of whether indemnified against pursuant to said Sections or in such Fee Letter)), that may be imposed, incurred by or asserted against any Liquidity Indemnatee, in any way relating to, resulting from, or arising out of or in connection with any action, suit or proceeding by any third party against such Liquidity Indemnatee and relating to this Agreement, the ABN AMRO Fee Letter, the Intercreditor Agreement or any Financing Agreement; provided, however, that the Borrower shall not be required to indemnify, protect, defend and hold harmless any Liquidity Indemnatee in respect of any Expense of such Liquidity Indemnatee (i) to the extent such Expense is attributable to the gross negligence or willful misconduct of such Liquidity Indemnatee or any other Liquidity Indemnatee, (ii) that is ordinary and usual operating overhead expense, and (iii) to the extent such Expense is attributable to the failure by such Liquidity Indemnatee or any other Liquidity Indemnatee to perform or observe any agreement, covenant or condition on its part to be performed or observed in this Agreement, the Intercreditor Agreement, the ABN AMRO Fee Letter, the Tax Letter or any other Operative Document to which it is a party. The indemnities contained in such Section 10.1, and the provisions of Sections 3.01, 3.02, 3.03, 3.09, 7.05 and 7.07 hereof, shall survive the termination of this Agreement.

Section 7.06. Liability of the Liquidity Provider. (a) Neither the Liquidity Provider nor any of its officers, employees, directors or affiliates shall be liable or responsible for: (i) the use which may be made of the Advances or any acts or omissions of the Borrower or any beneficiary or transferee in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (iii) the making of Advances by the Liquidity Provider against delivery of a Notice of Borrowing and other documents which do not comply with the terms hereof; provided, however, that the Borrower shall have a claim against the Liquidity Provider, and the Liquidity Provider shall be liable to the Borrower, to the extent of any damages suffered by the Borrower which were the result of (A) the Liquidity Provider's willful misconduct or negligence in determining whether documents presented hereunder comply with the terms hereof, or (B) any breach by the Liquidity Provider of any of the terms of this Agreement, including, but not limited to,

the Liquidity Provider's failure to make lawful payment hereunder after the delivery to it by the Borrower of a Notice of Borrowing strictly complying with the terms and conditions hereof.

(b) Neither the Liquidity Provider nor any of its officers, employees, director or affiliates shall be liable or responsible in any respect for (i) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with this Agreement or any Notice of Borrowing delivered hereunder, or (ii) any action, inaction or omission which may be taken by it in good faith, absent willful misconduct or negligence (in which event the extent of the Liquidity Provider's potential liability to the Borrower shall be limited as set forth in the immediately preceding paragraph), in connection with this Agreement or any Notice of Borrowing.

Section 7.07. Costs, Expenses and Taxes. The Borrower agrees to pay, or cause to be paid (A) on the Effective Date and on such later date or dates on which the Liquidity Provider shall make demand, all reasonable out-of-pocket costs and expenses (including, without limitation, the reasonable fees and expenses of outside counsel for the Liquidity Provider) of the Liquidity Provider in connection with the preparation, negotiation, execution, delivery, filing and recording of this Agreement, any other Operative Agreement and any other documents which may be delivered in connection with this Agreement and (B) on demand, all reasonable costs and expenses (including reasonable counsel fees and expenses) of the Liquidity Provider in connection with (i) the enforcement of this Agreement or any other Operative Agreement, (ii) the modification or amendment of, or supplement to, this Agreement or any other Operative Agreement or such other documents which may be delivered in connection herewith or therewith (whether or not the same shall become effective) or (iii) any action or proceeding relating to any order, injunction, or other process or decree restraining or seeking to restrain the Liquidity Provider from paying any amount under this Agreement, the Intercreditor Agreement or any other Operative Agreement or otherwise affecting the application of funds in the Cash Collateral Accounts. In addition, the Borrower shall pay any and all recording, stamp and other similar taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, any other Operative Agreement and such other documents, and agrees to save the Liquidity Provider harmless from and against any and all

liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees.

Section 7.08. Binding Effect; Participations. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower and the Liquidity Provider and their respective successors and assigns, except that neither the Liquidity Provider (except as otherwise provided in this Section 7.08) nor (except as contemplated by Section 3.08) the Borrower shall have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of the other party, subject to the requirements of Section 7.08(b). The Liquidity Provider may grant participations herein or in any of its rights hereunder (including, without limitation, funded participations and participations in rights to receive interest payments hereunder) and under the other Operative Agreements to such Persons as the Liquidity Provider may in its sole discretion select, subject to the requirements of Section 7.08(b). No such participation by the Liquidity Provider, however, will relieve the Liquidity Provider of its obligations hereunder. In connection with any participation or any proposed participation, the Liquidity Provider may disclose to the participant or the proposed participant any information that the Borrower is required to deliver or to disclose to the Liquidity Provider pursuant to this Agreement. The Borrower acknowledges and agrees that the Liquidity Provider's source of funds may derive in part from its participants (other than Continental). Accordingly, references in this Agreement and the other Operative Agreements to determinations, reserve and capital adequacy requirements, increased costs, reduced receipts, additional amounts due pursuant to Section 3.03(a) and the like as they pertain to the Liquidity Provider shall be deemed also to include those of each of its participants (subject, in each case, to the maximum amount that would have been incurred by or attributable to the Liquidity Provider directly if the Liquidity Provider, rather than the participant, had held the interest participated).

(b) If, pursuant to subsection (a) above, the Liquidity Provider sells any participation in this Agreement to any bank or other entity (each, a "Transferee"), then, concurrently with the effectiveness of such transfer, the Transferee shall (i) represent to the Liquidity Provider (for the benefit of the Liquidity Provider and the Borrower) either (A) that it is incorporated under the laws of the United States or a state thereof or (B) that under applicable law and treaties, no

taxes will be required to be withheld with respect to any payments to be made to such Transferee in respect of this Agreement, (ii) furnish to the Liquidity Provider and the Borrower either (x) a statement that it is incorporated under the laws of the United States or a state thereof or (y) if it is not so incorporated, two copies of a properly completed United States Internal Revenue Service Form 4224 or Form 1001, as appropriate, or other applicable form, certificate or document prescribed by the Internal Revenue Service certifying, in each case, such Transferee's entitlement to a complete exemption from United States federal withholding tax in respect to any and all payments to be made hereunder, and (iii) agree (for the benefit of the Liquidity Provider and the Borrower) to provide the Liquidity Provider and the Borrower a new Form 4224 or Form 1001, as appropriate, (A) on or before the date that any such form expires or becomes obsolete or (B) after the occurrence of any event requiring a change in the most recent form previously delivered by it and prior to the immediately following due date of any payment by the Borrower hereunder, certifying in the case of a Form 1001 or Form 4224 that such Transferee is entitled to a complete exemption from United States federal withholding tax on payments under this Agreement. Unless the Borrower has received forms or other documents reasonably satisfactory to it (and required by applicable law) indicating that payments hereunder are not subject to United States federal withholding tax, the Borrower will withhold taxes as required by law from such payments at the applicable statutory rate.

(c) Notwithstanding the other provisions of this Section 7.08, the Liquidity Provider may assign and pledge all or any portion of the Advances owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Advances made by the Borrower to the Liquidity Provider in accordance with the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect of such assigned Advance to the extent of such payment. No such assignment shall release the Liquidity Provider from its obligations hereunder.

Section 7.09. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-

authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 7.10. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 7.11. Submission to Jurisdiction; Waiver of Jury Trial; Waiver of Immunity. (a) Each of the parties hereto hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Agreement or any other Operative Agreement, or for recognition and enforcement of any judgment in respect hereof or thereof, to the nonexclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and the appellate courts from any thereof;

(ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form and mail), postage prepaid, to each party hereto at its address set forth in Section 7.02 hereof, or at such other address of which the Liquidity Provider shall have been notified pursuant thereto; and

(iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(b) THE BORROWER AND THE LIQUIDITY PROVIDER EACH HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS

AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE RELATIONSHIP THAT IS BEING ESTABLISHED, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. The Borrower and the Liquidity Provider each warrant and represent that it has reviewed this waiver with its legal counsel, and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, AND CANNOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

(c) The Liquidity Provider hereby waives any immunity it may have from the jurisdiction of the courts of the United States or of any State and waives any immunity any of its properties located in the United States may have from attachment or execution upon a judgment entered by any such court under the United States Foreign Sovereign Immunities Act of 1976 or any similar successor legislation.

Section 7.12. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

Section 7.13. Entirety. This Agreement, the Intercreditor Agreement and the other Operative Agreements to which the Liquidity Provider is a party constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior understandings and agreements of such parties.

Section 7.14. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 7.15. Transfer. The Liquidity Provider hereby acknowledges and consents to the Transfer contemplated by the Assignment and Assumption Agreement.

Section 7.16. LIQUIDITY PROVIDER'S OBLIGATION TO MAKE ADVANCES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE



OBLIGATIONS OF THE LIQUIDITY PROVIDER TO MAKE ADVANCES HEREUNDER, AND THE BORROWER'S RIGHTS TO DELIVER NOTICES OF BORROWING REQUESTING THE MAKING OF ADVANCES HEREUNDER, SHALL BE UNCONDITIONAL AND IRREVOCABLE, AND SHALL BE PAID OR PERFORMED, IN EACH CASE STRICTLY IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

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

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as agent and trustee for the Class C-I Trust, as Borrower

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

ABN AMRO BANK N.V.,  
Chicago Branch,  
as Liquidity Provider

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

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

## Revolving Credit Agreement

## INTEREST ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ABN AMRO N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-I) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of an Interest Advance by the Liquidity Provider to be used, subject to clause (3)(v) below, for the payment of the Stated Portion of the interest on the Class C-I Certificates which was payable on \_\_\_\_\_, \_\_\_\_ (the "Distribution Date") in accordance with the terms and provisions of the Class C-I Trust Agreement and the Class C-I Certificates pursuant to clause fifth of Section 3.2 of the Intercreditor Agreement or clause seventh of Section 3.3 of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Interest Advance requested hereby (i) is \$\_\_\_\_\_, to be applied in respect of the payment of the Stated Portion of the interest which was due and payable on the Class C-I Certificates on the Distribution Date, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class A Certificates, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, or interest on the Class A Certificates, the Class B Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class C-I Certificates, the Class C-I Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), (iv) does not exceed the Maximum Available Commitment on the date hereof, (v) does not include any amount of interest which

was due and payable on the Class C-I Certificates on such Distribution Date but which remains unpaid due to the failure of the Depositary to pay any amount of accrued interest on the Certificates of Deposit on such Distribution Date and (vi) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will apply the same in accordance with the terms of Section 3.2 or 3.3 of the Intercreditor Agreement, as the case may be, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, the making of the Interest Advance as requested by this Notice of Borrowing shall automatically reduce, subject to reinstatement in accordance with the terms of the Liquidity Agreement, the Maximum Available Commitment by an amount equal to the amount of the Interest Advance requested to be made hereby as set forth in clause (i) of paragraph (3) of this Certificate and such reduction shall automatically result in corresponding reductions in the amounts available to be borrowed pursuant to a subsequent Advance.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as Borrower

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

SCHEDULE I TO INTEREST ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with  
Interest Advance Notice of Borrowing]

Annex II to  
Revolving Credit Agreement

NON-EXTENSION ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-I) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Non-Extension Advance by the Liquidity Provider to be used for the funding of the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Non-Extension Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class C-I Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class B Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class C-I Certificates, the Class C-I Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(d) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Non-Extension Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Non-Extension Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as Borrower

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

SCHEDULE I TO NON-EXTENSION ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with  
Non-Extension Advance Notice of Borrowing]



## Revolving Credit Agreement

## DOWNGRADE ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-I) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Downgrade Advance by the Liquidity Provider to be used for the funding of the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement by reason of the downgrading of the short-term unsecured debt rating of the Liquidity Provider issued by either Rating Agency below the Threshold Rating, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Downgrade Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class C-I Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class B Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class C-I Certificates, the Class C-I Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(c) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Downgrade Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Downgrade Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its  
individual capacity but solely as  
Subordination Agent, as Borrower

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

SCHEDULE I TO DOWNGRADE ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with  
Downgrade Advance Notice of Borrowing]

## Revolving Credit Agreement

## FINAL ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-I) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Final Advance by the Liquidity Provider to be used for the funding of the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement by reason of the receipt by the Borrower of a Termination Notice from the Liquidity Provider with respect to the Liquidity Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Final Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class C-I Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class B Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class C-I Certificates, the Class C-I Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ABN AMRO Sub-Account of the Class C-I Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(i) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Final Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Final Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as Borrower

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

SCHEDULE I TO FINAL ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with  
Final Advance Notice of Borrowing]

Annex V to  
Revolving Credit Agreement

## NOTICE OF TERMINATION

[Date]

Wilmington Trust Company,  
as Subordination Agent, as Borrower  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0001

Attention: Corporate Trust Administration

Revolving Credit Agreement dated as of March 21, 1997, between  
Wilmington Trust Company, as Subordination Agent, as agent and  
trustee for the Continental Airlines Pass Through Trust,  
1997-1C-I-[O/S], as Borrower, and ABN AMRO BANK N.V., Chicago  
Branch (the "Liquidity Agreement")

-----  
Ladies and Gentlemen:

You are hereby notified that pursuant to Section 6.01 of the Liquidity Agreement, by reason of the occurrence of a Liquidity Event of Default and the existence of a Performing Note Deficiency (each as defined therein), we are giving this notice to you in order to cause (i) our obligations to make Advances (as defined therein) under such Liquidity Agreement to terminate on the fifth Business Day after the date on which you receive this notice and (ii) you to request a Final Advance under the Liquidity Agreement pursuant to Section 3.6(i) of the Intercreditor Agreement (as defined in the Liquidity Agreement) as a consequence of your receipt of this notice.

THIS NOTICE IS THE "NOTICE OF TERMINATION" PROVIDED FOR UNDER THE LIQUIDITY AGREEMENT. OUR OBLIGATIONS TO MAKE ADVANCES UNDER THE LIQUIDITY AGREEMENT WILL TERMINATE ON THE FIFTH BUSINESS DAY AFTER THE DATE ON WHICH YOU RECEIVE THIS NOTICE.

Very truly yours,

ABN AMRO BANK N.V.,  
Chicago Branch,  
as Liquidity Provider

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

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

cc: Wilmington Trust Company,  
as Class C-I Trustee



Revolving Credit Agreement

NOTICE OF REPLACEMENT SUBORDINATION AGENT

[Date]

Attention:

Revolving Credit Agreement dated as of March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust, 1997-1C-I-[O/S], as Borrower, and ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Agreement")

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

-----  
[Name of Transferee]

-----  
[Address of Transferee]

all rights and obligations of the undersigned as Borrower under the Liquidity Agreement referred to above. The transferee has succeeded the undersigned as Subordination Agent under the Intercreditor Agreement referred to in the first paragraph of the Liquidity Agreement, pursuant to the terms of Section 8.1 of the Intercreditor Agreement.

By this transfer, all rights of the undersigned as Borrower under the Liquidity Agreement are transferred to the transferee and the transferee shall hereafter have the sole rights and obligations as Borrower thereunder. The undersigned shall pay any costs and expenses of such transfer, including, but not limited to, transfer taxes or governmental charges.

We ask that this transfer be effective as of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its  
individual capacity but solely as  
Subordination Agent, as Borrower

By:

-----

Name:

Title:

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REVOLVING CREDIT AGREEMENT

(1997-1C-I)

Dated as of March 21, 1997

between

WILMINGTON TRUST COMPANY,

as Subordination Agent,

as agent and trustee for the

Continental Airlines Pass Through Trust 1997-1C-I-0

as Borrower

and

ING Bank N.V.

as Liquidity Provider

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Relating to

Continental Airlines Pass Through Trust 1997-1C-I-0

7.42% Continental Airlines Pass Through Certificates,

Series 1997-1C-I-0

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## REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT dated as of March 21, 1997, between WILMINGTON TRUST COMPANY, a Delaware corporation, not in its individual capacity but solely as Subordination Agent under the Intercreditor Agreement (each as defined below), as agent and trustee for the Class C-I Trust (as defined below) (the "Borrower", and ING BANK N.V., a bank organized under the laws of The Netherlands ("ING" or the "Liquidity Provider").

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

WHEREAS, pursuant to the Class C-I Trust Agreement (such term and all other capitalized terms used in these recitals having the meanings set forth or referred to in Section 1.01), the Class C-I Trust is issuing the Class C-I Certificates; and

WHEREAS, the Borrower, in order to support the timely payment of a portion of the interest on the Class C-I Certificates in accordance with their terms, has requested the Liquidity Provider to enter into this Agreement, providing in part for the Borrower to request in specified circumstances that Advances be made hereunder.

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

## ARTICLE I

## DEFINITIONS

Section 1.01. Certain Defined Terms. (a) Definitions. As used in this Agreement and unless otherwise expressly indicated, or unless the context clearly requires otherwise, the following capitalized terms shall have the following respective meanings for all purposes of this Agreement:

"Additional Cost" has the meaning assigned to such term in Section 3.01.

"Advance" means an Interest Advance, a Final Advance, a Provider Advance, an Applied Provider Advance or an Unpaid Advance, as the case may be.

"Applicable Liquidity Rate" has the meaning assigned to such term in Section 3.07(g).

"Applicable Margin" means (w) with respect to any Unpaid Advance or Applied Provider Advance that is a LIBOR Advance, 1.75%, (x) with respect to any Unpaid Advance or Applied Provider Advance that is a Base Rate Advance, 1.75%, (y) with respect to any Unapplied Provider Advance that is a LIBOR Advance, .40% and (z) with respect to any Unapplied Provider Advance that is a Base Rate Advance, .40%.

"Applied Downgrade Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Non-Extension Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Provider Advance" has the meaning assigned to such term in Section 2.06(a).

"Assignment and Assumption Agreement" means the Assignment and Assumption to be entered into between the Borrower and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Class C-I Trust Agreement.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to (a) the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Liquidity Provider from three Federal funds brokers of recognized standing selected by it, plus (b) one-quarter of one percent (1/4 or 1%).

"Base Rate Advance" means an Advance that bears interest at a rate based upon the Base Rate.

"Borrower" has the meaning assigned to such term in the recital of parties to this Agreement.

"Borrowing" means the making of Advances requested by delivery of a Notice of Borrowing.



"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in Houston, Texas, New York, New York, Amsterdam, The Netherlands or, so long as any Class C-I Certificate is outstanding, the city and state in which the Class C-I Trustee, the Borrower or any Loan Trustee maintains its Corporate Trust Office or receives or disburses funds, and, if the applicable Business Day relates to any Advance or other amount bearing interest based on the LIBOR Rate, on which dealings are carried on in the London interbank market.

"Certificates of Deposit" has the meaning assigned to such term in the Deposit Agreement.

"Deposits" has the meaning assigned to such terms in the Deposit Agreement.

"Depository" has the meaning assigned to such term in the Deposit Agreement.

"Deposit Agreement" means the Deposit Agreement dated March 21, 1997 between First Security Bank, National Association, as Escrow Agent and Credit Suisse First Boston, as Depository, pertaining to the Class C-I Certificates, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof.

"Downgrade Advance" means an Advance made pursuant to Section 2.02(c).

"Effective Date" has the meaning specified in Section 4.01. The delivery of the certificate of the Liquidity Provider contemplated by Section 4.01(e) shall be conclusive evidence that the Effective Date has occurred.

"Expenses" means liabilities, obligations, damages, settlements, penalties, claims, actions, suits, costs, expenses, and disbursements (including, without limitation, reasonable fees and disbursements of legal counsel and costs of investigation), provided that Expenses shall not include any Taxes.

"Excluded Taxes" means (i) taxes imposed on the overall net income of the Liquidity Provider or of its Lending Office by the jurisdiction where such Liquidity Provider's principal office or such Lending Office is located, and (ii) Excluded Withholding Taxes.

"Excluded Withholding Taxes" means (i) withholding Taxes imposed by the United States except to the extent that such United States withholding Taxes are imposed as a result of any change in applicable law after the date hereof (excluding from change in applicable law for this purpose a change in an applicable treaty or other change in law affecting the applicability of a treaty), or in the case of a successor Liquidity Provider (including a transferee of an Advance) or Lending Office, after the date on which such successor Liquidity Provider obtains its interest or on which the Lending Office is changed, and (ii) any withholding Taxes imposed by the United States which are imposed or increased as a result of the Liquidity Provider failing to deliver to the Borrower any certificate or document (which certificate or document in the good faith judgment of the Liquidity Provider it is legally entitled to provide) which is reasonably requested by the Borrower to establish that payments under this Agreement are exempt from (or entitled to a reduced rate of) withholding Tax.

"Expiry Date" means March 19, 1998, initially, or any date to which the Expiry Date is extended pursuant to Section 2.10.

"Final Advance" means an Advance made pursuant to Section 2.02(d).

"Intercreditor Agreement" means the Intercreditor Agreement dated the date hereof, among the Trustees, the Liquidity Provider, the liquidity provider under each Liquidity Facility (other than this Agreement) and the Subordination Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Interest Advance" means an Advance made pursuant to Section 2.02(a).

"Interest Period" means, with respect to any LIBOR Advance, each of the following periods:

- (i) the period beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such LIBOR Advance (or, in the case of an Unapplied Downgrade Advance, the period beginning on the Expiry Date) and ending on the next Regular Distribution Date; and

- (ii) each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the next Regular Distribution Date;

provided, however, that (I) if an Unapplied Provider Advance which is a LIBOR Advance becomes an Applied Provider Advance, the Interest Period then applicable to such Unapplied Provider Advance shall be applicable to such Applied Provider Advance and (II) if (x) the Final Advance shall have been made, or (y) other outstanding Advances shall have been converted into the Final Advance, then the Interest Periods shall be successive periods of one month beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Final Advance (in the case of clause (x) above) or the Regular Distribution Date following such conversion (in the case of clause (y) above).

"Lending Office" means the lending office of the Liquidity Provider presently located at Amsterdam, The Netherlands, or such other lending office as the Liquidity Provider from time to time shall notify the Borrower as its lending office hereunder; provided that the Liquidity Provider shall not change its Lending Office to a Lending Office outside the United States of America except in accordance with Section 3.01, 3.02 or 3.03 hereof.

"LIBOR Advance" means an Advance bearing interest at a rate based upon the LIBOR Rate.

"LIBOR Rate" means, with respect to any Interest Period, the average (rounded upward, if necessary, to the next higher 1/16 of 1%) of the rates per annum at which deposits in dollars are offered to major banks in the London interbank market at approximately 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Advance to which such Interest Period is to apply and for a period of time comparable to such Interest Period.

"Liquidity Event of Default" means the occurrence of either (a) the acceleration of all of the Equipment Notes (provided that, with respect to the period prior to the Delivery Period Expiry Date, such Equipment Notes have an aggregate

outstanding principal balance in excess of \$280,000,000) or (b) a Continental Bankruptcy Event.

"Liquidity Indemnitee" means (i) the Liquidity Provider, (ii) the directors, officers, employees and agents of the Liquidity Provider, and (iii) the successors and permitted assigns of the persons described in clauses (i) and (ii), inclusive.

"Liquidity Provider" has the meaning assigned to such term in the recital of parties to this Agreement.

"Maximum Available Commitment" shall mean, subject to the proviso contained in the third sentence of Section 2.02(a), at any time of determination, (a) the Maximum Commitment at such time less (b) the aggregate amount of each Interest Advance outstanding at such time; provided that following a Provider Advance or a Final Advance, the Maximum Available Commitment shall be zero.

"Maximum Commitment" means, for any day, the lesser of (x) \$6,721,126.50 and (y) the Stated Portion of the Required Amount on such day.

"Non-Extension Advance" means an Advance made pursuant to Section 2.02(b).

"Notice of Borrowing" has the meaning specified in Section 2.02(e).

"Notice of Replacement Subordination Agent" has the meaning specified in Section 3.08.

"Offering Memorandum" means the Offering Memorandum dated March 12, 1997 relating to the Certificates, as such Offering Memorandum may be amended or supplemented.

"Performing Note Deficiency" means any time that less than 65 % of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes.

"Provider Advance" means a Downgrade Advance or a Non-Extension Advance.

"Regulatory Change" has the meaning assigned to such term in Section 3.01.

"Replenishment Amount" has the meaning assigned to such term in Section 2.06(b).

"Required Amount" means, for any day, the sum of the aggregate amount of interest, calculated at the rate per annum equal to the Stated Interest Rate for the Class C-I Certificates, that would be payable on the Class C-I Certificates on each of the three successive semiannual Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the succeeding two semiannual Regular Distribution Dates, in each case calculated on the basis of the Pool Balance of the Class C-I Certificates on such day and without regard to expected future payments of principal on the Class C-I Certificates.

"Stated Portion" means 50%.

"Successor Trust" means Continental Airlines Pass Through Trust 1997-1C-I-S.

"Tax Letter" means the letter dated the date hereof between the Liquidity Provider and Continental pertaining to this Agreement.

"Termination Date" means the earliest to occur of the following: (i) the Expiry Date; (ii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that all of the Class C-I Certificates have been paid in full (or provision has been made for such payment in accordance with the Intercreditor Agreement and the Trust Agreements) or are otherwise no longer entitled to the benefits of this Agreement; (iii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that a Replacement Liquidity Facility has been substituted for this Agreement in full pursuant to Section 3.6(e) of the Intercreditor Agreement; (iv) the fifth Business Day following the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof; and (v) the date on which no Advance is or may (including by reason of reinstatement as herein provided) become available for a Borrowing hereunder.

"Termination Notice" means the Notice of Termination substantially in the form of Annex V to this Agreement.

"Transferee" has the meaning assigned to such term in Section 7.08(b).

"Unapplied Downgrade Advance" means any Downgrade Advance other than an Applied Downgrade Advance.

"Unapplied Provider Advance" means any Provider Advance other than an Applied Provider Advance.

"Unpaid Advance" has the meaning assigned to such term in Section 2.05.

(b) Terms Defined in the Intercreditor Agreement. For all purposes of this Agreement, the following terms shall have the respective meanings assigned to such terms in the Intercreditor Agreement:

"Certificates", "Class A Certificates", "Class B Certificates", "Class C-I Cash Collateral Account", "Class C-I Certificates", "Class C-I Certificateholders", "Class C-I Trust", "Class C-I Trust Agreement", "Class C-I Trustee", "Class C-II Certificates", "Closing Date", "Continental", "Continental Bankruptcy Event", "Controlling Party", "Corporate Trust Office", "Delivery Period Expiry Date", "Distribution Date", "Downgraded Facility", "Equipment Notes", "Financing Agreement", "Indenture", "ING Fee Letter", "ING Sub-Account", "Initial Purchasers", "Investment Earnings", "Liquidity Facility", "Loan Trustee", "Moody's", "Non-Extended Facility", "Note Purchase Agreement", "Operative Agreements", "Performing Equipment Note", "Person", "Pool Balance", "Purchase Agreement", "Rating Agency", "Registration Rights Agreement", "Regular Distribution Date", "Replacement Liquidity Facility", "Responsible Officer", "Scheduled Payment", "Special Payment", "Standard & Poor's", "Stated Interest Rate", "Sub-Account", "Subordination Agent", "Taxes", "Threshold Rating", "Transfer", "Trust Agreements", "Trustee" and "Written Notice".

(c) Interest on Certificates. For all purposes of this Agreement, each scheduled payment with respect to a Class C-I Certificate shall be deemed to be comprised of interest and principal components, with the interest

component equalling interest accrued at the Stated Interest Rate for the Class C-I Certificates from (i) the later of (x) the date of issuance thereof and (y) the most recent but preceding Regular Distribution Date to (ii) the Regular Distribution Date on which such Scheduled Payment is being made, such interest to be considered payable in arrears on such Regular Distribution Date and to be calculated and allocated in the same manner as interest on the Class C-I Equipment Notes.

## ARTICLE II

### AMOUNT AND TERMS OF THE COMMITMENT

Section 2.01. The Advances. The Liquidity Provider hereby irrevocably agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until 12:00 Noon (New York City time) on the Expiry Date (unless the obligations of the Liquidity Provider shall be earlier terminated in accordance with the terms of Section 2.04(b)) in an aggregate amount at any time outstanding not to exceed the Maximum Commitment.

Section 2.02. Making the Advances. (a) Interest Advances shall be made in one or more Borrowings by delivery to the Liquidity Provider of one or more written and completed Notices of Borrowing in substantially the form of Annex I attached hereto, signed by a Responsible Officer of the Borrower, in an amount not exceeding the Maximum Available Commitment at such time and shall be used solely for the payment when due of the Stated Portion of interest on the Class C-I Certificates at the Stated Interest Rate therefor in accordance with Section 3.6(a) of the Intercreditor Agreement. Each Interest Advance made hereunder shall automatically reduce the Maximum Available Commitment and the amount available to be borrowed hereunder by subsequent Advances by the amount of such Interest Advance (subject to reinstatement as provided in the next sentence). Upon repayment to the Liquidity Provider in full of the amount of any Interest Advance made pursuant to this Section 2.02(a), together with accrued interest thereon (as provided herein), the Maximum Available Commitment shall be reinstated by the amount of such repaid Interest Advance, but not to exceed the Maximum Commitment; provided, however, that the Maximum Available Commitment shall not be so reinstated at any time if (i) a

Liquidity Event of Default shall have occurred and be continuing and (ii) there is a Performing Note Deficiency.

(b) A Non-Extension Advance shall be made in a single Borrowing if this Agreement is not extended in accordance with Section 3.6(d) of the Intercreditor Agreement (unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(d)) by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex II attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ING Sub-Account of the Class C-I Cash Collateral Account in accordance with said Section 3.6(d).

(c) A Downgrade Advance shall be made in a single Borrowing upon a downgrading of the Liquidity Provider's short-term unsecured debt rating issued by either Rating Agency below the Threshold Rating (as provided for in Section 3.6(c) of the Intercreditor Agreement) unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(c), by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex III attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ING Sub-Account of the Class C-I Cash Collateral Account in accordance with said Section 3.6(c).

(d) A Final Advance shall be made in a single Borrowing upon the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex IV attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ING Sub-Account of the Class C-I Cash Collateral Account (in accordance with Section 3.6(i) of the Intercreditor Agreement).



(e) Each Borrowing shall be made on notice in writing (a "Notice of Borrowing") in substantially the form required by Section 2.02(a), 2.02(b), 2.02(c) or 2.02(d), as the case may be, given by the Borrower to the Liquidity Provider. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing no later than 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the first Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and immediately available funds, the amount of such Borrowing. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing after 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the second Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified by the Borrower in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and in immediately available funds, the amount of such Borrowing. Payments of proceeds of a Borrowing shall be made by wire transfer of immediately available funds to the Borrower in accordance with such wire transfer instructions as the Borrower shall furnish from time to time to the Liquidity Provider for such purpose. Each Notice of Borrowing shall be irrevocable and binding on the Borrower.

(f) Upon the making of any Advance requested pursuant to a Notice of Borrowing, in accordance with the Borrower's payment instructions, the Liquidity Provider shall be fully discharged of its obligation hereunder with respect to such Notice of Borrowing, and the Liquidity Provider shall not thereafter be obligated to make any further Advances hereunder in respect of such Notice of Borrowing to the Borrower or to any other Person. Following the making of any Advance pursuant to Section 2.02(b), (c) or (d) hereof to fund the ING Sub-Account of the Class C-I

Cash Collateral Account, the Liquidity Provider shall have no interest in or rights to the Class C-I Cash Collateral Account, any Sub-Account thereof, such Advance or any other amounts from time to time on deposit in the Class C-I Cash Collateral Account or any Sub-Account thereof; provided that the foregoing shall not affect or impair the obligations of the Subordination Agent to make the distributions contemplated by Section 3.6(e) or (f) of the Intercreditor Agreement. By paying to the Borrower proceeds of Advances requested by the Borrower in accordance with the provisions of this Agreement, the Liquidity Provider makes no representation as to, and assumes no responsibility for, the correctness or sufficiency for any purpose of the amount of the Advances so made and requested.

Section 2.03. Fees. The Borrower agrees to pay to the Liquidity Provider the fees set forth in the ING Fee Letter.

Section 2.04. Adjustments or Termination of the Maximum Commitment. (a) Automatic Adjustments. Promptly following each date on which the Required Amount is (1) reduced as a result of a reduction in the Pool Balance of the Class C-I Certificates or otherwise, (2) increased as a result of an increase in the Stated Interest Rate or (3) subsequent to such an increase described in clause (2), reduced pursuant to the definition of "Stated Interest Rate", clause (y) of the definition of Maximum Commitment shall automatically be reduced or increased, as the case may be, to an amount equal to the Stated Portion of the Required Amount (as calculated by the Borrower). The Borrower shall give notice of any such automatic reduction or increase of the Maximum Commitment to the Liquidity Provider within two Business Days thereof. The failure by the Borrower to furnish any such notice shall not affect such automatic reduction or increase of the Maximum Commitment.

(b) Termination. Upon the making of any Provider Advance or Final Advance hereunder or the occurrence of the Termination Date, the obligation of the Liquidity Provider to make further Advances hereunder shall automatically and irrevocably terminate, and the Borrower shall not be entitled to request any further Borrowing hereunder.

Section 2.05. Repayments of Interest Advances or the Final Advance. Subject to Sections 2.06, 2.07 and 2.09 hereof, the Borrower hereby agrees, without notice of an Advance or

demand for repayment from the Liquidity Provider (which notice and demand are hereby waived by the Borrower), to pay, or to cause to be paid, to the Liquidity Provider on each date on which the Liquidity Provider shall make an Interest Advance or the Final Advance, an amount equal to (a) the amount of such Advance (any such Advance, until repaid, is referred to herein as an "Unpaid Advance"), plus (b) interest on the amount of each such Unpaid Advance as provided in Section 3.07 hereof; provided that if (i) the Liquidity Provider shall make a Provider Advance at any time after making one or more Interest Advances which shall not have been repaid in accordance with this Section 2.05 or (ii) this Liquidity Facility shall become a Downgraded Facility or Non-Extended Facility at any time when unreimbursed Interest Advances have reduced the Maximum Available Commitment to zero, then such Interest Advances shall cease to constitute Unpaid Advances and shall be deemed to have been changed into an Applied Downgrade Advance or an Applied Non-Extension Advance, as the case may be, for all purposes of this Agreement (including, without limitation, for the purpose of determining when such Interest Advance is required to be repaid to the Liquidity Provider in accordance with Section 2.06 and for the purposes of Section 2.06(b)). The Borrower and the Liquidity Provider agree that the repayment in full of each Interest Advance and Final Advance on the date such Advance is made is intended to be a contemporaneous exchange for new value given to the Borrower by the Liquidity Provider.

Section 2.06. Repayments of Provider Advances. (a) Amounts advanced hereunder in respect of a Provider Advance shall be deposited in the ING Sub-Account of the Class C-I Cash Collateral Account, invested and withdrawn from the ING Sub-Account of the Class C-I Cash Collateral Account as set forth in Sections 3.6(c), (d) and (f) of the Intercreditor Agreement. The Borrower agrees to pay to the Liquidity Provider, on each Regular Distribution Date, commencing on the first Regular Distribution Date after the making of a Provider Advance, interest on the principal amount of any such Provider Advance as provided in Section 3.07; provided, however, that amounts in respect of a Provider Advance withdrawn from the ING Sub-Account of the Class C-I Cash Collateral Account for the purpose of paying interest on the Class C-I Certificates in accordance with Section 3.6(f) of the Intercreditor Agreement (the amount of any such withdrawal being (y) in the case of a Downgrade Advance, an "Applied Downgrade Advance" and (z) in the case of a Non-Extension

Advance, an "Applied Non-Extension Advance" and, together with an Applied Downgrade Advance, an "Applied Provider Advance") shall thereafter (subject to Section 2.06(b)) be treated as an Interest Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon; provided further, however, that if, following the making of a Provider Advance, the Liquidity Provider delivers a Termination Notice to the Borrower pursuant to Section 6.01 hereof, such Provider Advance shall thereafter be treated as a Final Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon. Subject to Sections 2.07 and 2.09 hereof, immediately upon the withdrawal of any amounts from the ING Sub-Account of the Class C-I Cash Collateral Account on account of a reduction in the Required Amount, the Borrower shall repay to the Liquidity Provider a portion of the Provider Advances in a principal amount equal to the Stated Portion of such reduction, plus interest on the principal amount prepaid as provided in Section 3.07 hereof.

(b) At any time when an Applied Provider Advance (or any portion thereof) is outstanding, upon the deposit in the ING Sub-Account of the Class C-I Cash Collateral Account of any amount pursuant to clause "third" of Section 2.4(b) of the Intercreditor Agreement, clause "third" of Section 3.2 of the Intercreditor Agreement or clause "fourth" of Section 3.3 of the Intercreditor Agreement (any such amount being a "Replenishment Amount") for the purpose of replenishing or increasing the balance thereof up to the Stated Portion of the Required Amount at such time, (i) the aggregate outstanding principal amount of all Applied Provider Advances (and of Provider Advances treated as an Interest Advance for purposes of determining the Applicable Liquidity Rate for interest payable thereon) shall be automatically reduced by the amount of such Replenishment Amount and (ii) the aggregate outstanding principal amount of all Unapplied Provider Advances shall be automatically increased by the amount of such Replenishment Amount.

(c) Upon the provision of a Replacement Liquidity Facility in replacement of this Agreement in accordance with Section 3.6(e) of the Intercreditor Agreement, amounts remaining on deposit in the ING Sub-Account of the Class C-I Cash Collateral Account after giving effect to any Applied Provider Advance on the date of such replacement shall be reimbursed to the Liquidity Provider, but only to the extent

such amounts are necessary to repay in full to the Liquidity Provider all amounts owing to it hereunder.

Section 2.07. Payments to the Liquidity Provider Under the Intercreditor Agreement. In order to provide for payment or repayment to the Liquidity Provider of any amounts hereunder, the Intercreditor Agreement provides that amounts available and referred to in Articles II and III of the Intercreditor Agreement, to the extent payable to the Liquidity Provider pursuant to the terms of the Intercreditor Agreement (including, without limitation, Section 3.6(f) of the Intercreditor Agreement), shall be paid to the Liquidity Provider in accordance with the terms thereof. Amounts so paid to the Liquidity Provider shall be applied by the Liquidity Provider to Liquidity Obligations then due and payable in such manner as it shall deem appropriate.

Section 2.08. Book Entries. The Liquidity Provider shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower resulting from Advances made from time to time and the amounts of principal and interest payable hereunder and paid from time to time in respect thereof; provided, however, that the failure by the Liquidity Provider to maintain such account or accounts shall not affect the obligations of the Borrower in respect of Advances.

Section 2.09. Payments from Available Funds Only. All payments to be made by the Borrower under this Agreement shall be made only from the Stated Portion of amounts that constitute Scheduled Payments, Special Payments or payments under Section 9.1 of the Participation Agreements and Sections 6 and 7 of the Note Purchase Agreement and only to the extent that the Borrower shall have sufficient income or proceeds therefrom to enable the Borrower to make payments in accordance with the terms hereof after giving effect to the priority of payments provisions set forth in the Intercreditor Agreement. The Liquidity Provider agrees that it will look solely to such amounts to the extent available for distribution to it as provided in the Intercreditor Agreement and this Agreement and that the Borrower, in its individual capacity, is not personally liable to it for any amounts payable or liability under this Agreement except as expressly provided in this Agreement, the Intercreditor Agreement or any Participation Agreement. Amounts on deposit in the ING Sub-Account of the Class C-I Cash Collateral Account shall be available to the Borrower to make payments under this Agreement

only to the extent and for the purposes expressly contemplated in Section 3.6(f) of the Intercreditor Agreement. Amounts on deposit in the other Sub-Account in respect of the Class C-I Certificates shall not be available to make payments under this Agreement.

Section 2.10. Extension of the Expiry Date; Non-Extension Advance. No earlier than the 60th day and no later than the 40th day prior to the then effective Expiry Date (unless such Expiry Date is on or after the date that is 15 days after the Final Maturity Date for the Class C-I Certificates), the Borrower shall request that the Liquidity Provider extend the Expiry Date for a period of 364 days after the then effective Expiry Date (unless the obligations of the Liquidity Provider are earlier terminated in accordance with the terms hereof). The Liquidity Provider shall advise the Borrower, no earlier than 40 days and no later than 25 days prior to the then effective Expiry Date, whether, in its sole discretion, it agrees to so extend the Expiry Date. If the Liquidity Provider advises the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall not be so extended, or fails to irrevocably and unconditionally advise the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall be so extended (and, in each case, if the Liquidity Provider shall not have been replaced in accordance with Section 3.6(e) of the Intercreditor Agreement), the Borrower shall be entitled on and after such 25th day (but prior to the then effective Expiry Date) to request a Non-Extension Advance in accordance with Section 2.02(b) hereof and Section 3.6(d) of the Intercreditor Agreement.

### ARTICLE III

#### OBLIGATIONS OF THE BORROWER

Section 3.01. Increased Costs. Subject to the ING Fee Letter, the Borrower shall pay to the Liquidity Provider from time to time such amounts as may be necessary to compensate the Liquidity Provider for any increased costs incurred by the Liquidity Provider which are attributable to its making or maintaining any LIBOR Advances hereunder or its obligation to make any such Advances hereunder, or any reduction in any amount receivable by the Liquidity Provider under this Agreement or the Intercreditor Agreement in respect of any such Advances or such obligation (such increases in costs and reductions in amounts

receivable being herein called "Additional Costs"), resulting from any change after the date of this Agreement in U.S. federal, state, municipal, or foreign laws or regulations (including Regulation D), or the adoption or making after the date of this Agreement of any interpretations, directives, or requirements applying to a class of banks including the Liquidity Provider under any U.S. federal, state, municipal, or any foreign laws or regulations (whether or not having the force of law) by any court, central bank or monetary authority charged with the interpretation or administration thereof (a "Regulatory Change"), which: (1) changes the basis of taxation of any amounts payable to the Liquidity Provider under this Agreement in respect of any such Advances (other than Excluded Taxes); or (2) imposes or modifies any reserve, special deposit, compulsory loan or similar requirements relating to any extensions of credit or other assets of, or any deposits with other liabilities of, the Liquidity Provider (including any such Advances or any deposits referred to in the definition of LIBOR Rate or related definitions). The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.01 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.01 of the effect of any Regulatory Change on its costs of making or maintaining Advances or on amounts receivable by it in respect of Advances, and of the additional amounts required to compensate the Liquidity Provider in respect of any Additional Costs, shall be prima facie evidence of the amount owed under this Section.

Section 3.02. Capital Adequacy. Subject to the ING Fee Letter, if (1) the adoption, after the date hereof, of any applicable governmental law, rule or regulation regarding capital adequacy, (2) any change, after the date hereof, in the interpretation or administration of any such law, rule or

regulation by any central bank or other governmental authority charged with the interpretation or administration thereof or (3) compliance by the Liquidity Provider or any corporation controlling the Liquidity Provider with any applicable guideline or request of general applicability, issued after the date hereof, by any central bank or other governmental authority (whether or not having the force of law) that constitutes a change of the nature described in clause (2), has the effect of requiring an increase in the amount of capital required to be maintained by the Liquidity Provider or any corporation controlling the Liquidity Provider, and such increase is based upon the Liquidity Provider's obligations hereunder and other similar obligations, the Borrower shall pay to the Liquidity Provider from time to time such additional amount or amounts as are necessary to compensate the Liquidity Provider for such portion of such increase as shall be reasonably allocable to the Liquidity Provider's obligations to the Borrower hereunder. The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise materially disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.02 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.02 of the effect of any increase in the amount of capital required to be maintained by the bank and of the amount allocable to the Liquidity Provider's obligations to the Borrower hereunder shall be prima facie evidence of the amounts owed under this Section.

Section 3.03. Payments Free of Deductions. (a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without reduction for or on account of, any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected, withheld or assessed, excluding Excluded Taxes



(such non-excluded taxes being referred to herein, collectively, as "Non-Excluded Taxes" and, individually, as a "Non-Excluded Tax"). If any Non-Excluded Taxes are required to be withheld from any amounts payable to the Liquidity Provider under this Agreement, the amounts so payable to the Liquidity Provider shall be increased to the extent necessary to yield to the Liquidity Provider (after payment of all Non-Excluded Taxes) interest or any other such amounts payable under this Agreement at the rates or in the amounts specified in this Agreement. The Liquidity Provider agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider. From time to time upon the reasonable request of the Borrower, the Liquidity Provider agrees to provide to the Borrower two original Internal Revenue Service Forms 1001 or 4224, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that the Liquidity Provider is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement.

(b) All payments (including, without limitation, Advances) made by the Liquidity Provider under this Agreement shall be made free and clear of, and without reduction for or on account of, any Taxes. If any Taxes are required to be withheld or deducted from any amounts payable to the Borrower under this Agreement, the Liquidity Provider shall (i) within the time prescribed therefor by applicable law pay to the appropriate governmental or taxing authority the full amount of any such Taxes (and any additional Taxes in respect of the payment required under clause (ii) hereof) and make such reports or returns in connection therewith at the time or times and in the manner prescribed by applicable law, and (ii) pay to the Borrower an additional amount which (after deduction of all such Taxes) will be sufficient to yield to the Borrower the full amount which would have been received by it had no such withholding or deduction been made. Within 30 days after the date of each payment hereunder, the Liquidity Provider shall furnish to the Borrower the original or a certified copy of (or other

documentary evidence of) the payment of the Taxes applicable to such payment.

Section 3.04. Payments. The Borrower shall make or cause to be made each payment to the Liquidity Provider under this Agreement so as to cause the same to be received by the Liquidity Provider not later than 1:00 P.M. (New York City time) on the day when due. The Borrower shall make all such payments in lawful money of the United States of America, to the Liquidity Provider in immediately available funds, by wire transfer to Northern Trust Company of New York, One World Trade Center, Suite 3941, New York, New York 10048, Account No. 105981-20010, Account Name: ING Lease (Ireland) B.V., as agent for ING Bank N.V.

Section 3.05. Computations. All computations of interest based on the Base Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the LIBOR Rate shall be made on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

Section 3.06. Payment on Non-Business Days. Whenever any payment to be made hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and no additional interest shall be due as a result (and if so made, shall be deemed to have been made when due). If any payment in respect of interest on an Advance is so deferred to the next succeeding Business Day, such deferral shall not delay the commencement of the next Interest Period for such Advance (if such Advance is a LIBOR Advance) or reduce the number of days for which interest will be payable on such Advance on the next interest payment date for such Advance.

Section 3.07. Interest. (a) Subject to Section 2.09, the Borrower shall pay, or shall cause to be paid, without duplication, interest on (i) the unpaid principal amount of each Advance from and including the date of such Advance (or, in the case of an Applied Provider Advance, from and including the date on which the amount thereof was withdrawn from the ING Sub-Account of the Class C-I Cash Collateral Account to pay interest on the Class C-I Certificates) to but excluding the date such principal amount shall be paid in full (or, in the case of an Applied Provider Advance, the date on which the ING Sub-Account of the Class C-I Cash Collateral Account is fully replenished in

respect of such Advance) and (ii) any other amount due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by law, installments of interest on Advances or any such other amount) which is not paid when due (whether at stated maturity, by acceleration or otherwise) from and including the due date thereof to but excluding the date such amount is paid in full, in each such case, at a fluctuating interest rate per annum for each day equal to the Applicable Liquidity Rate (as defined below) for such Advance or such other amount as in effect for such day, but in no event at a rate per annum greater than the maximum rate permitted by applicable law; provided, however, that, if at any time the otherwise applicable interest rate as set forth in this Section 3.07 shall exceed the maximum rate permitted by applicable law, then any subsequent reduction in such interest rate will not reduce the rate of interest payable pursuant to this Section 3.07 below the maximum rate permitted by applicable law until the total amount of interest accrued equals the amount of interest that would have accrued if such otherwise applicable interest rate as set forth in this Section 3.07 had at all times been in effect.

(b) Except as provided in clause (e) below, each Advance will be either a Base Rate Advance or a LIBOR Advance as provided in this Section. Each such Advance will be a Base Rate Advance for the period from the date of its borrowing to (but excluding) the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Advance. Thereafter, such Advance shall be a LIBOR Advance; provided that the Borrower (at the direction of the Controlling Party) may convert the Final Advance into a Base Rate Advance on the last day of an Interest Period for such Advance by giving the Liquidity Provider no less than four Business Days' prior written notice of such election.

(c) Each LIBOR Advance shall bear interest during each Interest Period at a rate per annum equal to the LIBOR Rate for such Interest Period plus the Applicable Margin for such LIBOR Advance, payable in arrears on the last day of such Interest Period and, in the event of the payment of principal of such LIBOR Advance on a day other than such last day, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(d) Each Base Rate Advance shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin for such Base Rate Advance, payable in arrears on each Regular Distribution Date and, in the event of the payment of principal of such Base Rate Advance on a day other than a Regular Distribution Date, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(e) Each Unapplied Downgrade Advance (i) during the period from and including the date of the making of such Unapplied Downgrade Advance through but excluding the Expiry Date (or, if earlier, the date of repayment thereof or of conversion thereof into a Final Advance), shall bear interest in an amount equal to the Investment Earnings on amounts on deposit in the ING Sub-Account of the Class C-I Cash Collateral Account for such period plus .35% per annum on the amount of such Unapplied Downgrade Advance from time to time during such period, payable in arrears on each Regular Distribution Date and (ii) thereafter, shall be a LIBOR Advance and shall bear interest in accordance with clause (c) above.

(f) Each amount not paid when due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by applicable law, installments of interest on Advances but excluding Advances) shall bear interest at a rate per annum equal to the Base Rate plus 2.00% until paid.

(g) Each change in the Base Rate shall become effective immediately. The rates of interest specified in this Section 3.07 with respect to any Advance or other amount shall be referred to as the "Applicable Liquidity Rate".

Section 3.08. Replacement of Borrower. From time to time and subject to the successor Borrower's meeting the eligibility requirements set forth in Section 6.9 of the Intercreditor Agreement applicable to the Subordination Agent, upon the effective date and time specified in a written and completed Notice of Replacement Subordination Agent in substantially the form of Annex VI attached hereto (a "Notice of Replacement Subordination Agent") delivered to the Liquidity Provider by the then Borrower, the successor Borrower designated

therein shall be substituted for as the Borrower for all purposes hereunder.

Section 3.09. Funding Loss Indemnification. The Borrower shall pay to the Liquidity Provider, upon the request of the Liquidity Provider, such amount or amounts as shall be sufficient (in the reasonable opinion of the Liquidity Provider) to compensate it for any loss, cost, or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by the Liquidity Provider to fund or maintain any LIBOR Advance (but excluding loss of anticipated profits) incurred as a result of:

(1) Any repayment of a LIBOR Advance on a date other than the last day of the Interest Period for such Advance; or

(2) Any failure by the Borrower to borrow a LIBOR Advance on the date for borrowing specified in the relevant notice under Section 2.02.

Section 3.10. Illegality. Notwithstanding any other provision in this Agreement, if any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Liquidity Provider (or its Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Liquidity Provider (or its Lending Office) to maintain or fund its LIBOR Advances, then upon notice to the Borrower by the Liquidity Provider, the outstanding principal amount of the LIBOR Advances shall be converted to Base Rate Advances (a) immediately upon demand of the Liquidity Provider, if such change or compliance with such request, in the judgment of the Liquidity Provider, requires immediate repayment; or (b) at the expiration of the last Interest Period to expire before the effective date of any such change or request.

## ARTICLE IV

## CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied or waived:

(a) The Liquidity Provider shall have received on or before the Closing Date each of the following, and in the case of each document delivered pursuant to paragraphs (i), (ii) and (iii), each in form and substance satisfactory to the Liquidity Provider:

(i) This Agreement duly executed on behalf of the Borrower;

(ii) The Intercreditor Agreement duly executed on behalf of each of the parties thereto;

(iii) Fully executed copies of each of the Operative Agreements executed and delivered on or before the Closing Date (other than this Agreement and the Intercreditor Agreement);

(iv) A copy of the Offering Memorandum and specimen copies of the Class C-I Certificates;

(v) An executed copy of each document, instrument, certificate and opinion delivered on or before the Closing Date pursuant to the Class C-I Trust Agreement, the Intercreditor Agreement and the other Operative Agreements (together with, in the case of each such opinion, other than the opinion of counsel for the Initial Purchasers, a letter from the counsel rendering such opinion to the effect that the Liquidity Provider is entitled to rely on such opinion as of its date as if it were addressed to the Liquidity Provider);

(vi) Evidence that there shall have been made and shall be in full force and effect, all filings, recordings and/or registrations, and there shall have been given or taken any notice or

other similar action as may be reasonably necessary or, to the extent reasonably requested by the Liquidity Provider, reasonably advisable, in order to establish, perfect, protect and preserve the right, title and interest, remedies, powers, privileges, liens and security interests of, or for the benefit of, the Trustees, the Borrower and the Liquidity Provider created by the Operative Agreements executed and delivered on or prior to the Closing Date;

(vii) An agreement from Continental, pursuant to which (i) Continental agrees to provide copies of quarterly financial statements and audited annual financial statements to the Liquidity Provider, and such other information as the Liquidity Provider shall reasonably request with respect to the transactions contemplated by the Operative Agreements, in each case, only to the extent that Continental is obligated to provide such information pursuant to Section 8.2.1 of the Leases (related to Leased Aircraft) or the corresponding section of the Indentures (related to Owned Aircraft) to the parties thereto and (ii) Continental agrees to allow the Liquidity Provider to inspect Continental's books and records regarding such transactions, and to discuss such transactions with officers and employees of Continental; and

(viii) Such other documents, instruments, opinions and approvals as the Liquidity Provider shall have reasonably requested.

(b) The following statement shall be true on and as of the Effective Date: No event has occurred and is continuing, or would result from the entering into of this Agreement or the making of any Advance, which constitutes a Liquidity Event of Default.

(c) The Liquidity Provider shall have received payment in full of all fees and other sums required to be paid to or for the account of the Liquidity Provider on or prior to the Effective Date.

(d) All conditions precedent to the issuance of the Certificates under the Trust Agreements shall have been satisfied, all conditions precedent to the effectiveness of the other Liquidity Facilities shall have been satisfied, and all conditions precedent to the purchase of the Certificates by the Initial Purchasers under the Purchase Agreement shall have been satisfied (unless any of such conditions precedent shall have been waived by the Initial Purchasers).

(e) The Borrower shall have received a certificate, dated the date hereof, signed by a duly authorized representative of the Liquidity Provider, certifying that all conditions precedent to the effectiveness of Section 2.01 have been satisfied or waived.

Section 4.02. Conditions Precedent to Borrowing. The obligation of the Liquidity Provider to make an Advance on the occasion of each Borrowing shall be subject to the conditions precedent that the Effective Date shall have occurred and, prior to the date of such Borrowing, the Borrower shall have delivered a Notice of Borrowing which conforms to the terms and conditions of this Agreement and has been completed as may be required by the relevant form of the Notice of Borrowing for the type of Advances requested.

#### ARTICLE V

#### COVENANTS

Section 5.01. Affirmative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will, unless the Liquidity Provider shall otherwise consent in writing:

(a) Performance of This and Other Agreements. Punctually pay or cause to be paid all amounts payable by it under this Agreement and the other Operative Agreements and observe and perform in all material respects the conditions, covenants and requirements applicable to it contained in this Agreement and the other Operative Agreements.



(b) Reporting Requirements. Furnish to the Liquidity Provider with reasonable promptness, such other information and data with respect to the transactions contemplated by the Operative Agreements as from time to time may be reasonably requested by the Liquidity Provider; and permit the Liquidity Provider, upon reasonable notice, to inspect the Borrower's books and records with respect to such transactions and to meet with officers and employees of the Borrower to discuss such transactions.

(c) Certain Operative Agreements. Furnish to the Liquidity Provider with reasonable promptness, such Operative Agreements entered into after the date hereof as from time to time may be reasonably requested by the Liquidity Provider.

Section 5.02. Negative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will not appoint or permit or suffer to be appointed any successor Borrower without the written consent of the Liquidity Provider, which consent shall not be unreasonably withheld or delayed.

#### ARTICLE VI

##### LIQUIDITY EVENTS OF DEFAULT

Section 6.01. Liquidity Events of Default. If (a) any Liquidity Event of Default has occurred and is continuing and (b) there is a Performing Note Deficiency, the Liquidity Provider may, in its discretion, deliver to the Borrower a Termination Notice, the effect of which shall be to cause (i) this Agreement to expire on the fifth Business Day after the date on which such Termination Notice is received by the Borrower, (ii) the Borrower to promptly request, and the Liquidity Provider to promptly make, a Final Advance in accordance with Section 2.02(d) hereof and Section 3.6(i) of the Intercreditor Agreement, (iii) all other outstanding Advances to be automatically converted into Final Advances for purposes of determining the Applicable Liquidity Rate for interest payable thereon, and (iv) subject to Sections 2.07 and 2.09 hereof, all Advances (including, without limitation, any Provider Advance and Applied Provider Advance), any accrued interest thereon and any other amounts outstanding

hereunder to become immediately due and payable to the Liquidity Provider.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Liquidity Provider, and, in the case of an amendment or of a waiver by the Borrower, the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.02. Notices, Etc. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telecopier and mailed or delivered or sent by telecopier):

Borrower: WILMINGTON TRUST COMPANY  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0001

Attention: Corporate Trust Administration

Telephone: (302) 651-1000

Telecopy: (302) 651-8882

Liquidity Provider: ING Bank N.V.  
Department of Bankgarantie Zaken -  
Juridische Zaken  
Location code HG 01.06  
P.O. Box 1800  
1000 B.V. Amsterdam  
by courier:  
Amsterdamse Poort  
Bijlmer plein 888  
1102 MG Amsterdam  
The Netherlands  
Telephone: 011-31-20-652-3260  
Telecopy: 011-31-20-652-3235

with a copy to:

ING Lease (Ireland) B.V.  
49 St. Stephen's Green  
Dublin 2, Ireland  
Telephone: 011-353-1-662-2211  
Telecopy: 011-353-1-662-2240

or, as to each of the foregoing, at such other address as shall be designated by such Person in a written notice to the others. All such notices and communications shall be effective (i) if given by telecopier, when transmitted to the telecopier number specified above, (ii) if given by mail, when deposited in the mails addressed as specified above, and (iii) if given by other means, when delivered at the address specified above, except that written notices to the Liquidity Provider pursuant to the provisions of Articles II and III hereof shall not be effective until received by the Liquidity Provider. A copy of all notices delivered hereunder to either party shall in addition be delivered to each of the parties to the Participation Agreements at their respective addresses set forth therein.

Section 7.03. No Waiver; Remedies. No failure on the part of the Liquidity Provider to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 7.04. Further Assurances. The Borrower agrees to do such further acts and things and to execute and deliver to the Liquidity Provider such additional assignments, agreements, powers and instruments as the Liquidity Provider may reasonably require or deem advisable to carry into effect the purposes of this Agreement and the other Operative Agreements or to better assure and confirm unto the Liquidity Provider its rights, powers and remedies hereunder and under the other Operative Agreements.

Section 7.05. Indemnification; Survival of Certain Provisions. The Liquidity Provider shall be indemnified hereunder to the extent and in the manner described in Section 10.1 of the Participation Agreements and Section 6 of the Note Purchase Agreement. In addition, the Borrower agrees to

indemnify, protect, defend and hold harmless the Liquidity Provider from, against and in respect of, and shall pay on demand, all Expenses of any kind or nature whatsoever (other than any Expenses of the nature described in Sections 3.01, 3.02 or 7.07 hereof or in the ING Fee Letter (regardless of whether indemnified against pursuant to said Sections or in such Fee Letter)), that may be imposed, incurred by or asserted against any Liquidity Indemnitee, in any way relating to, resulting from, or arising out of or in connection with any action, suit or proceeding by any third party against such Liquidity Indemnitee and relating to this Agreement, the ING Fee Letter, the Intercreditor Agreement or any Financing Agreement; provided, however, that the Borrower shall not be required to indemnify, protect, defend and hold harmless any Liquidity Indemnitee in respect of any Expense of such Liquidity Indemnitee (i) to the extent such Expense is attributable to the gross negligence or willful misconduct of such Liquidity Indemnitee or any other Liquidity Indemnitee, (ii) that is ordinary and usual operating overhead expense, and (iii) to the extent such Expense is attributable to the failure by such Liquidity Indemnitee or any other Liquidity Indemnitee to perform or observe any agreement, covenant or condition on its part to be performed or observed in this Agreement, the Intercreditor Agreement, the ING Fee Letter, the Tax Letter or any other Operative Document to which it is a party. The indemnities contained in such Section 10.1, and the provisions of Sections 3.01, 3.02, 3.03, 3.09, 7.05 and 7.07 hereof, shall survive the termination of this Agreement.

Section 7.06. Liability of the Liquidity Provider. (a) Neither the Liquidity Provider nor any of its officers, employees, directors or affiliates shall be liable or responsible for: (i) the use which may be made of the Advances or any acts or omissions of the Borrower or any beneficiary or transferee in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (iii) the making of Advances by the Liquidity Provider against delivery of a Notice of Borrowing and other documents which do not comply with the terms hereof; provided, however, that the Borrower shall have a claim against the Liquidity Provider, and the Liquidity Provider shall be liable to the Borrower, to the extent of any damages suffered by the Borrower which were the result of (A) the Liquidity Provider's willful misconduct or negligence in

determining whether documents presented hereunder comply with the terms hereof, or (B) any breach by the Liquidity Provider of any of the terms of this Agreement, including, but not limited to, the Liquidity Provider's failure to make lawful payment hereunder after the delivery to it by the Borrower of a Notice of Borrowing strictly complying with the terms and conditions hereof.

(b) Neither the Liquidity Provider nor any of its officers, employees, director or affiliates shall be liable or responsible in any respect for (i) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with this Agreement or any Notice of Borrowing delivered hereunder, or (ii) any action, inaction or omission which may be taken by it in good faith, absent willful misconduct or negligence (in which event the extent of the Liquidity Provider's potential liability to the Borrower shall be limited as set forth in the immediately preceding paragraph), in connection with this Agreement or any Notice of Borrowing.

Section 7.07. Costs, Expenses and Taxes. The Borrower agrees to pay, or cause to be paid (A) on the Effective Date and on such later date or dates on which the Liquidity Provider shall make demand, all reasonable out-of-pocket costs and expenses (including, without limitation, the reasonable fees and expenses of outside counsel for the Liquidity Provider) of the Liquidity Provider in connection with the preparation, negotiation, execution, delivery, filing and recording of this Agreement, any other Operative Agreement and any other documents which may be delivered in connection with this Agreement and (B) on demand, all reasonable costs and expenses (including reasonable counsel fees and expenses) of the Liquidity Provider in connection with (i) the enforcement of this Agreement or any other Operative Agreement, (ii) the modification or amendment of, or supplement to, this Agreement or any other Operative Agreement or such other documents which may be delivered in connection herewith or therewith (whether or not the same shall become effective) or (iii) any action or proceeding relating to any order, injunction, or other process or decree restraining or seeking to restrain the Liquidity Provider from paying any amount under this Agreement, the Intercreditor Agreement or any other Operative Agreement or otherwise affecting the application of funds in the Cash Collateral Accounts. In addition, the Borrower shall pay any and all recording, stamp and other similar taxes and fees payable or

determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, any other Operative Agreement and such other documents, and agrees to save the Liquidity Provider harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees.

Section 7.08. Binding Effect; Participations. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower and the Liquidity Provider and their respective successors and assigns, except that neither the Liquidity Provider (except as otherwise provided in this Section 7.08) nor (except as contemplated by Section 3.08) the Borrower shall have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of the other party, subject to the requirements of Section 7.08(b). The Liquidity Provider may grant participations herein or in any of its rights hereunder (including, without limitation, funded participations and participations in rights to receive interest payments hereunder) and under the other Operative Agreements to such Persons as the Liquidity Provider may in its sole discretion select, subject to the requirements of Section 7.08(b). No such participation by the Liquidity Provider, however, will relieve the Liquidity Provider of its obligations hereunder. In connection with any participation or any proposed participation, the Liquidity Provider may disclose to the participant or the proposed participant any information that the Borrower is required to deliver or to disclose to the Liquidity Provider pursuant to this Agreement. The Borrower acknowledges and agrees that the Liquidity Provider's source of funds may derive in part from its participants (other than Continental). Accordingly, references in this Agreement and the other Operative Agreements to determinations, reserve and capital adequacy requirements, increased costs, reduced receipts, additional amounts due pursuant to Section 3.03(a) and the like as they pertain to the Liquidity Provider shall be deemed also to include those of each of its participants (subject, in each case, to the maximum amount that would have been incurred by or attributable to the Liquidity Provider directly if the Liquidity Provider, rather than the participant, had held the interest participated).

(b) If, pursuant to subsection (a) above, the Liquidity Provider sells any participation in this Agreement to any bank or other entity (each, a "Transferee"), then, concurrently with the effectiveness of such transfer, the

Transferee shall (i) represent to the Liquidity Provider (for the benefit of the Liquidity Provider and the Borrower) either (A) that it is incorporated under the laws of the United States or a state thereof or (B) that under applicable law and treaties, no taxes will be required to be withheld with respect to any payments to be made to such Transferee in respect of this Agreement, (ii) furnish to the Liquidity Provider and the Borrower either (x) a statement that it is incorporated under the laws of the United States or a state thereof or (y) if it is not so incorporated, two copies of a properly completed United States Internal Revenue Service Form 4224 or Form 1001, as appropriate, or other applicable form, certificate or document prescribed by the Internal Revenue Service certifying, in each case, such Transferee's entitlement to a complete exemption from United States federal withholding tax in respect to any and all payments to be made hereunder, and (iii) agree (for the benefit of the Liquidity Provider and the Borrower) to provide the Liquidity Provider and the Borrower a new Form 4224 or Form 1001, as appropriate, (A) on or before the date that any such form expires or becomes obsolete or (B) after the occurrence of any event requiring a change in the most recent form previously delivered by it and prior to the immediately following due date of any payment by the Borrower hereunder, certifying in the case of a Form 1001 or Form 4224 that such Transferee is entitled to a complete exemption from United States federal withholding tax on payments under this Agreement. Unless the Borrower has received forms or other documents reasonably satisfactory to it (and required by applicable law) indicating that payments hereunder are not subject to United States federal withholding tax, the Borrower will withhold taxes as required by law from such payments at the applicable statutory rate.

(c) Notwithstanding the other provisions of this Section 7.08, the Liquidity Provider may assign and pledge all or any portion of the Advances owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Advances made by the Borrower to the Liquidity Provider in accordance with the

terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect of such assigned Advance to the extent of such payment. No such assignment shall release the Liquidity Provider from its obligations hereunder.

(d) Notwithstanding the other provisions of this Section 7.08, if at any time after the date hereof the Borrower shall withhold taxes as required by law from any payments made to the Liquidity Provider, the Liquidity Provider may assign all (but not less than all) of its rights and obligations under this Agreement to the New York Branch of ING Bank N.V. (the "ING Transferee"); provided, that it shall be a condition to any such transfer that (i) the ING Transferee enters into an agreement in form and substance reasonably satisfactory to the Borrower pursuant to which the ING Transferee assumes all of the obligations of the Liquidity Provider hereunder, under the Intercreditor Agreement, the ING Fee Letter and the Tax Letter, (ii) the ING Transferee delivers an opinion to the Borrower and each of the Rating Agencies in form and substance reasonably satisfactory to the Borrower opining that this Agreement, the Intercreditor Agreement, the ING Fee Letter and the Tax Letter are enforceable obligations of the ING Transferee, (iii) the Liquidity Provider shall have delivered to the Borrower a Ratings Confirmation with respect to such transfer from each Rating Agency, (iv) the ING Transferee shall satisfy each of the requirements in respect of a Transferee set forth in Section 7.08(b) and (v) the Liquidity Provider shall pay all fees and expenses (including, without limitation, legal fees and disbursements) of the Borrower in connection with such transfer. Upon the satisfaction of the conditions set forth in this Section 7.08(d), the ING Transferee shall be deemed to be the Liquidity Provider with the rights and obligations of the Liquidity Provider hereunder and under the other Operative Agreements.

Section 7.09. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.



Section 7.10. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 7.11. Submission to Jurisdiction; Waiver of Jury Trial; Waiver of Immunity. (a) Each of the parties hereto hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Agreement or any other Operative Agreement, or for recognition and enforcement of any judgment in respect hereof or thereof, to the nonexclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and the appellate courts from any thereof;

(ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form and mail), postage prepaid, to each party hereto at its address set forth in Section 7.02 hereof, or at such other address of which the Liquidity Provider shall have been notified pursuant thereto; and

(iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(b) THE BORROWER AND THE LIQUIDITY PROVIDER EACH HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE RELATIONSHIP

THAT IS BEING ESTABLISHED, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. The Borrower and the Liquidity Provider each warrant and represent that it has reviewed this waiver with its legal counsel, and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, AND CANNOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

(c) The Liquidity Provider hereby waives any immunity it may have from the jurisdiction of the courts of the United States or of any State and waives any immunity any of its properties located in the United States may have from attachment or execution upon a judgment entered by any such court under the United States Foreign Sovereign Immunities Act of 1976 or any similar successor legislation.

Section 7.12. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

Section 7.13. Entirety. This Agreement, the Intercreditor Agreement and the other Operative Agreements to which the Liquidity Provider is a party constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior understandings and agreements of such parties.

Section 7.14. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 7.15. Transfer. The Liquidity Provider hereby acknowledges and consents to the Transfer contemplated by the Assignment and Assumption Agreement.

Section 7.16. LIQUIDITY PROVIDER'S OBLIGATION TO MAKE ADVANCES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE

OBLIGATIONS OF THE LIQUIDITY PROVIDER TO MAKE ADVANCES HEREUNDER, AND THE BORROWER'S RIGHTS TO DELIVER NOTICES OF BORROWING REQUESTING THE MAKING OF ADVANCES HEREUNDER, SHALL BE UNCONDITIONAL AND IRREVOCABLE, AND SHALL BE PAID OR PERFORMED, IN EACH CASE STRICTLY IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

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

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as agent and trustee for the Class C-I Trust, as Borrower

By: -----  
Name:  
Title:

ING BANK N.V., as Liquidity Provider

By: -----  
Name:  
Title:

Annex I to  
Revolving Credit Agreement

INTEREST ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-I) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of an Interest Advance by the Liquidity Provider to be used, subject to clause (3)(v) below, for the payment of the Stated Portion of the interest on the Class C-I Certificates which was payable on \_\_\_\_\_, \_\_\_\_ (the "Distribution Date") in accordance with the terms and provisions of the Class C-I Trust Agreement and the Class C-I Certificates pursuant to clause fifth of Section 3.2 of the Intercreditor Agreement or clause seventh of Section 3.3 of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Interest Advance requested hereby (i) is \$\_\_\_\_\_, to be applied in respect of the payment of the Stated Portion of the interest which was due and payable on the Class C-I Certificates on the Distribution Date, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class A Certificates, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, or interest on the Class A Certificates, the Class B Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class C-I Certificates, the Class C-I Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), (iv) does not exceed the Maximum Available Commitment on the date

hereof, (v) does not include any amount of interest which was due and payable on the Class C-1 Certificates on such Distribution Date but which remains unpaid due to the failure of the Depositary to pay any amount of accrued interest on the Certificates of Deposit on such Distribution Date and (vi) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will apply the same in accordance with the terms of Section 3.2 or 3.3 of the Intercreditor Agreement, as the case may be, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, the making of the Interest Advance as requested by this Notice of Borrowing shall automatically reduce, subject to reinstatement in accordance with the terms of the Liquidity Agreement, the Maximum Available Commitment by an amount equal to the amount of the Interest Advance requested to be made hereby as set forth in clause (i) of paragraph (3) of this Certificate and such reduction shall automatically result in corresponding reductions in the amounts available to be borrowed pursuant to a subsequent Advance.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not  
in its individual capacity but  
solely as Subordination Agent,  
as Borrower

By:

-----  
Name:  
Title:

SCHEDULE I TO INTEREST ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance  
with Interest Advance Notice of Borrowing]

Annex II to  
Revolving Credit Agreement

NON-EXTENSION ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-I) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Non-Extension Advance by the Liquidity Provider to be used for the funding of the ING Sub-Account of the Class C-I Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Non-Extension Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ING Sub-Account of the Class C-I Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class C-I Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class B Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class C-I Certificates, the Class C-I Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit

such amount in the ING Sub-Account of the Class C-I Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(d) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Non-Extension Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Non-Extension Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not  
in its individual capacity but  
solely as Subordination Agent,  
as Borrower

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

Name:  
Title:



SCHEDULE I TO NON-EXTENSION ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with  
Non-Extension Advance Notice of Borrowing]

Annex III to  
Revolving Credit Agreement

DOWNGRADE ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-I) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Downgrade Advance by the Liquidity Provider to be used for the funding of the ING Sub-Account of the Class C-I Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement by reason of the downgrading of the short-term unsecured debt rating of the Liquidity Provider issued by either Rating Agency below the Threshold Rating, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Downgrade Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ING Sub-Account of the Class C-I Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class C-I Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class B Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class C-I Certificates, the Class C-I Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ING Sub-Account of the Class C-I Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(c) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Downgrade Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Downgrade Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not  
in its individual capacity but  
solely as Subordination Agent,  
as Borrower

By:

-----  
Name:  
Title:

SCHEDULE I TO DOWNGRADE ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with  
Downgrade Advance Notice of Borrowing]

Annex IV to  
Revolving Credit Agreement

FINAL ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-I) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Final Advance by the Liquidity Provider to be used for the funding of the ING Sub-Account of the Class C-I Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement by reason of the receipt by the Borrower of a Termination Notice from the Liquidity Provider with respect to the Liquidity Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Final Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ING Sub-Account of the Class C-I Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class C-I Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class B Certificates or the Class C-II Certificates, (iii) was computed in accordance with the provisions of the Class C-I Certificates, the Class C-I Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ING Sub-Account of the Class C-I Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(i) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Final Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Final Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not  
in its individual capacity but  
solely as Subordination Agent,  
as Borrower

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

SCHEDULE I TO FINAL ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with  
Final Advance Notice of Borrowing]

Annex V to  
Revolving Credit Agreement

## NOTICE OF TERMINATION

[Date]

Wilmington Trust Company,  
as Subordination Agent, as Borrower  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0001

Attention: Corporate Trust Administration

Revolving Credit Agreement dated as of March 21, 1997,  
between Wilmington Trust Company, as Subordination Agent,  
as agent and trustee for the Continental Airlines Pass  
Through Trust, 1997-1C-I-[0/S], as Borrower, and ING BANK  
N.V. (the "Liquidity Agreement")

Ladies and Gentlemen:

You are hereby notified that pursuant to Section 6.01 of the Liquidity Agreement, by reason of the occurrence of a Liquidity Event of Default and the existence of a Performing Note Deficiency (each as defined therein), we are giving this notice to you in order to cause (i) our obligations to make Advances (as defined therein) under such Liquidity Agreement to terminate on the fifth Business Day after the date on which you receive this notice and (ii) you to request a Final Advance under the Liquidity Agreement pursuant to Section 3.6(i) of the Intercreditor Agreement (as defined in the Liquidity Agreement) as a consequence of your receipt of this notice.



THIS NOTICE IS THE "NOTICE OF TERMINATION" PROVIDED FOR UNDER THE LIQUIDITY AGREEMENT. OUR OBLIGATIONS TO MAKE ADVANCES UNDER THE LIQUIDITY AGREEMENT WILL TERMINATE ON THE FIFTH BUSINESS DAY AFTER THE DATE ON WHICH YOU RECEIVE THIS NOTICE.

Very truly yours,

ING BANK N.V.,  
as Liquidity Provider

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

cc: Wilmington Trust Company,  
as Class C-I Trustee

Annex VI to  
Revolving Credit Agreement

NOTICE OF REPLACEMENT SUBORDINATION AGENT

[Date]

Attention:

Revolving Credit Agreement dated as of March 21, 1997,  
between Wilmington Trust Company, as Subordination Agent,  
as agent and trustee for the Continental Airlines Pass  
Through Trust, 1997-1C-I-[O/S], as Borrower, and ING BANK  
N.V. (the "Liquidity Agreement")

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably  
transfers to:

-----  
[Name of Transferee]

-----  
[Address of Transferee]

all rights and obligations of the undersigned as Borrower under the Liquidity  
Agreement referred to above. The transferee has succeeded the undersigned as  
Subordination Agent under the Intercreditor Agreement referred to in the first  
paragraph of the Liquidity Agreement, pursuant to the terms of Section 8.1 of  
the Intercreditor Agreement.

By this transfer, all rights of the undersigned as Borrower under the  
Liquidity Agreement are transferred to the transferee and the transferee shall  
hereafter have the sole rights and obligations as Borrower thereunder. The  
undersigned shall pay any costs and expenses of such transfer, including, but  
not limited to, transfer taxes or governmental charges.

We ask that this transfer be effective as of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not  
in its individual capacity but  
solely as Subordination Agent,  
as Borrower

By:

-----  
Name:  
Title:

---

REVOLVING CREDIT AGREEMENT

(1997-1C-II)

Dated as of March 21, 1997

between

WILMINGTON TRUST COMPANY,

as Subordination Agent,  
as agent and trustee for the  
Continental Airlines Pass Through Trust 1997-1C-II-0

as Borrower

and

ABN AMRO BANK N.V., CHICAGO BRANCH

as Liquidity Provider

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Relating to

Continental Airlines Pass Through Trust 1997-1C-II-0  
7.42% Continental Airlines Pass Through Certificates,  
Series 1997-1C-II-0

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ANNEX II	Non-Extension Advance Notice of Borrowing
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ANNEX VI	Notice of Replacement Subordination Agent

## REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT dated as of March 21, 1997, between WILMINGTON TRUST COMPANY, a Delaware corporation, not in its individual capacity but solely as Subordination Agent under the Intercreditor Agreement (each as defined below), as agent and trustee for the Class C-II Trust (as defined below) (the "Borrower"), and ABN AMRO BANK N.V., a bank organized under the laws of The Netherlands, acting through its Chicago Branch ("ABN AMRO" or the "Liquidity Provider").

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

WHEREAS, pursuant to the Class C-II Trust Agreement (such term and all other capitalized terms used in these recitals having the meanings set forth or referred to in Section 1.01), the Class C-II Trust is issuing the Class C-II Certificates; and

WHEREAS, the Borrower, in order to support the timely payment of a portion of the interest on the Class C-II Certificates in accordance with their terms, has requested the Liquidity Provider to enter into this Agreement, providing in part for the Borrower to request in specified circumstances that Advances be made hereunder.

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

## ARTICLE I

## DEFINITIONS

Section 1.01. Certain Defined Terms. (a) Definitions. As used in this Agreement and unless otherwise expressly indicated, or unless the context clearly requires otherwise, the following capitalized terms shall have the following respective meanings for all purposes of this Agreement:

"Additional Cost" has the meaning assigned to such term in Section 3.01.

"Advance" means an Interest Advance, a Final Advance, a Provider Advance, an Applied Provider Advance or an Unpaid Advance, as the case may be.



"Applicable Liquidity Rate" has the meaning assigned to such term in Section 3.07(g).

"Applicable Margin" means (w) with respect to any Unpaid Advance or Applied Provider Advance that is a LIBOR Advance, 1.75%, (x) with respect to any Unpaid Advance or Applied Provider Advance that is a Base Rate Advance, 1.75%, (y) with respect to any Unapplied Provider Advance that is a LIBOR Advance, .40% and (z) with respect to any Unapplied Provider Advance that is a Base Rate Advance, .40%.

"Applied Downgrade Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Non-Extension Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Provider Advance" has the meaning assigned to such term in Section 2.06(a).

"Assignment and Assumption Agreement" means the Assignment and Assumption to be entered into between the Borrower and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Class C-II Trust Agreement.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to (a) the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Liquidity Provider from three Federal funds brokers of recognized standing selected by it, plus (b) one-quarter of one percent (1/4 or 1%).

"Base Rate Advance" means an Advance that bears interest at a rate based upon the Base Rate.

"Borrower" has the meaning assigned to such term in the recital of parties to this Agreement.

"Borrowing" means the making of Advances requested by delivery of a Notice of Borrowing.

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in Houston, Texas, New York, New York, Chicago, Illinois or, so long as any Class C-II Certificate is outstanding, the city and state in which the Class C-II Trustee, the Borrower or any Loan Trustee maintains its Corporate Trust Office or receives or disburses funds, and, if the applicable Business Day relates to any Advance or other amount bearing interest based on the LIBOR Rate, on which dealings are carried on in the London interbank market.

"Certificates of Deposit" has the meaning assigned to such term in the Deposit Agreement.

"Deposits" has the meaning assigned to such terms in the Deposit Agreement.

"Depositary" has the meaning assigned to such term in the Deposit Agreement.

"Deposit Agreement" means the Deposit Agreement dated March 21, 1997 between First Security Bank, National Association, as Escrow Agent and Credit Suisse First Boston, as Depositary, pertaining to the Class C- II Certificates, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof.

"Downgrade Advance" means an Advance made pursuant to Section 2.02(c).

"Effective Date" has the meaning specified in Section 4.01. The delivery of the certificate of the Liquidity Provider contemplated by Section 4.01(e) shall be conclusive evidence that the Effective Date has occurred.

"Expenses" means liabilities, obligations, damages, settlements, penalties, claims, actions, suits, costs, expenses, and disbursements (including, without limitation, reasonable fees and disbursements of legal counsel and costs of investigation), provided that Expenses shall not include any Taxes.

"Excluded Taxes" means (i) taxes imposed on the overall net income of the Liquidity Provider or of its Lending Office by the jurisdiction where such Liquidity Provider's principal office or such Lending Office is located, and (ii) Excluded Withholding Taxes.

"Excluded Withholding Taxes" means (i) withholding Taxes imposed by the United States except to the extent that such United States withholding Taxes are imposed as a result of any change in applicable law after the date hereof (excluding from change in applicable law for this purpose a change in an applicable treaty or other change in law affecting the applicability of a treaty), or in the case of a successor Liquidity Provider (including a transferee of an Advance) or Lending Office, after the date on which such successor Liquidity Provider obtains its interest or on which the Lending Office is changed, and (ii) any withholding Taxes imposed by the United States which are imposed or increased as a result of the Liquidity Provider failing to deliver to the Borrower any certificate or document (which certificate or document in the good faith judgment of the Liquidity Provider it is legally entitled to provide) which is reasonably requested by the Borrower to establish that payments under this Agreement are exempt from (or entitled to a reduced rate of) withholding Tax.

"Expiry Date" means March 19, 1998, initially, or any date to which the Expiry Date is extended pursuant to Section 2.10.

"Final Advance" means an Advance made pursuant to Section 2.02(d).

"Intercreditor Agreement" means the Intercreditor Agreement dated the date hereof, among the Trustees, the Liquidity Provider, the liquidity provider under each Liquidity Facility (other than this Agreement) and the Subordination Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Interest Advance" means an Advance made pursuant to Section 2.02(a).

"Interest Period" means, with respect to any LIBOR Advance, each of the following periods:

- (i) the period beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such LIBOR Advance (or, in the case of an Unapplied Downgrade Advance, the period beginning on the Expiry Date) and ending on the next Regular Distribution Date; and
- (ii) each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the next Regular Distribution Date;

provided, however, that (I) if an Unapplied Provider Advance which is a LIBOR Advance becomes an Applied Provider Advance, the Interest Period then applicable to such Unapplied Provider Advance shall be applicable to such Applied Provider Advance and (II) if (x) the Final Advance shall have been made, or (y) other outstanding Advances shall have been converted into the Final Advance, then the Interest Periods shall be successive periods of one month beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Final Advance (in the case of clause (x) above) or the Regular Distribution Date following such conversion (in the case of clause (y) above).

"Lending Office" means the lending office of the Liquidity Provider presently located at Chicago, Illinois, or such other lending office as the Liquidity Provider from time to time shall notify the Borrower as its lending office hereunder; provided that the Liquidity Provider shall not change its Lending Office to a Lending Office outside the United States of America except in accordance with Section 3.01, 3.02 or 3.03 hereof.

"LIBOR Advance" means an Advance bearing interest at a rate based upon the LIBOR Rate.

"LIBOR Rate" means, with respect to any Interest Period, the average (rounded upward, if necessary, to the next higher 1/16 of 1%) of the rates per annum at which deposits in dollars are offered to major banks in the London interbank market at approximately 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Advance to which such Interest Period is to

apply and for a period of time comparable to such Interest Period.

"Liquidity Event of Default" means the occurrence of either (a) the acceleration of all of the Equipment Notes (provided that, with respect to the period prior to the Delivery Period Expiry Date, such Equipment Notes have an aggregate outstanding principal balance in excess of \$280,000,000) or (b) a Continental Bankruptcy Event.

"Liquidity Indemnitee" means (i) the Liquidity Provider, (ii) the directors, officers, employees and agents of the Liquidity Provider, and (iii) the successors and permitted assigns of the persons described in clauses (i) and (ii), inclusive.

"Liquidity Provider" has the meaning assigned to such term in the recital of parties to this Agreement.

"Maximum Available Commitment" shall mean, subject to the proviso contained in the third sentence of Section 2.02(a), at any time of determination, (a) the Maximum Commitment at such time less (b) the aggregate amount of each Interest Advance outstanding at such time; provided that following a Provider Advance or a Final Advance, the Maximum Available Commitment shall be zero.

"Maximum Commitment" means, for any day, the lesser of (x) \$605,000.00 and (y) the Stated Portion of the Required Amount on such day.

"Non-Extension Advance" means an Advance made pursuant to Section 2.02(b).

"Notice of Borrowing" has the meaning specified in Section 2.02(e).

"Notice of Replacement Subordination Agent" has the meaning specified in Section 3.08.

"Offering Memorandum" means the Offering Memorandum dated March 12, 1997 relating to the Certificates, as such Offering Memorandum may be amended or supplemented.

"Performing Note Deficiency" means any time that less than 65 % of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes.

"Provider Advance" means a Downgrade Advance or a Non-Extension Advance.

"Regulatory Change" has the meaning assigned to such term in Section 3.01.

"Replenishment Amount" has the meaning assigned to such term in Section 2.06(b).

"Required Amount" means, for any day, the sum of the aggregate amount of interest, calculated at the rate per annum equal to the Stated Interest Rate for the Class C-II Certificates, that would be payable on the Class C-II Certificates on each of the three successive semiannual Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the succeeding two semiannual Regular Distribution Dates, in each case calculated on the basis of the Pool Balance of the Class C- II Certificates on such day and without regard to expected future payments of principal on the Class C-II Certificates.

"Stated Portion" means 50%.

"Successor Trust" means Continental Airlines Pass Through Trust 1997-1C-II-S.

"Tax Letter" means the letter dated the date hereof between the Liquidity Provider and Continental pertaining to this Agreement.

"Termination Date" means the earliest to occur of the following: (i) the Expiry Date; (ii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that all of the Class C-II Certificates have been paid in full (or provision has been made for such payment in accordance with the Intercreditor Agreement and the Trust Agreements) or are otherwise no longer entitled to the benefits of this Agreement; (iii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying

that a Replacement Liquidity Facility has been substituted for this Agreement in full pursuant to Section 3.6(e) of the Intercreditor Agreement; (iv) the fifth Business Day following the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof; and (v) the date on which no Advance is or may (including by reason of reinstatement as herein provided) become available for a Borrowing hereunder.

"Termination Notice" means the Notice of Termination substantially in the form of Annex V to this Agreement.

"Transferee" has the meaning assigned to such term in Section 7.08(b).

"Unapplied Downgrade Advance" means any Downgrade Advance other than an Applied Downgrade Advance.

"Unapplied Provider Advance" means any Provider Advance other than an Applied Provider Advance.

"Unpaid Advance" has the meaning assigned to such term in Section 2.05.

(b) Terms Defined in the Intercreditor Agreement. For all purposes of this Agreement, the following terms shall have the respective meanings assigned to such terms in the Intercreditor Agreement:

"ABN AMRO Fee Letter", "ABN AMRO Sub-Account", "Certificates", "Class A Certificates", "Class B Certificates", "Class C-I Certificates", "Class C-II Cash Collateral Account", "Class C-II Certificateholders", "Class C-II Certificates", "Class C-II Trust", "Class C-II Trust Agreement", "Class C-II Trustee", "Closing Date", "Continental", "Continental Bankruptcy Event", "Controlling Party", "Corporate Trust Office", "Delivery Period Expiry Date", "Distribution Date", "Downgraded Facility", "Equipment Notes", "Financing Agreement", "Indenture", "Initial Purchasers", "Investment Earnings", "Liquidity Facility", "Loan Trustee", "Moody's", "Non-Extended Facility", "Note Purchase Agreement", "Operative Agreements", "Performing Equipment Note", "Person", "Pool Balance", "Purchase Agreement", "Rating Agency", "Registration Rights Agreement", "Regular Distribution Date", "Replacement Liquidity Facility", "Responsible Officer",

"Scheduled Payment", "Special Payment", "Standard & Poor's", "Stated Interest Rate", "Sub-Account", "Subordination Agent", "Taxes", "Threshold Rating", "Transfer", "Trust Agreements", "Trustee" and "Written Notice".

(c) Interest on Certificates. For all purposes of this Agreement, each scheduled payment with respect to a Class C-II Certificate shall be deemed to be comprised of interest and principal components, with the interest component equaling interest accrued at the Stated Interest Rate for the Class C-II Certificates from (i) the later of (x) the date of issuance thereof and (y) the most recent but preceding Regular Distribution Date to (ii) the Regular Distribution Date on which such Scheduled Payment is being made, such interest to be considered payable in arrears on such Regular Distribution Date and to be calculated and allocated in the same manner as interest on the Class C-II Equipment Notes.

## ARTICLE II

### AMOUNT AND TERMS OF THE COMMITMENT

Section 2.01. The Advances. The Liquidity Provider hereby irrevocably agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until 12:00 Noon (New York City time) on the Expiry Date (unless the obligations of the Liquidity Provider shall be earlier terminated in accordance with the terms of Section 2.04(b)) in an aggregate amount at any time outstanding not to exceed the Maximum Commitment.

Section 2.02. Making the Advances. (a) Interest Advances shall be made in one or more Borrowings by delivery to the Liquidity Provider of one or more written and completed Notices of Borrowing in substantially the form of Annex I attached hereto, signed by a Responsible Officer of the Borrower, in an amount not exceeding the Maximum Available Commitment at such time and shall be used solely for the payment when due of the Stated Portion of interest on the Class C-II Certificates at the Stated Interest Rate therefor in accordance with Section 3.6(a) of the Intercreditor Agreement. Each Interest Advance made hereunder shall automatically reduce the Maximum Available Commitment and the amount available to be borrowed hereunder by subsequent Advances by the amount of such Interest Advance



(subject to reinstatement as provided in the next sentence). Upon repayment to the Liquidity Provider in full of the amount of any Interest Advance made pursuant to this Section 2.02(a), together with accrued interest thereon (as provided herein), the Maximum Available Commitment shall be reinstated by the amount of such repaid Interest Advance, but not to exceed the Maximum Commitment; provided, however, that the Maximum Available Commitment shall not be so reinstated at any time if (i) a Liquidity Event of Default shall have occurred and be continuing and (ii) there is a Performing Note Deficiency.

(b) A Non-Extension Advance shall be made in a single Borrowing if this Agreement is not extended in accordance with Section 3.6(d) of the Intercreditor Agreement (unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(d)) by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex II attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account in accordance with said Section 3.6(d).

(c) A Downgrade Advance shall be made in a single Borrowing upon a downgrading of the Liquidity Provider's short-term unsecured debt rating issued by either Rating Agency below the Threshold Rating (as provided for in Section 3.6(c) of the Intercreditor Agreement) unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(c), by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex III attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account in accordance with said Section 3.6(c).

(d) A Final Advance shall be made in a single Borrowing upon the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex IV attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ABN AMRO Sub-Account

of the Class C-II Cash Collateral Account (in accordance with Section 3.6(i) of the Intercreditor Agreement).

(e) Each Borrowing shall be made on notice in writing (a "Notice of Borrowing") in substantially the form required by Section 2.02(a), 2.02(b), 2.02(c) or 2.02(d), as the case may be, given by the Borrower to the Liquidity Provider. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing no later than 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the first Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and immediately available funds, the amount of such Borrowing. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing after 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the second Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified by the Borrower in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and in immediately available funds, the amount of such Borrowing. Payments of proceeds of a Borrowing shall be made by wire transfer of immediately available funds to the Borrower in accordance with such wire transfer instructions as the Borrower shall furnish from time to time to the Liquidity Provider for such purpose. Each Notice of Borrowing shall be irrevocable and binding on the Borrower.

(f) Upon the making of any Advance requested pursuant to a Notice of Borrowing, in accordance with the Borrower's payment instructions, the Liquidity Provider shall be fully discharged of its obligation hereunder with respect to such Notice of Borrowing, and the Liquidity Provider shall not thereafter be obligated to make any further Advances hereunder in respect of such Notice of Borrowing to the Borrower or to any other Person. Following the making of any Advance pursuant to Section 2.02(b), (c) or (d) hereof to fund the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account, the Liquidity Provider shall have no interest in or rights to the Class C-II

Cash Collateral Account, any Sub-Account thereof, such Advance or any other amounts from time to time on deposit in the Class C-II Cash Collateral Account or any Sub-Account thereof; provided that the foregoing shall not affect or impair the obligations of the Subordination Agent to make the distributions contemplated by Section 3.6(e) or (f) of the Intercreditor Agreement. By paying to the Borrower proceeds of Advances requested by the Borrower in accordance with the provisions of this Agreement, the Liquidity Provider makes no representation as to, and assumes no responsibility for, the correctness or sufficiency for any purpose of the amount of the Advances so made and requested.

Section 2.03. Fees. The Borrower agrees to pay to the Liquidity Provider the fees set forth in the ABN AMRO Fee Letter.

Section 2.04. Adjustments or Termination of the Maximum Commitment. (a) Automatic Adjustments. Promptly following each date on which the Required Amount is (1) reduced as a result of a reduction in the Pool Balance of the Class C-II Certificates or otherwise, (2) increased as a result of an increase in the Stated Interest Rate or (3) subsequent to such an increase described in clause (2), reduced pursuant to the definition of "Stated Interest Rate", clause (y) of the definition of Maximum Commitment shall automatically be reduced or increased, as the case may be, to an amount equal to the Stated Portion of the Required Amount (as calculated by the Borrower). The Borrower shall give notice of any such automatic reduction or increase of the Maximum Commitment to the Liquidity Provider within two Business Days thereof. The failure by the Borrower to furnish any such notice shall not affect such automatic reduction or increase of the Maximum Commitment.

(b) Termination. Upon the making of any Provider Advance or Final Advance hereunder or the occurrence of the Termination Date, the obligation of the Liquidity Provider to make further Advances hereunder shall automatically and irrevocably terminate, and the Borrower shall not be entitled to request any further Borrowing hereunder.

Section 2.05. Repayments of Interest Advances or the Final Advance. Subject to Sections 2.06, 2.07 and 2.09 hereof, the Borrower hereby agrees, without notice of an Advance or demand for repayment from the Liquidity Provider (which notice and demand are hereby waived by the Borrower), to pay, or to cause to be paid, to the Liquidity Provider on each date on which the Liquidity Provider shall make an Interest Advance or the

Final Advance, an amount equal to (a) the amount of such Advance (any such Advance, until repaid, is referred to herein as an "Unpaid Advance"), plus (b) interest on the amount of each such Unpaid Advance as provided in Section 3.07 hereof; provided that if (i) the Liquidity Provider shall make a Provider Advance at any time after making one or more Interest Advances which shall not have been repaid in accordance with this Section 2.05 or (ii) this Liquidity Facility shall become a Downgraded Facility or Non-Extended Facility at any time when unreimbursed Interest Advances have reduced the Maximum Available Commitment to zero, then such Interest Advances shall cease to constitute Unpaid Advances and shall be deemed to have been changed into an Applied Downgrade Advance or an Applied Non-Extension Advance, as the case may be, for all purposes of this Agreement (including, without limitation, for the purpose of determining when such Interest Advance is required to be repaid to the Liquidity Provider in accordance with Section 2.06 and for the purposes of Section 2.06(b)). The Borrower and the Liquidity Provider agree that the repayment in full of each Interest Advance and Final Advance on the date such Advance is made is intended to be a contemporaneous exchange for new value given to the Borrower by the Liquidity Provider.

Section 2.06. Repayments of Provider Advances. (a) Amounts advanced hereunder in respect of a Provider Advance shall be deposited in the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account, invested and withdrawn from the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account as set forth in Sections 3.6(c), (d) and (f) of the Intercreditor Agreement. The Borrower agrees to pay to the Liquidity Provider, on each Regular Distribution Date, commencing on the first Regular Distribution Date after the making of a Provider Advance, interest on the principal amount of any such Provider Advance as provided in Section 3.07; provided, however, that amounts in respect of a Provider Advance withdrawn from the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account for the purpose of paying interest on the Class C-II Certificates in accordance with Section 3.6(f) of the Intercreditor Agreement (the amount of any such withdrawal being (y) in the case of a Downgrade Advance, an "Applied Downgrade Advance" and (z) in the case of a Non-Extension Advance, an "Applied Non-Extension Advance" and, together with an Applied Downgrade Advance, an "Applied Provider Advance") shall thereafter (subject to Section 2.06(b)) be treated as an Interest Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable

thereon; provided further, however, that if, following the making of a Provider Advance, the Liquidity Provider delivers a Termination Notice to the Borrower pursuant to Section 6.01 hereof, such Provider Advance shall thereafter be treated as a Final Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon. Subject to Sections 2.07 and 2.09 hereof, immediately upon the withdrawal of any amounts from the ABN AMRO Sub- Account of the Class C-II Cash Collateral Account on account of a reduction in the Required Amount, the Borrower shall repay to the Liquidity Provider a portion of the Provider Advances in a principal amount equal to the Stated Portion of such reduction, plus interest on the principal amount prepaid as provided in Section 3.07 hereof.

(b) At any time when an Applied Provider Advance (or any portion thereof) is outstanding, upon the deposit in the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account of any amount pursuant to clause "third" of Section 2.4(b) of the Intercreditor Agreement, clause "third" of Section 3.2 of the Intercreditor Agreement or clause "fourth" of Section 3.3 of the Intercreditor Agreement (any such amount being a "Replenishment Amount") for the purpose of replenishing or increasing the balance thereof up to the Stated Portion of the Required Amount at such time, (i) the aggregate outstanding principal amount of all Applied Provider Advances (and of Provider Advances treated as an Interest Advance for purposes of determining the Applicable Liquidity Rate for interest payable thereon) shall be automatically reduced by the amount of such Replenishment Amount and (ii) the aggregate outstanding principal amount of all Unapplied Provider Advances shall be automatically increased by the amount of such Replenishment Amount.

(c) Upon the provision of a Replacement Liquidity Facility in replacement of this Agreement in accordance with Section 3.6(e) of the Intercreditor Agreement, amounts remaining on deposit in the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account after giving effect to any Applied Provider Advance on the date of such replacement shall be reimbursed to the Liquidity Provider, but only to the extent such amounts are necessary to repay in full to the Liquidity Provider all amounts owing to it hereunder.

Section 2.07. Payments to the Liquidity Provider Under the Intercreditor Agreement. In order to provide for payment or repayment to the Liquidity Provider of any amounts hereunder, the Intercreditor Agreement provides that amounts available and

referred to in Articles II and III of the Intercreditor Agreement, to the extent payable to the Liquidity Provider pursuant to the terms of the Intercreditor Agreement (including, without limitation, Section 3.6(f) of the Intercreditor Agreement), shall be paid to the Liquidity Provider in accordance with the terms thereof. Amounts so paid to the Liquidity Provider shall be applied by the Liquidity Provider to Liquidity Obligations then due and payable in such manner as it shall deem appropriate.

Section 2.08. Book Entries. The Liquidity Provider shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower resulting from Advances made from time to time and the amounts of principal and interest payable hereunder and paid from time to time in respect thereof; provided, however, that the failure by the Liquidity Provider to maintain such account or accounts shall not affect the obligations of the Borrower in respect of Advances.

Section 2.09. Payments from Available Funds Only. All payments to be made by the Borrower under this Agreement shall be made only from the Stated Portion of amounts that constitute Scheduled Payments, Special Payments or payments under Section 9.1 of the Participation Agreements and Sections 6 and 7 of the Note Purchase Agreement and only to the extent that the Borrower shall have sufficient income or proceeds therefrom to enable the Borrower to make payments in accordance with the terms hereof after giving effect to the priority of payments provisions set forth in the Intercreditor Agreement. The Liquidity Provider agrees that it will look solely to such amounts to the extent available for distribution to it as provided in the Intercreditor Agreement and this Agreement and that the Borrower, in its individual capacity, is not personally liable to it for any amounts payable or liability under this Agreement except as expressly provided in this Agreement, the Intercreditor Agreement or any Participation Agreement. Amounts on deposit in the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account shall be available to the Borrower to make payments under this Agreement only to the extent and for the purposes expressly contemplated in Section 3.6(f) of the Intercreditor Agreement. Amounts on deposit in the other Sub-Account in respect of the Class C-II Certificates shall not be available to make payments under this Agreement.

Section 2.10. Extension of the Expiry Date; Non-Extension Advance. No earlier than the 60th day and no later

than the 40th day prior to the then effective Expiry Date (unless such Expiry Date is on or after the date that is 15 days after the Final Maturity Date for the Class C-II Certificates), the Borrower shall request that the Liquidity Provider extend the Expiry Date for a period of 364 days after the then effective Expiry Date (unless the obligations of the Liquidity Provider are earlier terminated in accordance with the terms hereof). The Liquidity Provider shall advise the Borrower, no earlier than 40 days and no later than 25 days prior to the then effective Expiry Date, whether, in its sole discretion, it agrees to so extend the Expiry Date. If the Liquidity Provider advises the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall not be so extended, or fails to irrevocably and unconditionally advise the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall be so extended (and, in each case, if the Liquidity Provider shall not have been replaced in accordance with Section 3.6(e) of the Intercreditor Agreement), the Borrower shall be entitled on and after such 25th day (but prior to the then effective Expiry Date) to request a Non-Extension Advance in accordance with Section 2.02(b) hereof and Section 3.6(d) of the Intercreditor Agreement.

### ARTICLE III

#### OBLIGATIONS OF THE BORROWER

Section 3.01. Increased Costs. Subject to the ABN AMRO Fee Letter, the Borrower shall pay to the Liquidity Provider from time to time such amounts as may be necessary to compensate the Liquidity Provider for any increased costs incurred by the Liquidity Provider which are attributable to its making or maintaining any LIBOR Advances hereunder or its obligation to make any such Advances hereunder, or any reduction in any amount receivable by the Liquidity Provider under this Agreement or the Intercreditor Agreement in respect of any such Advances or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any change after the date of this Agreement in U.S. federal, state, municipal, or foreign laws or regulations (including Regulation D), or the adoption or making after the date of this Agreement of any interpretations, directives, or requirements applying to a class of banks including the Liquidity Provider under any U.S. federal, state, municipal, or any foreign laws or regulations (whether or not having the force of law) by any court, central bank or monetary authority charged with the

interpretation or administration thereof (a "Regulatory Change"), which: (1) changes the basis of taxation of any amounts payable to the Liquidity Provider under this Agreement in respect of any such Advances (other than Excluded Taxes); or (2) imposes or modifies any reserve, special deposit, compulsory loan or similar requirements relating to any extensions of credit or other assets of, or any deposits with other liabilities of, the Liquidity Provider (including any such Advances or any deposits referred to in the definition of LIBOR Rate or related definitions). The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.01 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.01 of the effect of any Regulatory Change on its costs of making or maintaining Advances or on amounts receivable by it in respect of Advances, and of the additional amounts required to compensate the Liquidity Provider in respect of any Additional Costs, shall be prima facie evidence of the amount owed under this Section.

Section 3.02. Capital Adequacy. Subject to the ABN AMRO Fee Letter, if (1) the adoption, after the date hereof, of any applicable governmental law, rule or regulation regarding capital adequacy, (2) any change, after the date hereof, in the interpretation or administration of any such law, rule or regulation by any central bank or other governmental authority charged with the interpretation or administration thereof or (3) compliance by the Liquidity Provider or any corporation controlling the Liquidity Provider with any applicable guideline or request of general applicability, issued after the date hereof, by any central bank or other governmental authority (whether or not having the force of law) that constitutes a change of the nature described in clause (2), has the effect of requiring an increase in the amount of capital required to be



maintained by the Liquidity Provider or any corporation controlling the Liquidity Provider, and such increase is based upon the Liquidity Provider's obligations hereunder and other similar obligations, the Borrower shall pay to the Liquidity Provider from time to time such additional amount or amounts as are necessary to compensate the Liquidity Provider for such portion of such increase as shall be reasonably allocable to the Liquidity Provider's obligations to the Borrower hereunder. The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise materially disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.02 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.02 of the effect of any increase in the amount of capital required to be maintained by the bank and of the amount allocable to the Liquidity Provider's obligations to the Borrower hereunder shall be prima facie evidence of the amounts owed under this Section.

Section 3.03. Payments Free of Deductions. All payments made by the Borrower under this Agreement shall be made free and clear of, and without reduction for or on account of, any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected, withheld or assessed, excluding Excluded Taxes (such non-excluded taxes being referred to herein, collectively, as "Non-Excluded Taxes" and, individually, as a "Non-Excluded Tax"). If any Non- Excluded Taxes are required to be withheld from any amounts payable to the Liquidity Provider under this Agreement, the amounts so payable to the Liquidity Provider shall be increased to the extent necessary to yield to the Liquidity Provider (after payment of all Non-Excluded Taxes) interest or any other such amounts payable under this Agreement at the rates or in the amounts specified in this Agreement. The Liquidity

Provider agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider. From time to time upon the reasonable request of the Borrower, the Liquidity Provider agrees to provide to the Borrower two original Internal Revenue Service Forms 1001 or 4224, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that the Liquidity Provider is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement.

Section 3.04. Payments. The Borrower shall make or cause to be made each payment to the Liquidity Provider under this Agreement so as to cause the same to be received by the Liquidity Provider not later than 1:00 P.M. (New York City time) on the day when due. The Borrower shall make all such payments in lawful money of the United States of America, to the Liquidity Provider in immediately available funds, by wire transfer to ABN AMRO Bank N.V., New York, NY, ABA # 026009580, Account Name: ABN AMRO Bank, N.V. - Chicago Branch, Account # 651-0-010111-42, Reference: Continental Airlines, Inc.

Section 3.05. Computations. All computations of interest based on the Base Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the LIBOR Rate shall be made on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

Section 3.06. Payment on Non-Business Days. Whenever any payment to be made hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and no additional interest shall be due as a result (and if so made, shall be deemed to have been made when due). If any payment in respect of interest on an Advance is so deferred to the next succeeding Business Day, such deferral shall not delay the commencement of the next Interest Period for such Advance (if such Advance is a LIBOR Advance) or reduce the number of days for which interest will be payable on such Advance on the next interest payment date for such Advance.

Section 3.07. Interest. (a) Subject to Section 2.09, the Borrower shall pay, or shall cause to be paid, without duplication, interest on (i) the unpaid principal amount of each Advance from and including the date of such Advance (or, in the case of an Applied Provider Advance, from and including the date on which the amount thereof was withdrawn from the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account to pay interest on the Class C-II Certificates) to but excluding the date such principal amount shall be paid in full (or, in the case of an Applied Provider Advance, the date on which the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account is fully replenished in respect of such Advance) and (ii) any other amount due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by law, installments of interest on Advances or any such other amount) which is not paid when due (whether at stated maturity, by acceleration or otherwise) from and including the due date thereof to but excluding the date such amount is paid in full, in each such case, at a fluctuating interest rate per annum for each day equal to the Applicable Liquidity Rate (as defined below) for such Advance or such other amount as in effect for such day, but in no event at a rate per annum greater than the maximum rate permitted by applicable law; provided, however, that, if at any time the otherwise applicable interest rate as set forth in this Section 3.07 shall exceed the maximum rate permitted by applicable law, then any subsequent reduction in such interest rate will not reduce the rate of interest payable pursuant to this Section 3.07 below the maximum rate permitted by applicable law until the total amount of interest accrued equals the amount of interest that would have accrued if such otherwise applicable interest rate as set forth in this Section 3.07 had at all times been in effect.

(b) Except as provided in clause (e) below, each Advance will be either a Base Rate Advance or a LIBOR Advance as provided in this Section. Each such Advance will be a Base Rate Advance for the period from the date of its borrowing to (but excluding) the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Advance. Thereafter, such Advance shall be a LIBOR Advance; provided that the Borrower (at the direction of the Controlling Party) may convert the Final Advance into a Base Rate Advance on the last day of an Interest Period for such Advance by giving the Liquidity Provider no less than four Business Days' prior written notice of such election.

(c) Each LIBOR Advance shall bear interest during each Interest Period at a rate per annum equal to the LIBOR Rate for such Interest Period plus the Applicable Margin for such LIBOR Advance, payable in arrears on the last day of such Interest Period and, in the event of the payment of principal of such LIBOR Advance on a day other than such last day, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(d) Each Base Rate Advance shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin for such Base Rate Advance, payable in arrears on each Regular Distribution Date and, in the event of the payment of principal of such Base Rate Advance on a day other than a Regular Distribution Date, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(e) Each Unapplied Downgrade Advance (i) during the period from and including the date of the making of such Unapplied Downgrade Advance through but excluding the Expiry Date (or, if earlier, the date of repayment thereof or of conversion thereof into a Final Advance), shall bear interest in an amount equal to the Investment Earnings on amounts on deposit in the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account for such period plus .35% per annum on the amount of such Unapplied Downgrade Advance from time to time during such period, payable in arrears on each Regular Distribution Date and (ii) thereafter, shall be a LIBOR Advance and shall bear interest in accordance with clause (c) above.

(f) Each amount not paid when due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by applicable law, installments of interest on Advances but excluding Advances) shall bear interest at a rate per annum equal to the Base Rate plus 2.00% until paid.

(g) Each change in the Base Rate shall become effective immediately. The rates of interest specified in this Section 3.07 with respect to any Advance or other amount shall be referred to as the "Applicable Liquidity Rate".

Section 3.08. Replacement of Borrower. From time to time and subject to the successor Borrower's meeting the eligibility requirements set forth in Section 6.9 of the Intercreditor Agreement applicable to the Subordination Agent, upon the effective date and time specified in a written and

completed Notice of Replacement Subordination Agent in substantially the form of Annex VI attached hereto (a "Notice of Replacement Subordination Agent") delivered to the Liquidity Provider by the then Borrower, the successor Borrower designated therein shall be substituted for as the Borrower for all purposes hereunder.

Section 3.09. Funding Loss Indemnification. The Borrower shall pay to the Liquidity Provider, upon the request of the Liquidity Provider, such amount or amounts as shall be sufficient (in the reasonable opinion of the Liquidity Provider) to compensate it for any loss, cost, or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by the Liquidity Provider to fund or maintain any LIBOR Advance (but excluding loss of anticipated profits) incurred as a result of:

(1) Any repayment of a LIBOR Advance on a date other than the last day of the Interest Period for such Advance; or

(2) Any failure by the Borrower to borrow a LIBOR Advance on the date for borrowing specified in the relevant notice under Section 2.02.

Section 3.10. Illegality. Notwithstanding any other provision in this Agreement, if any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Liquidity Provider (or its Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Liquidity Provider (or its Lending Office) to maintain or fund its LIBOR Advances, then upon notice to the Borrower by the Liquidity Provider, the outstanding principal amount of the LIBOR Advances shall be converted to Base Rate Advances (a) immediately upon demand of the Liquidity Provider, if such change or compliance with such request, in the judgment of the Liquidity Provider, requires immediate repayment; or (b) at the expiration of the last Interest Period to expire before the effective date of any such change or request.

## ARTICLE IV

## CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied or waived:

(a) The Liquidity Provider shall have received on or before the Closing Date each of the following, and in the case of each document delivered pursuant to paragraphs (i), (ii) and (iii), each in form and substance satisfactory to the Liquidity Provider:

- (i) This Agreement duly executed on behalf of the Borrower;
- (ii) The Intercreditor Agreement duly executed on behalf of each of the parties thereto;
- (iii) Fully executed copies of each of the Operative Agreements executed and delivered on or before the Closing Date (other than this Agreement and the Intercreditor Agreement);
- (iv) A copy of the Offering Memorandum and specimen copies of the Class C-II Certificates;
- (v) An executed copy of each document, instrument, certificate and opinion delivered on or before the Closing Date pursuant to the Class C-II Trust Agreement, the Intercreditor Agreement and the other Operative Agreements (together with, in the case of each such opinion, other than the opinion of counsel for the Initial Purchasers, a letter from the counsel rendering such opinion to the effect that the Liquidity Provider is entitled to rely on such opinion as of its date as if it were addressed to the Liquidity Provider);
- (vi) Evidence that there shall have been made and shall be in full force and effect, all filings, recordings and/or registrations, and there shall have been given or taken any notice or other similar action as may be reasonably necessary or,

to the extent reasonably requested by the Liquidity Provider, reasonably advisable, in order to establish, perfect, protect and preserve the right, title and interest, remedies, powers, privileges, liens and security interests of, or for the benefit of, the Trustees, the Borrower and the Liquidity Provider created by the Operative Agreements executed and delivered on or prior to the Closing Date;

- (vii) An agreement from Continental, pursuant to which (i) Continental agrees to provide copies of quarterly financial statements and audited annual financial statements to the Liquidity Provider, and such other information as the Liquidity Provider shall reasonably request with respect to the transactions contemplated by the Operative Agreements, in each case, only to the extent that Continental is obligated to provide such information pursuant to Section 8.2.1 of the Leases (related to Leased Aircraft) or the corresponding section of the Indentures (related to Owned Aircraft) to the parties thereto and (ii) Continental agrees to allow the Liquidity Provider to inspect Continental's books and records regarding such transactions, and to discuss such transactions with officers and employees of Continental; and
- (viii) Such other documents, instruments, opinions and approvals as the Liquidity Provider shall have reasonably requested.

(b) The following statement shall be true on and as of the Effective Date: No event has occurred and is continuing, or would result from the entering into of this Agreement or the making of any Advance, which constitutes a Liquidity Event of Default.

(c) The Liquidity Provider shall have received payment in full of all fees and other sums required to be paid to or for the account of the Liquidity Provider on or prior to the Effective Date.

(d) All conditions precedent to the issuance of the Certificates under the Trust Agreements shall have been satisfied, all conditions precedent to the effectiveness of the other Liquidity Facilities shall have been

satisfied, and all conditions precedent to the purchase of the Certificates by the Initial Purchasers under the Purchase Agreement shall have been satisfied (unless any of such conditions precedent shall have been waived by the Initial Purchasers).

(e) The Borrower shall have received a certificate, dated the date hereof, signed by a duly authorized representative of the Liquidity Provider, certifying that all conditions precedent to the effectiveness of Section 2.01 have been satisfied or waived.

Section 4.02. Conditions Precedent to Borrowing. The obligation of the Liquidity Provider to make an Advance on the occasion of each Borrowing shall be subject to the conditions precedent that the Effective Date shall have occurred and, prior to the date of such Borrowing, the Borrower shall have delivered a Notice of Borrowing which conforms to the terms and conditions of this Agreement and has been completed as may be required by the relevant form of the Notice of Borrowing for the type of Advances requested.

#### ARTICLE V

#### COVENANTS

Section 5.01. Affirmative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will, unless the Liquidity Provider shall otherwise consent in writing:

(a) Performance of This and Other Agreements. Punctually pay or cause to be paid all amounts payable by it under this Agreement and the other Operative Agreements and observe and perform in all material respects the conditions, covenants and requirements applicable to it contained in this Agreement and the other Operative Agreements.

(b) Reporting Requirements. Furnish to the Liquidity Provider with reasonable promptness, such other information and data with respect to the transactions contemplated by the Operative Agreements as from time to time may be



reasonably requested by the Liquidity Provider; and permit the Liquidity Provider, upon reasonable notice, to inspect the Borrower's books and records with respect to such transactions and to meet with officers and employees of the Borrower to discuss such transactions.

(c) Certain Operative Agreements. Furnish to the Liquidity Provider with reasonable promptness, such Operative Agreements entered into after the date hereof as from time to time may be reasonably requested by the Liquidity Provider.

Section 5.02. Negative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will not appoint or permit or suffer to be appointed any successor Borrower without the written consent of the Liquidity Provider, which consent shall not be unreasonably withheld or delayed.

## ARTICLE VI

### LIQUIDITY EVENTS OF DEFAULT

Section 6.01. Liquidity Events of Default. If (a) any Liquidity Event of Default has occurred and is continuing and (b) there is a Performing Note Deficiency, the Liquidity Provider may, in its discretion, deliver to the Borrower a Termination Notice, the effect of which shall be to cause (i) this Agreement to expire on the fifth Business Day after the date on which such Termination Notice is received by the Borrower, (ii) the Borrower to promptly request, and the Liquidity Provider to promptly make, a Final Advance in accordance with Section 2.02(d) hereof and Section 3.6(i) of the Intercreditor Agreement, (iii) all other outstanding Advances to be automatically converted into Final Advances for purposes of determining the Applicable Liquidity Rate for interest payable thereon, and (iv) subject to Sections 2.07 and 2.09 hereof, all Advances (including, without limitation, any Provider Advance and Applied Provider Advance), any accrued interest thereon and any other amounts outstanding hereunder to become immediately due and payable to the Liquidity Provider.

## ARTICLE VII

## MISCELLANEOUS

Section 7.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Liquidity Provider, and, in the case of an amendment or of a waiver by the Borrower, the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.02. Notices, Etc. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telecopier and mailed or delivered or sent by telecopier):

Borrower:	WILMINGTON TRUST COMPANY Rodney Square North 1100 North Market Square Wilmington, DE 19890-0001
	Attention: Corporate Trust Administration Telephone: (302) 651-1000 Telecopy: (302) 651-8882
Liquidity Provider:	ABN AMRO BANK N.V. 135 South LaSalle Street, #760 Chicago, IL 60674-9135 Attention: Aerospace Department Telephone: (312) 904-2900 Telecopy: (312) 606-8428

or, as to each of the foregoing, at such other address as shall be designated by such Person in a written notice to the others. All such notices and communications shall be effective (i) if given by telecopier, when transmitted to the telecopier number specified above, (ii) if given by mail, when deposited in the mails addressed as specified above, and (iii) if given by other means, when delivered at the address specified above, except that written notices to the Liquidity Provider pursuant to the provisions of Articles II and III hereof shall not be effective until received by the Liquidity Provider. A copy of all notices

delivered hereunder to either party shall in addition be delivered to each of the parties to the Participation Agreements at their respective addresses set forth therein.

Section 7.03. No Waiver; Remedies. No failure on the part of the Liquidity Provider to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 7.04. Further Assurances. The Borrower agrees to do such further acts and things and to execute and deliver to the Liquidity Provider such additional assignments, agreements, powers and instruments as the Liquidity Provider may reasonably require or deem advisable to carry into effect the purposes of this Agreement and the other Operative Agreements or to better assure and confirm unto the Liquidity Provider its rights, powers and remedies hereunder and under the other Operative Agreements.

Section 7.05. Indemnification; Survival of Certain Provisions. The Liquidity Provider shall be indemnified hereunder to the extent and in the manner described in Section 10.1 of the Participation Agreements and Section 6 of the Note Purchase Agreement. In addition, the Borrower agrees to indemnify, protect, defend and hold harmless the Liquidity Provider from, against and in respect of, and shall pay on demand, all Expenses of any kind or nature whatsoever (other than any Expenses of the nature described in Sections 3.01, 3.02 or 7.07 hereof or in the ABN AMRO Fee Letter (regardless of whether indemnified against pursuant to said Sections or in such Fee Letter)), that may be imposed, incurred by or asserted against any Liquidity Indemnitee, in any way relating to, resulting from, or arising out of or in connection with any action, suit or proceeding by any third party against such Liquidity Indemnitee and relating to this Agreement, the ABN AMRO Fee Letter, the Intercreditor Agreement or any Financing Agreement; provided, however, that the Borrower shall not be required to indemnify, protect, defend and hold harmless any Liquidity Indemnitee in respect of any Expense of such Liquidity Indemnitee (i) to the extent such Expense is attributable to the gross negligence or willful misconduct of such Liquidity Indemnitee or any other Liquidity Indemnitee, (ii) that is ordinary and usual operating overhead expense, and (iii) to the extent such Expense is attributable to the failure by such Liquidity Indemnitee or any

other Liquidity Indemnitee to perform or observe any agreement, covenant or condition on its part to be performed or observed in this Agreement, the Intercreditor Agreement, the ABN AMRO Fee Letter, the Tax Letter or any other Operative Document to which it is a party. The indemnities contained in such Section 10.1, and the provisions of Sections 3.01, 3.02, 3.03, 3.09, 7.05 and 7.07 hereof, shall survive the termination of this Agreement.

Section 7.06. Liability of the Liquidity Provider. (a) Neither the Liquidity Provider nor any of its officers, employees, directors or affiliates shall be liable or responsible for: (i) the use which may be made of the Advances or any acts or omissions of the Borrower or any beneficiary or transferee in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (iii) the making of Advances by the Liquidity Provider against delivery of a Notice of Borrowing and other documents which do not comply with the terms hereof; provided, however, that the Borrower shall have a claim against the Liquidity Provider, and the Liquidity Provider shall be liable to the Borrower, to the extent of any damages suffered by the Borrower which were the result of (A) the Liquidity Provider's willful misconduct or negligence in determining whether documents presented hereunder comply with the terms hereof, or (B) any breach by the Liquidity Provider of any of the terms of this Agreement, including, but not limited to, the Liquidity Provider's failure to make lawful payment hereunder after the delivery to it by the Borrower of a Notice of Borrowing strictly complying with the terms and conditions hereof.

(b) Neither the Liquidity Provider nor any of its officers, employees, director or affiliates shall be liable or responsible in any respect for (i) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with this Agreement or any Notice of Borrowing delivered hereunder, or (ii) any action, inaction or omission which may be taken by it in good faith, absent willful misconduct or negligence (in which event the extent of the Liquidity Provider's potential liability to the Borrower shall be limited as set forth in the immediately preceding paragraph), in connection with this Agreement or any Notice of Borrowing.

Section 7.07. Costs, Expenses and Taxes. The Borrower agrees to pay, or cause to be paid (A) on the Effective Date and

on such later date or dates on which the Liquidity Provider shall make demand, all reasonable out-of-pocket costs and expenses (including, without limitation, the reasonable fees and expenses of outside counsel for the Liquidity Provider) of the Liquidity Provider in connection with the preparation, negotiation, execution, delivery, filing and recording of this Agreement, any other Operative Agreement and any other documents which may be delivered in connection with this Agreement and (B) on demand, all reasonable costs and expenses (including reasonable counsel fees and expenses) of the Liquidity Provider in connection with (i) the enforcement of this Agreement or any other Operative Agreement, (ii) the modification or amendment of, or supplement to, this Agreement or any other Operative Agreement or such other documents which may be delivered in connection herewith or therewith (whether or not the same shall become effective) or (iii) any action or proceeding relating to any order, injunction, or other process or decree restraining or seeking to restrain the Liquidity Provider from paying any amount under this Agreement, the Intercreditor Agreement or any other Operative Agreement or otherwise affecting the application of funds in the Cash Collateral Accounts. In addition, the Borrower shall pay any and all recording, stamp and other similar taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, any other Operative Agreement and such other documents, and agrees to save the Liquidity Provider harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees.

Section 7.08. Binding Effect; Participations. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower and the Liquidity Provider and their respective successors and assigns, except that neither the Liquidity Provider (except as otherwise provided in this Section 7.08) nor (except as contemplated by Section 3.08) the Borrower shall have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of the other party, subject to the requirements of Section 7.08(b). The Liquidity Provider may grant participations herein or in any of its rights hereunder (including, without limitation, funded participations and participations in rights to receive interest payments hereunder) and under the other Operative Agreements to such Persons as the Liquidity Provider may in its sole discretion select, subject to the requirements of Section 7.08(b). No such participation by the Liquidity Provider, however, will relieve

the Liquidity Provider of its obligations hereunder. In connection with any participation or any proposed participation, the Liquidity Provider may disclose to the participant or the proposed participant any information that the Borrower is required to deliver or to disclose to the Liquidity Provider pursuant to this Agreement. The Borrower acknowledges and agrees that the Liquidity Provider's source of funds may derive in part from its participants (other than Continental). Accordingly, references in this Agreement and the other Operative Agreements to determinations, reserve and capital adequacy requirements, increased costs, reduced receipts, additional amounts due pursuant to Section 3.03(a) and the like as they pertain to the Liquidity Provider shall be deemed also to include those of each of its participants (subject, in each case, to the maximum amount that would have been incurred by or attributable to the Liquidity Provider directly if the Liquidity Provider, rather than the participant, had held the interest participated).

(b) If, pursuant to subsection (a) above, the Liquidity Provider sells any participation in this Agreement to any bank or other entity (each, a "Transferee"), then, concurrently with the effectiveness of such transfer, the Transferee shall (i) represent to the Liquidity Provider (for the benefit of the Liquidity Provider and the Borrower) either (A) that it is incorporated under the laws of the United States or a state thereof or (B) that under applicable law and treaties, no taxes will be required to be withheld with respect to any payments to be made to such Transferee in respect of this Agreement, (ii) furnish to the Liquidity Provider and the Borrower either (x) a statement that it is incorporated under the laws of the United States or a state thereof or (y) if it is not so incorporated, two copies of a properly completed United States Internal Revenue Service Form 4224 or Form 1001, as appropriate, or other applicable form, certificate or document prescribed by the Internal Revenue Service certifying, in each case, such Transferee's entitlement to a complete exemption from United States federal withholding tax in respect to any and all payments to be made hereunder, and (iii) agree (for the benefit of the Liquidity Provider and the Borrower) to provide the Liquidity Provider and the Borrower a new Form 4224 or

Form 1001, as appropriate, (A) on or before the date that any such form expires or becomes obsolete or (B) after the occurrence of any event requiring a change in the most recent form previously delivered by it and prior to the immediately following due date of any payment by the Borrower hereunder, certifying in the case of a Form 1001 or Form 4224 that such Transferee is entitled to a complete exemption from United States federal withholding tax on payments under this Agreement. Unless the Borrower has received forms or other documents reasonably satisfactory to it (and required by applicable law) indicating that payments hereunder are not subject to United States federal withholding tax, the Borrower will withhold taxes as required by law from such payments at the applicable statutory rate.

(c) Notwithstanding the other provisions of this Section 7.08, the Liquidity Provider may assign and pledge all or any portion of the Advances owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Advances made by the Borrower to the Liquidity Provider in accordance with the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect of such assigned Advance to the extent of such payment. No such assignment shall release the Liquidity Provider from its obligations hereunder.

Section 7.09. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 7.10. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 7.11. Submission to Jurisdiction; Waiver of Jury Trial; Waiver of Immunity. (a) Each of the parties hereto hereby irrevocably and unconditionally:

- (i) submits for itself and its property in any legal action or proceeding relating to this Agreement or any other Operative Agreement, or for recognition and enforcement of any judgment in respect hereof or thereof, to the nonexclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America

for the Southern District of New York, and the appellate courts from any thereof;

- (ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;
- (iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form and mail), postage prepaid, to each party hereto at its address set forth in Section 7.02 hereof, or at such other address of which the Liquidity Provider shall have been notified pursuant thereto; and
- (iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(b) THE BORROWER AND THE LIQUIDITY PROVIDER EACH HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE RELATIONSHIP THAT IS BEING ESTABLISHED, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. The Borrower and the Liquidity Provider each warrant and represent that it has reviewed this waiver with its legal counsel, and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, AND CANNOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

(c) The Liquidity Provider hereby waives any immunity it may have from the jurisdiction of the courts of the United States or of any State and waives any immunity any of its properties located in the United States may have from attachment or execution upon a judgement entered by any such court under the



United States Foreign Sovereign Immunities Act of 1976 or any similar successor legislation.

Section 7.12. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

Section 7.13. Entirety. This Agreement, the Intercreditor Agreement and the other Operative Agreements to which the Liquidity Provider is a party constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior understandings and agreements of such parties.

Section 7.14. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 7.15. Transfer. The Liquidity Provider hereby acknowledges and consents to the Transfer contemplated by the Assignment and Assumption Agreement.

Section 7.16. LIQUIDITY PROVIDER'S OBLIGATION TO MAKE ADVANCES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE OBLIGATIONS OF THE LIQUIDITY PROVIDER TO MAKE ADVANCES HEREUNDER, AND THE BORROWER'S RIGHTS TO DELIVER NOTICES OF BORROWING REQUESTING THE MAKING OF ADVANCES HEREUNDER, SHALL BE UNCONDITIONAL AND IRREVOCABLE, AND SHALL BE PAID OR PERFORMED, IN EACH CASE STRICTLY IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

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

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as agent and trustee for the Class C-II Trust, as Borrower

By: -----

Name:  
Title:

ABN AMRO BANK N.V.,  
Chicago Branch, as Liquidity Provider

By: -----

Name:  
Title:

By: -----

Name:  
Title:

By: -----

Name:  
Title:

Annex I to  
Revolving Credit Agreement

## INTEREST ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ABN AMRO N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-II) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of an Interest Advance by the Liquidity Provider to be used, subject to clause (3)(v) below, for the payment of the Stated Portion of the interest on the Class C-II Certificates which was payable on \_\_\_\_\_, \_\_\_\_ (the "Distribution Date") in accordance with the terms and provisions of the Class C-II Trust Agreement and the Class C-II Certificates pursuant to clause fifth of Section 3.2 of the Intercreditor Agreement or clause seventh of Section 3.3 of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Interest Advance requested hereby (i) is \$\_\_\_\_\_, to be applied in respect of the payment of the Stated Portion of the interest which was due and payable on the Class C-II Certificates on the Distribution Date, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class A Certificates, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, or interest on the Class A Certificates, the Class B Certificates or the Class C-I Certificates, (iii) was computed in accordance with the provisions of the Class C-II Certificates, the Class C- II Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), (iv) does not exceed the Maximum Available Commitment on the date hereof, (v) does not include any amount of interest which was due and payable on the Class C-II Certificates on

such Distribution Date but which remains unpaid due to the failure of the Depository to pay any amount of accrued interest on the Certificates of Deposit on such Distribution Date and (vi) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will apply the same in accordance with the terms of Section 3.2 or 3.3 of the Intercreditor Agreement, as the case may be, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, the making of the Interest Advance as requested by this Notice of Borrowing shall automatically reduce, subject to reinstatement in accordance with the terms of the Liquidity Agreement, the Maximum Available Commitment by an amount equal to the amount of the Interest Advance requested to be made hereby as set forth in clause (i) of paragraph (3) of this Certificate and such reduction shall automatically result in corresponding reductions in the amounts available to be borrowed pursuant to a subsequent Advance.

IN WITNESS WHEREOF, the Borrower has executed and delivered  
this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its  
individual capacity but solely as  
Subordination Agent, as Borrower

By: -----  
Name:  
Title:

SCHEDULE I TO INTEREST ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with Interest Advance Notice of Borrowing]

Annex II to  
Revolving Credit Agreement

## NON-EXTENSION ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-II) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Non-Extension Advance by the Liquidity Provider to be used for the funding of the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Non-Extension Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class C-II Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class B Certificates or the Class C-I Certificates, (iii) was computed in accordance with the provisions of the Class C-II Certificates, the Class C-II Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit

such amount in the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(d) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Non- Extension Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Non-Extension Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as agent and trustee for the Class C-II Trust, as Borrower

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



SCHEDULE I TO NON-EXTENSION ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with  
Non-Extension Advance Notice of Borrowing]

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Annex III to  
Revolving Credit Agreement

## DOWNGRADE ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-II) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Downgrade Advance by the Liquidity Provider to be used for the funding of the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement by reason of the downgrading of the short-term unsecured debt rating of the Liquidity Provider issued by either Rating Agency below the Threshold Rating, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Downgrade Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class C-II Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class B Certificates or the Class C-I Certificates, (iii) was computed in accordance with the provisions of the Class C-II Certificates, the Class C-II Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(c) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Downgrade Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Downgrade Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as agent and trustee for the Class C-II Trust, as Borrower

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

Annex IV to  
Revolving Credit Agreement

## FINAL ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ABN AMRO BANK N.V., Chicago Branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-II) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Final Advance by the Liquidity Provider to be used for the funding of the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement by reason of the receipt by the Borrower of a Termination Notice from the Liquidity Provider with respect to the Liquidity Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Final Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class C-II Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class B Certificates or the Class C-I Certificates, (iii) was computed in accordance with the provisions of the Class C-II Certificates, the Class C-II Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ABN AMRO Sub-Account of the Class C-II Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(i) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Final Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Final Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as agent and trustee for the Class C-II Trust, as Borrower

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

SCHEDULE I TO FINAL ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with  
Final Advance Notice of Borrowing]

## Annex V to Revolving Credit Agreement

## NOTICE OF TERMINATION

[Date]

Wilmington Trust Company,  
as Subordination Agent, as Borrower  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0001  
Attention: Corporate Trust Administration

Revolving Credit Agreement dated as of March 21, 1997, between  
Wilmington Trust Company, as Subordination Agent, as agent and  
trustee for the Continental Airlines Pass Through Trust,  
1997-1C-II- [O/S], as Borrower, and ABN AMRO BANK N.V.,  
Chicago Branch (the "Liquidity Agreement")

-----

Ladies and Gentlemen:

You are hereby notified that pursuant to Section 6.01 of the  
Liquidity Agreement, by reason of the occurrence of a Liquidity Event of  
Default and the existence of a Performing Note Deficiency (each as defined  
therein), we are giving this notice to you in order to cause (i) our  
obligations to make Advances (as defined therein) under such Liquidity  
Agreement to terminate on the fifth Business Day after the date on which you  
receive this notice and (ii) you to request a Final Advance under the Liquidity  
Agreement pursuant to Section 3.6(i) of the Intercreditor Agreement (as defined  
in the Liquidity Agreement) as a consequence of your receipt of this notice.

THIS NOTICE IS THE "NOTICE OF TERMINATION" PROVIDED FOR UNDER THE LIQUIDITY AGREEMENT. OUR OBLIGATIONS TO MAKE ADVANCES UNDER THE LIQUIDITY AGREEMENT WILL TERMINATE ON THE FIFTH BUSINESS DAY AFTER THE DATE ON WHICH YOU RECEIVE THIS NOTICE.

Very truly yours,

ABN AMRO BANK N.V.,  
Chicago Branch,  
as Liquidity Provider

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

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

cc: Wilmington Trust Company,  
as Class C-II Trustee



Annex VI to  
Revolving Credit Agreement

NOTICE OF REPLACEMENT SUBORDINATION AGENT

[Date]  
Attention:

Revolving Credit Agreement dated as of March 21, 1997, between  
Wilmington Trust Company, as Subordination Agent, as agent and  
trustee for the Continental Airlines Pass Through Trust,  
1997-1C-II-[O/S], as Borrower, and ABN AMRO BANK N.V.,  
Chicago Branch (the "Liquidity Agreement")

-----

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby  
irrevocably transfers to:

-----  
[Name of Transferee]

-----  
[Address of Transferee]

all rights and obligations of the undersigned as Borrower under the Liquidity  
Agreement referred to above. The transferee has succeeded the undersigned as  
Subordination Agent under the Intercreditor Agreement referred to in the first  
paragraph of the Liquidity Agreement, pursuant to the terms of Section 8.1 of  
the Intercreditor Agreement.

By this transfer, all rights of the undersigned as Borrower  
under the Liquidity Agreement are transferred to the transferee and the  
transferee shall hereafter have the sole rights and obligations as Borrower  
thereunder. The undersigned shall pay any costs and expenses of such transfer,  
including, but not limited to, transfer taxes or governmental charges.

We ask that this transfer be effective as of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its  
individual capacity but solely as  
Subordination Agent, as Borrower

By: -----  
Name:  
Title

VI-2

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REVOLVING CREDIT AGREEMENT

(1997-1C-II)

Dated as of March 21, 1997

between

WILMINGTON TRUST COMPANY,

as Subordination Agent,  
as agent and trustee for the  
Continental Airlines Pass Through Trust 1997-1C-II-0

as Borrower

and

ING Bank N.V.

as Liquidity Provider

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Relating to

Continental Airlines Pass Through Trust 1997-1C-II-0  
7.42% Continental Airlines Pass Through Certificates,  
Series 1997-1C-II-0

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## REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT dated as of March 21, 1997, between WILMINGTON TRUST COMPANY, a Delaware corporation, not in its individual capacity but solely as Subordination Agent under the Intercreditor Agreement (each as defined below), as agent and trustee for the Class C-II Trust (as defined below) (the "Borrower"), and ING BANK N.V., a bank organized under the laws of The Netherlands ("ING" or the "Liquidity Provider").

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

WHEREAS, pursuant to the Class C-II Trust Agreement (such term and all other capitalized terms used in these recitals having the meanings set forth or referred to in Section 1.01), the Class C-II Trust is issuing the Class C-II Certificates; and

WHEREAS, the Borrower, in order to support the timely payment of a portion of the interest on the Class C-II Certificates in accordance with their terms, has requested the Liquidity Provider to enter into this Agreement, providing in part for the Borrower to request in specified circumstances that Advances be made hereunder.

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

## ARTICLE I

## DEFINITIONS

Section 1.01. Certain Defined Terms. (a) Definitions. As used in this Agreement and unless otherwise expressly indicated, or unless the context clearly requires otherwise, the following capitalized terms shall have the following respective meanings for all purposes of this Agreement:

"Additional Cost" has the meaning assigned to such term in Section 3.01.

"Advance" means an Interest Advance, a Final Advance, a Provider Advance, an Applied Provider Advance or an Unpaid Advance, as the case may be.

"Applicable Liquidity Rate" has the meaning assigned to such term in Section 3.07(g).

"Applicable Margin" means (w) with respect to any Unpaid Advance or Applied Provider Advance that is a LIBOR Advance, 1.75%, (x) with respect to any Unpaid Advance or Applied Provider Advance that is a Base Rate Advance, 1.75%, (y) with respect to any Unapplied Provider Advance that is a LIBOR Advance, .40% and (z) with respect to any Unapplied Provider Advance that is a Base Rate Advance, .40%.

"Applied Downgrade Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Non-Extension Advance" has the meaning assigned to such term in Section 2.06(a).

"Applied Provider Advance" has the meaning assigned to such term in Section 2.06(a).

"Assignment and Assumption Agreement" means the Assignment and Assumption to be entered into between the Borrower and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Class C-II Trust Agreement.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to (a) the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Liquidity Provider from three Federal funds brokers of recognized standing selected by it, plus (b) one-quarter of one percent (1/4 or 1%).

"Base Rate Advance" means an Advance that bears interest at a rate based upon the Base Rate.



"Borrower" has the meaning assigned to such term in the recital of parties to this Agreement.

"Borrowing" means the making of Advances requested by delivery of a Notice of Borrowing.

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in Houston, Texas, New York, New York, Amsterdam, The Netherlands or, so long as any Class C-II Certificate is outstanding, the city and state in which the Class C-II Trustee, the Borrower or any Loan Trustee maintains its Corporate Trust Office or receives or disburses funds, and, if the applicable Business Day relates to any Advance or other amount bearing interest based on the LIBOR Rate, on which dealings are carried on in the London interbank market.

"Certificates of Deposit" has the meaning assigned to such term in the Deposit Agreement.

"Deposits" has the meaning assigned to such terms in the Deposit Agreement.

"Depository" has the meaning assigned to such term in the Deposit Agreement.

"Deposit Agreement" means the Deposit Agreement dated March 21, 1997 between First Security Bank, National Association, as Escrow Agent and Credit Suisse First Boston, as Depository, pertaining to the Class C-II Certificates, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof.

"Downgrade Advance" means an Advance made pursuant to Section 2.02(c).

"Effective Date" has the meaning specified in Section 4.01. The delivery of the certificate of the Liquidity Provider contemplated by Section 4.01(e) shall be conclusive evidence that the Effective Date has occurred.

"Expenses" means liabilities, obligations, damages, settlements, penalties, claims, actions, suits, costs, expenses, and disbursements (including, without limitation, reasonable fees and disbursements of legal counsel and costs

of investigation), provided that Expenses shall not include any Taxes.

"Excluded Taxes" means (i) taxes imposed on the overall net income of the Liquidity Provider or of its Lending Office by the jurisdiction where such Liquidity Provider's principal office or such Lending Office is located, and (ii) Excluded Withholding Taxes.

"Excluded Withholding Taxes" means (i) withholding Taxes imposed by the United States except to the extent that such United States withholding Taxes are imposed as a result of any change in applicable law after the date hereof (excluding from change in applicable law for this purpose a change in an applicable treaty or other change in law affecting the applicability of a treaty), or in the case of a successor Liquidity Provider (including a transferee of an Advance) or Lending Office, after the date on which such successor Liquidity Provider obtains its interest or on which the Lending Office is changed, and (ii) any withholding Taxes imposed by the United States which are imposed or increased as a result of the Liquidity Provider failing to deliver to the Borrower any certificate or document (which certificate or document in the good faith judgment of the Liquidity Provider it is legally entitled to provide) which is reasonably requested by the Borrower to establish that payments under this Agreement are exempt from (or entitled to a reduced rate of) withholding Tax.

"Expiry Date" means March 19, 1998, initially, or any date to which the Expiry Date is extended pursuant to Section 2.10.

"Final Advance" means an Advance made pursuant to Section 2.02(d).

"Intercreditor Agreement" means the Intercreditor Agreement dated the date hereof, among the Trustees, the Liquidity Provider, the liquidity provider under each Liquidity Facility (other than this Agreement) and the Subordination Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Interest Advance" means an Advance made pursuant to Section 2.02(a).

"Interest Period" means, with respect to any LIBOR Advance, each of the following periods:

- (i) the period beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such LIBOR Advance (or, in the case of an Unapplied Downgrade Advance, the period beginning on the Expiry Date) and ending on the next Regular Distribution Date; and
- (ii) each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the next Regular Distribution Date;

provided, however, that (I) if an Unapplied Provider Advance which is a LIBOR Advance becomes an Applied Provider Advance, the Interest Period then applicable to such Unapplied Provider Advance shall be applicable to such Applied Provider Advance and (II) if (x) the Final Advance shall have been made, or (y) other outstanding Advances shall have been converted into the Final Advance, then the Interest Periods shall be successive periods of one month beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Final Advance (in the case of clause (x) above) or the Regular Distribution Date following such conversion (in the case of clause (y) above).

"Lending Office" means the lending office of the Liquidity Provider presently located at Amsterdam, The Netherlands, or such other lending office as the Liquidity Provider from time to time shall notify the Borrower as its lending office hereunder; provided that the Liquidity Provider shall not change its Lending Office to a Lending Office outside the United States of America except in accordance with Section 3.01, 3.02 or 3.03 hereof.

"LIBOR Advance" means an Advance bearing interest at a rate based upon the LIBOR Rate.

"LIBOR Rate" means, with respect to any Interest Period, the average (rounded upward, if necessary, to the next higher 1/16 of 1%) of the rates per annum at which deposits in dollars are offered to major banks in the London interbank market at approximately 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount approximately equal to the principal

amount of the Advance to which such Interest Period is to apply and for a period of time comparable to such Interest Period.

"Liquidity Event of Default" means the occurrence of either (a) the acceleration of all of the Equipment Notes (provided that, with respect to the period prior to the Delivery Period Expiry Date, such Equipment Notes have an aggregate outstanding principal balance in excess of \$280,000,000) or (b) a Continental Bankruptcy Event.

"Liquidity Indemnitee" means (i) the Liquidity Provider, (ii) the directors, officers, employees and agents of the Liquidity Provider, and (iii) the successors and permitted assigns of the persons described in clauses (i) and (ii), inclusive.

"Liquidity Provider" has the meaning assigned to such term in the recital of parties to this Agreement.

"Maximum Available Commitment" shall mean, subject to the proviso contained in the third sentence of Section 2.02(a), at any time of determination, (a) the Maximum Commitment at such time less (b) the aggregate amount of each Interest Advance outstanding at such time; provided that following a Provider Advance or a Final Advance, the Maximum Available Commitment shall be zero.

"Maximum Commitment" means, for any day, the lesser of (x) \$605,000.00 and (y) the Stated Portion of the Required Amount on such day.

"Non-Extension Advance" means an Advance made pursuant to Section 2.02(b).

"Notice of Borrowing" has the meaning specified in Section 2.02(e).

"Notice of Replacement Subordination Agent" has the meaning specified in Section 3.08.

"Offering Memorandum" means the Offering Memorandum dated March 12, 1997 relating to the Certificates, as such Offering Memorandum may be amended or supplemented.

"Performing Note Deficiency" means any time that less than 65 % of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes.

"Provider Advance" means a Downgrade Advance or a Non-Extension Advance.

"Regulatory Change" has the meaning assigned to such term in Section 3.01.

"Replenishment Amount" has the meaning assigned to such term in Section 2.06(b).

"Required Amount" means, for any day, the sum of the aggregate amount of interest, calculated at the rate per annum equal to the Stated Interest Rate for the Class C-II Certificates, that would be payable on the Class C-II Certificates on each of the three successive semiannual Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the succeeding two semiannual Regular Distribution Dates, in each case calculated on the basis of the Pool Balance of the Class C-II Certificates on such day and without regard to expected future payments of principal on the Class C-II Certificates.

"Stated Portion" means 50%.

"Successor Trust" means Continental Airlines Pass Through Trust 1997-1C-II-S.

"Tax Letter" means the letter dated the date hereof between the Liquidity Provider and Continental pertaining to this Agreement.

"Termination Date" means the earliest to occur of the following: (i) the Expiry Date; (ii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that all of the Class C-II Certificates have been paid in full (or provision has been made for such payment in accordance with the Intercreditor Agreement and the Trust Agreements) or are otherwise no longer entitled to the benefits of this Agreement; (iii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying

that a Replacement Liquidity Facility has been substituted for this Agreement in full pursuant to Section 3.6(e) of the Intercreditor Agreement; (iv) the fifth Business Day following the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof; and (v) the date on which no Advance is or may (including by reason of reinstatement as herein provided) become available for a Borrowing hereunder.

"Termination Notice" means the Notice of Termination substantially in the form of Annex V to this Agreement.

"Transferee" has the meaning assigned to such term in Section 7.08(b).

"Unapplied Downgrade Advance" means any Downgrade Advance other than an Applied Downgrade Advance.

"Unapplied Provider Advance" means any Provider Advance other than an Applied Provider Advance.

"Unpaid Advance" has the meaning assigned to such term in Section 2.05.

(b) Terms Defined in the Intercreditor Agreement. For all purposes of this Agreement, the following terms shall have the respective meanings assigned to such terms in the Intercreditor Agreement:

"Certificates", "Class A Certificates", "Class B Certificates", "Class C-I Certificates", "Class C-II Cash Collateral Account", "Class C-II Certificates", "Class C-II Certificateholders", "Class C-II Trust", "Class C-II Trust Agreement", "Class C-II Trustee", "Closing Date", "Continental", "Continental Bankruptcy Event", "Controlling Party", "Corporate Trust Office", "Delivery Period Expiry Date", "Distribution Date", "Downgraded Facility", "Equipment Notes", "Financing Agreement", "Indenture", "ING Fee Letter", "ING Sub-Account", "Initial Purchasers", "Investment Earnings", "Liquidity Facility", "Loan Trustee", "Moody's", "Non-Extended Facility", "Note Purchase Agreement", "Operative Agreements", "Performing Equipment Note", "Person", "Pool Balance", "Purchase Agreement", "Rating Agency", "Registration Rights Agreement", "Regular Distribution Date, "Replacement Liquidity Facility",

"Responsible Officer", "Scheduled Payment", "Special Payment", "Standard & Poor's", "Stated Interest Rate", "Sub-Account", "Subordination Agent", "Taxes", "Threshold Rating", "Transfer", "Trust Agreements", "Trustee" and "Written Notice".

(c) Interest on Certificates. For all purposes of this Agreement, each scheduled payment with respect to a Class C-II Certificate shall be deemed to be comprised of interest and principal components, with the interest component equalling interest accrued at the Stated Interest Rate for the Class C-II Certificates from (i) the later of (x) the date of issuance thereof and (y) the most recent but preceding Regular Distribution Date to (ii) the Regular Distribution Date on which such Scheduled Payment is being made, such interest to be considered payable in arrears on such Regular Distribution Date and to be calculated and allocated in the same manner as interest on the Class C-II Equipment Notes.

## ARTICLE II

### AMOUNT AND TERMS OF THE COMMITMENT

Section 2.01. The Advances. The Liquidity Provider hereby irrevocably agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until 12:00 Noon (New York City time) on the Expiry Date (unless the obligations of the Liquidity Provider shall be earlier terminated in accordance with the terms of Section 2.04(b)) in an aggregate amount at any time outstanding not to exceed the Maximum Commitment.

Section 2.02. Making the Advances. (a) Interest Advances shall be made in one or more Borrowings by delivery to the Liquidity Provider of one or more written and completed Notices of Borrowing in substantially the form of Annex I attached hereto, signed by a Responsible Officer of the Borrower, in an amount not exceeding the Maximum Available Commitment at such time and shall be used solely for the payment when due of the Stated Portion of interest on the Class C-II Certificates at the Stated Interest Rate therefor in accordance with Section 3.6(a) of the Intercreditor Agreement. Each Interest Advance made hereunder shall automatically reduce the Maximum Available Commitment and the amount available to be borrowed hereunder by

subsequent Advances by the amount of such Interest Advance (subject to reinstatement as provided in the next sentence). Upon repayment to the Liquidity Provider in full of the amount of any Interest Advance made pursuant to this Section 2.02(a), together with accrued interest thereon (as provided herein), the Maximum Available Commitment shall be reinstated by the amount of such repaid Interest Advance, but not to exceed the Maximum Commitment; provided, however, that the Maximum Available Commitment shall not be so reinstated at any time if (i) a Liquidity Event of Default shall have occurred and be continuing and (ii) there is a Performing Note Deficiency.

(b) A Non-Extension Advance shall be made in a single Borrowing if this Agreement is not extended in accordance with Section 3.6(d) of the Intercreditor Agreement (unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(d)) by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex II attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ING Sub-Account of the Class C-II Cash Collateral Account in accordance with said Section 3.6(d).

(c) A Downgrade Advance shall be made in a single Borrowing upon a downgrading of the Liquidity Provider's short-term unsecured debt rating issued by either Rating Agency below the Threshold Rating (as provided for in Section 3.6(c) of the Intercreditor Agreement) unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower in accordance with said Section 3.6(c), by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex III attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ING Sub-Account of the Class C-II Cash Collateral Account in accordance with said Section 3.6(c).

(d) A Final Advance shall be made in a single Borrowing upon the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex IV attached hereto, signed by a Responsible Officer of the



Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the ING Sub-Account of the Class C-II Cash Collateral Account (in accordance with Section 3.6(i) of the Intercreditor Agreement).

(e) Each Borrowing shall be made on notice in writing (a "Notice of Borrowing") in substantially the form required by Section 2.02(a), 2.02(b), 2.02(c) or 2.02(d), as the case may be, given by the Borrower to the Liquidity Provider. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing no later than 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the first Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and immediately available funds, the amount of such Borrowing. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing after 12:00 Noon (New York City time) on a Business Day, the Liquidity Provider shall, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, before 12:00 Noon (New York City time) on the second Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified by the Borrower in such Notice of Borrowing, make available to the Borrower, in accordance with its payment instructions, in U.S. dollars and in immediately available funds, the amount of such Borrowing. Payments of proceeds of a Borrowing shall be made by wire transfer of immediately available funds to the Borrower in accordance with such wire transfer instructions as the Borrower shall furnish from time to time to the Liquidity Provider for such purpose. Each Notice of Borrowing shall be irrevocable and binding on the Borrower.

(f) Upon the making of any Advance requested pursuant to a Notice of Borrowing, in accordance with the Borrower's payment instructions, the Liquidity Provider shall be fully discharged of its obligation hereunder with respect to such Notice of Borrowing, and the Liquidity Provider shall not thereafter be obligated to make any further Advances hereunder in respect of such Notice of Borrowing to the Borrower or to any other Person. Following the making of any Advance pursuant to Section 2.02(b), (c) or (d) hereof to fund the ING Sub-Account of

the Class C-II Cash Collateral Account, the Liquidity Provider shall have no interest in or rights to the Class C-II Cash Collateral Account, any Sub-Account thereof, such Advance or any other amounts from time to time on deposit in the Class C-II Cash Collateral Account or any Sub-Account thereof; provided that the foregoing shall not affect or impair the obligations of the Subordination Agent to make the distributions contemplated by Section 3.6(e) or (f) of the Intercreditor Agreement. By paying to the Borrower proceeds of Advances requested by the Borrower in accordance with the provisions of this Agreement, the Liquidity Provider makes no representation as to, and assumes no responsibility for, the correctness or sufficiency for any purpose of the amount of the Advances so made and requested.

Section 2.03. Fees. The Borrower agrees to pay to the Liquidity Provider the fees set forth in the ING Fee Letter.

Section 2.04. Adjustments or Termination of the Maximum Commitment. (a) Automatic Adjustments. Promptly following each date on which the Required Amount is (1) reduced as a result of a reduction in the Pool Balance of the Class C-II Certificates or otherwise, (2) increased as a result of an increase in the Stated Interest Rate or (3) subsequent to such an increase described in clause (2), reduced pursuant to the definition of "Stated Interest Rate", clause (y) of the definition of Maximum Commitment shall automatically be reduced or increased, as the case may be, to an amount equal to the Stated Portion of the Required Amount (as calculated by the Borrower). The Borrower shall give notice of any such automatic reduction or increase of the Maximum Commitment to the Liquidity Provider within two Business Days thereof. The failure by the Borrower to furnish any such notice shall not affect such automatic reduction or increase of the Maximum Commitment.

(b) Termination. Upon the making of any Provider Advance or Final Advance hereunder or the occurrence of the Termination Date, the obligation of the Liquidity Provider to make further Advances hereunder shall automatically and irrevocably terminate, and the Borrower shall not be entitled to request any further Borrowing hereunder.

Section 2.05. Repayments of Interest Advances or the Final Advance. Subject to Sections 2.06, 2.07 and 2.09 hereof, the Borrower hereby agrees, without notice of an Advance or demand for repayment from the Liquidity Provider (which notice

and demand are hereby waived by the Borrower), to pay, or to cause to be paid, to the Liquidity Provider on each date on which the Liquidity Provider shall make an Interest Advance or the Final Advance, an amount equal to (a) the amount of such Advance (any such Advance, until repaid, is referred to herein as an "Unpaid Advance"), plus (b) interest on the amount of each such Unpaid Advance as provided in Section 3.07 hereof; provided that if (i) the Liquidity Provider shall make a Provider Advance at any time after making one or more Interest Advances which shall not have been repaid in accordance with this Section 2.05 or (ii) this Liquidity Facility shall become a Downgraded Facility or Non-Extended Facility at any time when unreimbursed Interest Advances have reduced the Maximum Available Commitment to zero, then such Interest Advances shall cease to constitute Unpaid Advances and shall be deemed to have been changed into an Applied Downgrade Advance or an Applied Non-Extension Advance, as the case may be, for all purposes of this Agreement (including, without limitation, for the purpose of determining when such Interest Advance is required to be repaid to the Liquidity Provider in accordance with Section 2.06 and for the purposes of Section 2.06(b)). The Borrower and the Liquidity Provider agree that the repayment in full of each Interest Advance and Final Advance on the date such Advance is made is intended to be a contemporaneous exchange for new value given to the Borrower by the Liquidity Provider.

Section 2.06. Repayments of Provider Advances. (a) Amounts advanced hereunder in respect of a Provider Advance shall be deposited in the ING Sub-Account of the Class C-II Cash Collateral Account, invested and withdrawn from the ING Sub-Account of the Class C-II Cash Collateral Account as set forth in Sections 3.6(c), (d) and (f) of the Intercreditor Agreement. The Borrower agrees to pay to the Liquidity Provider, on each Regular Distribution Date, commencing on the first Regular Distribution Date after the making of a Provider Advance, interest on the principal amount of any such Provider Advance as provided in Section 3.07; provided, however, that amounts in respect of a Provider Advance withdrawn from the ING Sub-Account of the Class C-II Cash Collateral Account for the purpose of paying interest on the Class C-II Certificates in accordance with Section 3.6(f) of the Intercreditor Agreement (the amount of any such withdrawal being (y) in the case of a Downgrade Advance, an "Applied Downgrade Advance" and (z) in the case of a Non-Extension Advance, an "Applied Non-Extension Advance" and, together with an Applied Downgrade Advance, an "Applied Provider Advance") shall

thereafter (subject to Section 2.06(b)) be treated as an Interest Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon; provided further, however, that if, following the making of a Provider Advance, the Liquidity Provider delivers a Termination Notice to the Borrower pursuant to Section 6.01 hereof, such Provider Advance shall thereafter be treated as a Final Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon. Subject to Sections 2.07 and 2.09 hereof, immediately upon the withdrawal of any amounts from the ING Sub-Account of the Class C-II Cash Collateral Account on account of a reduction in the Required Amount, the Borrower shall repay to the Liquidity Provider a portion of the Provider Advances in a principal amount equal to the Stated Portion of such reduction, plus interest on the principal amount prepaid as provided in Section 3.07 hereof.

(b) At any time when an Applied Provider Advance (or any portion thereof) is outstanding, upon the deposit in the ING Sub-Account of the Class C-II Cash Collateral Account of any amount pursuant to clause "third" of Section 2.4(b) of the Intercreditor Agreement, clause "third" of Section 3.2 of the Intercreditor Agreement or clause "fourth" of Section 3.3 of the Intercreditor Agreement (any such amount being a "Replenishment Amount") for the purpose of replenishing or increasing the balance thereof up to the Stated Portion of the Required Amount at such time, (i) the aggregate outstanding principal amount of all Applied Provider Advances (and of Provider Advances treated as an Interest Advance for purposes of determining the Applicable Liquidity Rate for interest payable thereon) shall be automatically reduced by the amount of such Replenishment Amount and (ii) the aggregate outstanding principal amount of all Unapplied Provider Advances shall be automatically increased by the amount of such Replenishment Amount.

(c) Upon the provision of a Replacement Liquidity Facility in replacement of this Agreement in accordance with Section 3.6(e) of the Intercreditor Agreement, amounts remaining on deposit in the ING Sub-Account of the Class C-II Cash Collateral Account after giving effect to any Applied Provider Advance on the date of such replacement shall be reimbursed to the Liquidity Provider, but only to the extent such amounts are necessary to repay in full to the Liquidity Provider all amounts owing to it hereunder.

Section 2.07. Payments to the Liquidity Provider Under the Intercreditor Agreement. In order to provide for payment or repayment to the Liquidity Provider of any amounts hereunder, the Intercreditor Agreement provides that amounts available and referred to in Articles II and III of the Intercreditor Agreement, to the extent payable to the Liquidity Provider pursuant to the terms of the Intercreditor Agreement (including, without limitation, Section 3.6(f) of the Intercreditor Agreement), shall be paid to the Liquidity Provider in accordance with the terms thereof. Amounts so paid to the Liquidity Provider shall be applied by the Liquidity Provider to Liquidity Obligations then due and payable in such manner as it shall deem appropriate.

Section 2.08. Book Entries. The Liquidity Provider shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower resulting from Advances made from time to time and the amounts of principal and interest payable hereunder and paid from time to time in respect thereof; provided, however, that the failure by the Liquidity Provider to maintain such account or accounts shall not affect the obligations of the Borrower in respect of Advances.

Section 2.09. Payments from Available Funds Only. All payments to be made by the Borrower under this Agreement shall be made only from the Stated Portion of amounts that constitute Scheduled Payments, Special Payments or payments under Section 9.1 of the Participation Agreements and Sections 6 and 7 of the Note Purchase Agreement and only to the extent that the Borrower shall have sufficient income or proceeds therefrom to enable the Borrower to make payments in accordance with the terms hereof after giving effect to the priority of payments provisions set forth in the Intercreditor Agreement. The Liquidity Provider agrees that it will look solely to such amounts to the extent available for distribution to it as provided in the Intercreditor Agreement and this Agreement and that the Borrower, in its individual capacity, is not personally liable to it for any amounts payable or liability under this Agreement except as expressly provided in this Agreement, the Intercreditor Agreement or any Participation Agreement. Amounts on deposit in the ING Sub-Account of the Class C-II Cash Collateral Account shall be available to the Borrower to make payments under this Agreement only to the extent and for the purposes expressly contemplated in Section 3.6(f) of the Intercreditor Agreement. Amounts on deposit in the other Sub-Account in respect of the Class C-II

Certificates shall not be available to make payments under this Agreement.

Section 2.10. Extension of the Expiry Date; Non-Extension Advance. No earlier than the 60th day and no later than the 40th day prior to the then effective Expiry Date (unless such Expiry Date is on or after the date that is 15 days after the Final Maturity Date for the Class C-II Certificates), the Borrower shall request that the Liquidity Provider extend the Expiry Date for a period of 364 days after the then effective Expiry Date (unless the obligations of the Liquidity Provider are earlier terminated in accordance with the terms hereof). The Liquidity Provider shall advise the Borrower, no earlier than 40 days and no later than 25 days prior to the then effective Expiry Date, whether, in its sole discretion, it agrees to so extend the Expiry Date. If the Liquidity Provider advises the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall not be so extended, or fails to irrevocably and unconditionally advise the Borrower on or before the 25th day prior to the Expiry Date then in effect that such Expiry Date shall be so extended (and, in each case, if the Liquidity Provider shall not have been replaced in accordance with Section 3.6(e) of the Intercreditor Agreement), the Borrower shall be entitled on and after such 25th day (but prior to the then effective Expiry Date) to request a Non-Extension Advance in accordance with Section 2.02(b) hereof and Section 3.6(d) of the Intercreditor Agreement.

### ARTICLE III

#### OBLIGATIONS OF THE BORROWER

Section 3.01. Increased Costs. Subject to the ING Fee Letter, the Borrower shall pay to the Liquidity Provider from time to time such amounts as may be necessary to compensate the Liquidity Provider for any increased costs incurred by the Liquidity Provider which are attributable to its making or maintaining any LIBOR Advances hereunder or its obligation to make any such Advances hereunder, or any reduction in any amount receivable by the Liquidity Provider under this Agreement or the Intercreditor Agreement in respect of any such Advances or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any change after the date of this Agreement in U.S. federal,

state, municipal, or foreign laws or regulations (including Regulation D), or the adoption or making after the date of this Agreement of any interpretations, directives, or requirements applying to a class of banks including the Liquidity Provider under any U.S. federal, state, municipal, or any foreign laws or regulations (whether or not having the force of law) by any court, central bank or monetary authority charged with the interpretation or administration thereof (a "Regulatory Change"), which: (1) changes the basis of taxation of any amounts payable to the Liquidity Provider under this Agreement in respect of any such Advances (other than Excluded Taxes); or (2) imposes or modifies any reserve, special deposit, compulsory loan or similar requirements relating to any extensions of credit or other assets of, or any deposits with other liabilities of, the Liquidity Provider (including any such Advances or any deposits referred to in the definition of LIBOR Rate or related definitions). The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.01 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.01 of the effect of any Regulatory Change on its costs of making or maintaining Advances or on amounts receivable by it in respect of Advances, and of the additional amounts required to compensate the Liquidity Provider in respect of any Additional Costs, shall be prima facie evidence of the amount owed under this Section.

Section 3.02. Capital Adequacy. Subject to the ING Fee Letter, if (1) the adoption, after the date hereof, of any applicable governmental law, rule or regulation regarding capital adequacy, (2) any change, after the date hereof, in the interpretation or administration of any such law, rule or regulation by any central bank or other governmental authority charged with the interpretation or administration thereof or

(3) compliance by the Liquidity Provider or any corporation controlling the Liquidity Provider with any applicable guideline or request of general applicability, issued after the date hereof, by any central bank or other governmental authority (whether or not having the force of law) that constitutes a change of the nature described in clause (2), has the effect of requiring an increase in the amount of capital required to be maintained by the Liquidity Provider or any corporation controlling the Liquidity Provider, and such increase is based upon the Liquidity Provider's obligations hereunder and other similar obligations, the Borrower shall pay to the Liquidity Provider from time to time such additional amount or amounts as are necessary to compensate the Liquidity Provider for such portion of such increase as shall be reasonably allocable to the Liquidity Provider's obligations to the Borrower hereunder. The Liquidity Provider agrees to use reasonable efforts (consistent with applicable legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any amount payable under this Section that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise materially disadvantageous to the Liquidity Provider.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.02 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.02 of the effect of any increase in the amount of capital required to be maintained by the bank and of the amount allocable to the Liquidity Provider's obligations to the Borrower hereunder shall be prima facie evidence of the amounts owed under this Section.

Section 3.03. Payments Free of Deductions. (a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without reduction for or on account of, any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected, withheld or assessed, excluding Excluded Taxes (such non-excluded taxes being referred to herein, collectively, as "Non-Excluded Taxes" and, individually, as a "Non-Excluded



Tax"). If any Non-Excluded Taxes are required to be withheld from any amounts payable to the Liquidity Provider under this Agreement, the amounts so payable to the Liquidity Provider shall be increased to the extent necessary to yield to the Liquidity Provider (after payment of all Non-Excluded Taxes) interest or any other such amounts payable under this Agreement at the rates or in the amounts specified in this Agreement. The Liquidity Provider agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Lending Office if making such change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of the Liquidity Provider, be otherwise disadvantageous to the Liquidity Provider. From time to time upon the reasonable request of the Borrower, the Liquidity Provider agrees to provide to the Borrower two original Internal Revenue Service Forms 1001 or 4224, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that the Liquidity Provider is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement.

(b) All payments (including, without limitation, Advances) made by the Liquidity Provider under this Agreement shall be made free and clear of, and without reduction for or on account of, any Taxes. If any Taxes are required to be withheld or deducted from any amounts payable to the Borrower under this Agreement, the Liquidity Provider shall (i) within the time prescribed therefor by applicable law pay to the appropriate governmental or taxing authority the full amount of any such Taxes (and any additional Taxes in respect of the payment required under clause (ii) hereof) and make such reports or returns in connection therewith at the time or times and in the manner prescribed by applicable law, and (ii) pay to the Borrower an additional amount which (after deduction of all such Taxes) will be sufficient to yield to the Borrower the full amount which would have been received by it had no such withholding or deduction been made. Within 30 days after the date of each payment hereunder, the Liquidity Provider shall furnish to the Borrower the original or a certified copy of (or other documentary evidence of) the payment of the Taxes applicable to such payment.

Section 3.04. Payments. The Borrower shall make or cause to be made each payment to the Liquidity Provider under

this Agreement so as to cause the same to be received by the Liquidity Provider not later than 1:00 P.M. (New York City time) on the day when due. The Borrower shall make all such payments in lawful money of the United States of America, to the Liquidity Provider in immediately available funds, by wire transfer to Northern Trust Company of New York, One World Trade Center, Suite 3941, New York, New York 10048, Account No. 105981-20010, Account Name: ING Lease (Ireland) B.V., as agent for ING Bank N.V.

Section 3.05. Computations. All computations of interest based on the Base Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the LIBOR Rate shall be made on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

Section 3.06. Payment on Non-Business Days. Whenever any payment to be made hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and no additional interest shall be due as a result (and if so made, shall be deemed to have been made when due). If any payment in respect of interest on an Advance is so deferred to the next succeeding Business Day, such deferral shall not delay the commencement of the next Interest Period for such Advance (if such Advance is a LIBOR Advance) or reduce the number of days for which interest will be payable on such Advance on the next interest payment date for such Advance.

Section 3.07. Interest. (a) Subject to Section 2.09, the Borrower shall pay, or shall cause to be paid, without duplication, interest on (i) the unpaid principal amount of each Advance from and including the date of such Advance (or, in the case of an Applied Provider Advance, from and including the date on which the amount thereof was withdrawn from the ING Sub-Account of the Class C-II Cash Collateral Account to pay interest on the Class C-II Certificates) to but excluding the date such principal amount shall be paid in full (or, in the case of an Applied Provider Advance, the date on which the ING Sub-Account of the Class C-II Cash Collateral Account is fully replenished in respect of such Advance) and (ii) any other amount due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by law, installments of interest on Advances or any such other amount) which is not paid when due (whether at stated maturity, by acceleration or otherwise) from and including

the due date thereof to but excluding the date such amount is paid in full, in each such case, at a fluctuating interest rate per annum for each day equal to the Applicable Liquidity Rate (as defined below) for such Advance or such other amount as in effect for such day, but in no event at a rate per annum greater than the maximum rate permitted by applicable law; provided, however, that, if at any time the otherwise applicable interest rate as set forth in this Section 3.07 shall exceed the maximum rate permitted by applicable law, then any subsequent reduction in such interest rate will not reduce the rate of interest payable pursuant to this Section 3.07 below the maximum rate permitted by applicable law until the total amount of interest accrued equals the amount of interest that would have accrued if such otherwise applicable interest rate as set forth in this Section 3.07 had at all times been in effect.

(b) Except as provided in clause (e) below, each Advance will be either a Base Rate Advance or a LIBOR Advance as provided in this Section. Each such Advance will be a Base Rate Advance for the period from the date of its borrowing to (but excluding) the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Advance. Thereafter, such Advance shall be a LIBOR Advance; provided that the Borrower (at the direction of the Controlling Party) may convert the Final Advance into a Base Rate Advance on the last day of an Interest Period for such Advance by giving the Liquidity Provider no less than four Business Days' prior written notice of such election.

(c) Each LIBOR Advance shall bear interest during each Interest Period at a rate per annum equal to the LIBOR Rate for such Interest Period plus the Applicable Margin for such LIBOR Advance, payable in arrears on the last day of such Interest Period and, in the event of the payment of principal of such LIBOR Advance on a day other than such last day, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(d) Each Base Rate Advance shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin for such Base Rate Advance, payable in arrears on each Regular Distribution Date and, in the event of the payment of principal of such Base Rate Advance on a day other than a Regular Distribution Date, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(e) Each Unapplied Downgrade Advance (i) during the period from and including the date of the making of such Unapplied Downgrade Advance through but excluding the Expiry Date (or, if earlier, the date of repayment thereof or of conversion thereof into a Final Advance), shall bear interest in an amount equal to the Investment Earnings on amounts on deposit in the ING Sub-Account of the Class C-II Cash Collateral Account for such period plus .35% per annum on the amount of such Unapplied Downgrade Advance from time to time during such period, payable in arrears on each Regular Distribution Date and (ii) thereafter, shall be a LIBOR Advance and shall bear interest in accordance with clause (c) above.

(f) Each amount not paid when due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by applicable law, installments of interest on Advances but excluding Advances) shall bear interest at a rate per annum equal to the Base Rate plus 2.00% until paid.

(g) Each change in the Base Rate shall become effective immediately. The rates of interest specified in this Section 3.07 with respect to any Advance or other amount shall be referred to as the "Applicable Liquidity Rate".

Section 3.08. Replacement of Borrower. From time to time and subject to the successor Borrower's meeting the eligibility requirements set forth in Section 6.9 of the Intercreditor Agreement applicable to the Subordination Agent, upon the effective date and time specified in a written and completed Notice of Replacement Subordination Agent in substantially the form of Annex VI attached hereto (a "Notice of Replacement Subordination Agent") delivered to the Liquidity Provider by the then Borrower, the successor Borrower designated therein shall be substituted for as the Borrower for all purposes hereunder.

Section 3.09. Funding Loss Indemnification. The Borrower shall pay to the Liquidity Provider, upon the request of the Liquidity Provider, such amount or amounts as shall be sufficient (in the reasonable opinion of the Liquidity Provider) to compensate it for any loss, cost, or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by the Liquidity Provider to fund or maintain any LIBOR Advance (but excluding loss of anticipated profits) incurred as a result of:

(1) Any repayment of a LIBOR Advance on a date other than the last day of the Interest Period for such Advance; or

(2) Any failure by the Borrower to borrow a LIBOR Advance on the date for borrowing specified in the relevant notice under Section 2.02.

Section 3.10. Illegality. Notwithstanding any other provision in this Agreement, if any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Liquidity Provider (or its Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Liquidity Provider (or its Lending Office) to maintain or fund its LIBOR Advances, then upon notice to the Borrower by the Liquidity Provider, the outstanding principal amount of the LIBOR Advances shall be converted to Base Rate Advances (a) immediately upon demand of the Liquidity Provider, if such change or compliance with such request, in the judgment of the Liquidity Provider, requires immediate repayment; or (b) at the expiration of the last Interest Period to expire before the effective date of any such change or request.

#### ARTICLE IV

##### CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied or waived:

(a) The Liquidity Provider shall have received on or before the Closing Date each of the following, and in the case of each document delivered pursuant to paragraphs (i), (ii) and (iii), each in form and substance satisfactory to the Liquidity Provider:

(i) This Agreement duly executed on behalf of the Borrower;

(ii) The Intercreditor Agreement duly executed on behalf of each of the parties thereto;

(iii) Fully executed copies of each of the Operative Agreements executed and delivered on or before the Closing Date (other than this Agreement and the Intercreditor Agreement);

(iv) A copy of the Offering Memorandum and specimen copies of the Class C-II Certificates;

(v) An executed copy of each document, instrument, certificate and opinion delivered on or before the Closing Date pursuant to the Class C-II Trust Agreement, the Intercreditor Agreement and the other Operative Agreements (together with, in the case of each such opinion, other than the opinion of counsel for the Initial Purchasers, a letter from the counsel rendering such opinion to the effect that the Liquidity Provider is entitled to rely on such opinion as of its date as if it were addressed to the Liquidity Provider);

(vi) Evidence that there shall have been made and shall be in full force and effect, all filings, recordings and/or registrations, and there shall have been given or taken any notice or other similar action as may be reasonably necessary or, to the extent reasonably requested by the Liquidity Provider, reasonably advisable, in order to establish, perfect, protect and preserve the right, title and interest, remedies, powers, privileges, liens and security interests of, or for the benefit of, the Trustees, the Borrower and the Liquidity Provider created by the Operative Agreements executed and delivered on or prior to the Closing Date;

(vii) An agreement from Continental, pursuant to which (i) Continental agrees to provide copies of quarterly financial statements and audited annual financial statements to the Liquidity Provider, and such other information as the Liquidity Provider shall reasonably request with respect to the transactions contemplated by the Operative Agreements, in each case, only to the extent that Continental is obligated to

provide such information pursuant to Section 8.2.1 of the Leases (related to Leased Aircraft) or the corresponding section of the Indentures (related to Owned Aircraft) to the parties thereto and (ii) Continental agrees to allow the Liquidity Provider to inspect Continental's books and records regarding such transactions, and to discuss such transactions with officers and employees of Continental; and

(viii) Such other documents, instruments, opinions and approvals as the Liquidity Provider shall have reasonably requested.

(b) The following statement shall be true on and as of the Effective Date: No event has occurred and is continuing, or would result from the entering into of this Agreement or the making of any Advance, which constitutes a Liquidity Event of Default.

(c) The Liquidity Provider shall have received payment in full of all fees and other sums required to be paid to or for the account of the Liquidity Provider on or prior to the Effective Date.

(d) All conditions precedent to the issuance of the Certificates under the Trust Agreements shall have been satisfied, all conditions precedent to the effectiveness of the other Liquidity Facilities shall have been satisfied, and all conditions precedent to the purchase of the Certificates by the Initial Purchasers under the Purchase Agreement shall have been satisfied (unless any of such conditions precedent shall have been waived by the Initial Purchasers).

(e) The Borrower shall have received a certificate, dated the date hereof, signed by a duly authorized representative of the Liquidity Provider, certifying that all conditions precedent to the effectiveness of Section 2.01 have been satisfied or waived.

Section 4.02. Conditions Precedent to Borrowing. The obligation of the Liquidity Provider to make an Advance on the occasion of each Borrowing shall be subject to the conditions precedent that the Effective Date shall have occurred and, prior to the date of such Borrowing, the Borrower shall have delivered a Notice of Borrowing which conforms to the terms and conditions

of this Agreement and has been completed as may be required by the relevant form of the Notice of Borrowing for the type of Advances requested.

#### ARTICLE V

#### COVENANTS

Section 5.01. Affirmative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will, unless the Liquidity Provider shall otherwise consent in writing:

(a) Performance of This and Other Agreements. Punctually pay or cause to be paid all amounts payable by it under this Agreement and the other Operative Agreements and observe and perform in all material respects the conditions, covenants and requirements applicable to it contained in this Agreement and the other Operative Agreements.

(b) Reporting Requirements. Furnish to the Liquidity Provider with reasonable promptness, such other information and data with respect to the transactions contemplated by the Operative Agreements as from time to time may be reasonably requested by the Liquidity Provider; and permit the Liquidity Provider, upon reasonable notice, to inspect the Borrower's books and records with respect to such transactions and to meet with officers and employees of the Borrower to discuss such transactions.

(c) Certain Operative Agreements. Furnish to the Liquidity Provider with reasonable promptness, such Operative Agreements entered into after the date hereof as from time to time may be reasonably requested by the Liquidity Provider.

Section 5.02. Negative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will not appoint or permit or suffer to be appointed any successor Borrower without the written consent



of the Liquidity Provider, which consent shall not be unreasonably withheld or delayed.

#### ARTICLE VI

##### LIQUIDITY EVENTS OF DEFAULT

Section 6.01. Liquidity Events of Default. If (a) any Liquidity Event of Default has occurred and is continuing and (b) there is a Performing Note Deficiency, the Liquidity Provider may, in its discretion, deliver to the Borrower a Termination Notice, the effect of which shall be to cause (i) this Agreement to expire on the fifth Business Day after the date on which such Termination Notice is received by the Borrower, (ii) the Borrower to promptly request, and the Liquidity Provider to promptly make, a Final Advance in accordance with Section 2.02(d) hereof and Section 3.6(i) of the Intercreditor Agreement, (iii) all other outstanding Advances to be automatically converted into Final Advances for purposes of determining the Applicable Liquidity Rate for interest payable thereon, and (iv) subject to Sections 2.07 and 2.09 hereof, all Advances (including, without limitation, any Provider Advance and Applied Provider Advance), any accrued interest thereon and any other amounts outstanding hereunder to become immediately due and payable to the Liquidity Provider.

#### ARTICLE VII

##### MISCELLANEOUS

Section 7.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Liquidity Provider, and, in the case of an amendment or of a waiver by the Borrower, the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.02. Notices, Etc. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telecopier and mailed or delivered or sent by telecopier):

Borrower: WILMINGTON TRUST COMPANY  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0001  
Attention: Corporate Trust Administration

Telephone: (302) 651-1000  
Telecopy: (302) 651-8882

Liquidity  
Provider: ING Bank N.V.  
Department of Bankgarantie Zaken -Juridische  
Zaken  
Location code HG 01.06  
P.O. Box 1800  
1000 B.V. Amsterdam  
by courier:  
Amsterdamse Poort  
Bijlmer plein 888  
1102 MG Amsterdam  
The Netherlands

Telephone: 011-31-20-652-3260  
Telecopy: 011-31-20-652-3235

with a copy to:

ING Lease (Ireland) B.V.  
49 St. Stephen's Green  
Dublin 2, Ireland

Telephone: 011-353-1-662-2211  
Telecopy: 011-353-1-662-2240

or, as to each of the foregoing, at such other address as shall be designated by such Person in a written notice to the others. All such notices and communications shall be effective (i) if given by telecopier, when transmitted to the telecopier number specified above, (ii) if given by mail, when deposited in the mails addressed as specified above, and (iii) if given by other means, when delivered at the address specified above, except that written notices to the Liquidity Provider pursuant to the provisions of Articles II and III hereof shall not be effective until received by the Liquidity Provider. A copy of all notices

delivered hereunder to either party shall in addition be delivered to each of the parties to the Participation Agreements at their respective addresses set forth therein.

Section 7.03. No Waiver; Remedies. No failure on the part of the Liquidity Provider to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 7.04. Further Assurances. The Borrower agrees to do such further acts and things and to execute and deliver to the Liquidity Provider such additional assignments, agreements, powers and instruments as the Liquidity Provider may reasonably require or deem advisable to carry into effect the purposes of this Agreement and the other Operative Agreements or to better assure and confirm unto the Liquidity Provider its rights, powers and remedies hereunder and under the other Operative Agreements.

Section 7.05. Indemnification; Survival of Certain Provisions. The Liquidity Provider shall be indemnified hereunder to the extent and in the manner described in Section 10.1 of the Participation Agreements and Section 6 of the Note Purchase Agreement. In addition, the Borrower agrees to indemnify, protect, defend and hold harmless the Liquidity Provider from, against and in respect of, and shall pay on demand, all Expenses of any kind or nature whatsoever (other than any Expenses of the nature described in Sections 3.01, 3.02 or 7.07 hereof or in the ING Fee Letter (regardless of whether indemnified against pursuant to said Sections or in such Fee Letter)), that may be imposed, incurred by or asserted against any Liquidity Indemnitee, in any way relating to, resulting from, or arising out of or in connection with any action, suit or proceeding by any third party against such Liquidity Indemnitee and relating to this Agreement, the ING Fee Letter, the Intercreditor Agreement or any Financing Agreement; provided, however, that the Borrower shall not be required to indemnify, protect, defend and hold harmless any Liquidity Indemnitee in respect of any Expense of such Liquidity Indemnitee (i) to the extent such Expense is attributable to the gross negligence or willful misconduct of such Liquidity Indemnitee or any other Liquidity Indemnitee, (ii) that is ordinary and usual operating

overhead expense, and (iii) to the extent such Expense is attributable to the failure by such Liquidity Indemnitee or any other Liquidity Indemnitee to perform or observe any agreement, covenant or condition on its part to be performed or observed in this Agreement, the Intercreditor Agreement, the ING Fee Letter, the Tax Letter or any other Operative Document to which it is a party. The indemnities contained in such Section 10.1, and the provisions of Sections 3.01, 3.02, 3.03, 3.09, 7.05 and 7.07 hereof, shall survive the termination of this Agreement.

Section 7.06. Liability of the Liquidity Provider. (a) Neither the Liquidity Provider nor any of its officers, employees, directors or affiliates shall be liable or responsible for: (i) the use which may be made of the Advances or any acts or omissions of the Borrower or any beneficiary or transferee in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (iii) the making of Advances by the Liquidity Provider against delivery of a Notice of Borrowing and other documents which do not comply with the terms hereof; provided, however, that the Borrower shall have a claim against the Liquidity Provider, and the Liquidity Provider shall be liable to the Borrower, to the extent of any damages suffered by the Borrower which were the result of (A) the Liquidity Provider's willful misconduct or negligence in determining whether documents presented hereunder comply with the terms hereof, or (B) any breach by the Liquidity Provider of any of the terms of this Agreement, including, but not limited to, the Liquidity Provider's failure to make lawful payment hereunder after the delivery to it by the Borrower of a Notice of Borrowing strictly complying with the terms and conditions hereof.

(b) Neither the Liquidity Provider nor any of its officers, employees, director or affiliates shall be liable or responsible in any respect for (i) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with this Agreement or any Notice of Borrowing delivered hereunder, or (ii) any action, inaction or omission which may be taken by it in good faith, absent willful misconduct or negligence (in which event the extent of the Liquidity Provider's potential liability to the Borrower shall be limited as set forth in the immediately preceding paragraph), in connection with this Agreement or any Notice of Borrowing.

Section 7.07. Costs, Expenses and Taxes. The Borrower agrees to pay, or cause to be paid (A) on the Effective Date and on such later date or dates on which the Liquidity Provider shall make demand, all reasonable out-of-pocket costs and expenses (including, without limitation, the reasonable fees and expenses of outside counsel for the Liquidity Provider) of the Liquidity Provider in connection with the preparation, negotiation, execution, delivery, filing and recording of this Agreement, any other Operative Agreement and any other documents which may be delivered in connection with this Agreement and (B) on demand, all reasonable costs and expenses (including reasonable counsel fees and expenses) of the Liquidity Provider in connection with (i) the enforcement of this Agreement or any other Operative Agreement, (ii) the modification or amendment of, or supplement to, this Agreement or any other Operative Agreement or such other documents which may be delivered in connection herewith or therewith (whether or not the same shall become effective) or (iii) any action or proceeding relating to any order, injunction, or other process or decree restraining or seeking to restrain the Liquidity Provider from paying any amount under this Agreement, the Intercreditor Agreement or any other Operative Agreement or otherwise affecting the application of funds in the Cash Collateral Accounts. In addition, the Borrower shall pay any and all recording, stamp and other similar taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, any other Operative Agreement and such other documents, and agrees to save the Liquidity Provider harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees.

Section 7.08. Binding Effect; Participations. (a)EEThis Agreement shall be binding upon and inure to the benefit of the Borrower and the Liquidity Provider and their respective successors and assigns, except that neither the Liquidity Provider (except as otherwise provided in this Section 7.08) nor (except as contemplated by Section 3.08) the Borrower shall have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of the other party, subject to the requirements of Section 7.08(b). The Liquidity Provider may grant participations herein or in any of its rights hereunder (including, without limitation, funded participations and participations in rights to receive interest payments hereunder) and under the other Operative Agreements to such Persons as the Liquidity Provider

may in its sole discretion select, subject to the requirements of Section 7.08(b). No such participation by the Liquidity Provider, however, will relieve the Liquidity Provider of its obligations hereunder. In connection with any participation or any proposed participation, the Liquidity Provider may disclose to the participant or the proposed participant any information that the Borrower is required to deliver or to disclose to the Liquidity Provider pursuant to this Agreement. The Borrower acknowledges and agrees that the Liquidity Provider's source of funds may derive in part from its participants (other than Continental). Accordingly, references in this Agreement and the other Operative Agreements to determinations, reserve and capital adequacy requirements, increased costs, reduced receipts, additional amounts due pursuant to Section 3.03(a) and the like as they pertain to the Liquidity Provider shall be deemed also to include those of each of its participants (subject, in each case, to the maximum amount that would have been incurred by or attributable to the Liquidity Provider directly if the Liquidity Provider, rather than the participant, had held the interest participated).

(b) If, pursuant to subsection (a) above, the Liquidity Provider sells any participation in this Agreement to any bank or other entity (each, a "Transferee"), then, concurrently with the effectiveness of such transfer, the Transferee shall (i) represent to the Liquidity Provider (for the benefit of the Liquidity Provider and the Borrower) either (A) that it is incorporated under the laws of the United States or a state thereof or (B) that under applicable law and treaties, no taxes will be required to be withheld with respect to any payments to be made to such Transferee in respect of this Agreement, (ii) furnish to the Liquidity Provider and the Borrower either (x) a statement that it is incorporated under the laws of the United States or a state thereof or (y) if it is not so incorporated, two copies of a properly completed United States Internal Revenue Service Form 4224 or Form 1001, as appropriate, or other applicable form, certificate or document prescribed by the Internal Revenue Service certifying, in each case, such Transferee's entitlement to a complete exemption from United States federal withholding tax in respect to any and all payments to be made hereunder, and (iii) agree (for the benefit of the Liquidity Provider and the Borrower) to provide the Liquidity Provider and the Borrower a new Form 4224 or Form 1001, as appropriate, (A) on or before the date that any such form expires or becomes obsolete or (B) after the occurrence of any event

requiring a change in the most recent form previously delivered by it and prior to the immediately following due date of any payment by the Borrower hereunder, certifying in the case of a Form 1001 or Form 4224 that such Transferee is entitled to a complete exemption from United States federal withholding tax on payments under this Agreement. Unless the Borrower has received forms or other documents reasonably satisfactory to it (and required by applicable law) indicating that payments hereunder are not subject to United States federal withholding tax, the Borrower will withhold taxes as required by law from such payments at the applicable statutory rate.

(c) Notwithstanding the other provisions of this Section 7.08, the Liquidity Provider may assign and pledge all or any portion of the Advances owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Advances made by the Borrower to the Liquidity Provider in accordance with the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect of such assigned Advance to the extent of such payment. No such assignment shall release the Liquidity Provider from its obligations hereunder.

(d) Notwithstanding the other provisions of this Section 7.08, if at any time after the date hereof the Borrower shall withhold taxes as required by law from any payments made to the Liquidity Provider, the Liquidity Provider may assign all (but not less than all) of its rights and obligations under this Agreement to the New York Branch of ING Bank N.V. ( the "ING Transferee"); provided, that it shall be a condition to any such transfer that (i) the ING Transferee enters into an agreement in form and substance reasonably satisfactory to the Borrower pursuant to which the ING Transferee assumes all of the obligations of the Liquidity Provider hereunder, under the Intercreditor Agreement, the ING Fee Letter and the Tax Letter, (ii) the ING Transferee delivers an opinion to the Borrower and each of the Rating Agencies in form and substance reasonably satisfactory to the Borrower opining that this Agreement, the Intercreditor Agreement, the ING Fee Letter and the Tax Letter are enforceable obligations of the ING Transferee, (iii) the Liquidity Provider shall have delivered to the Borrower a Ratings Confirmation with respect to such transfer from each Rating Agency, (iv) the ING Transferee shall satisfy each of the

requirements in respect of a Transferee set forth in Section 7.08(b) and (v) the Liquidity Provider shall pay all fees and expenses (including, without limitation, legal fees and disbursements) of the Borrower in connection with such transfer. Upon the satisfaction of the conditions set forth in this Section 7.08(d), the ING Transferee shall be deemed to be the Liquidity Provider with the rights and obligations of the Liquidity Provider hereunder and under the other Operative Agreements.

Section 7.09. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 7.10. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 7.11. Submission to Jurisdiction; Waiver of Jury Trial; Waiver of Immunity. (a) Each of the parties hereto hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Agreement or any other Operative Agreement, or for recognition and enforcement of any judgment in respect hereof or thereof, to the nonexclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and the appellate courts from any thereof;

(ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form and mail), postage prepaid,



to each party hereto at its address set forth in Section 7.02 hereof, or at such other address of which the Liquidity Provider shall have been notified pursuant thereto; and

(iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(b) THE BORROWER AND THE LIQUIDITY PROVIDER EACH HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE RELATIONSHIP THAT IS BEING ESTABLISHED, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. The Borrower and the Liquidity Provider each warrant and represent that it has reviewed this waiver with its legal counsel, and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, AND CANNOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

(c) The Liquidity Provider hereby waives any immunity it may have from the jurisdiction of the courts of the United States or of any State and waives any immunity any of its properties located in the United States may have from attachment or execution upon a judgement entered by any such court under the United States Foreign Sovereign Immunities Act of 1976 or any similar successor legislation.

Section 7.12. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

Section 7.13. Entirety. This Agreement, the Intercreditor Agreement and the other Operative Agreements to which the Liquidity Provider is a party constitute the entire agreement of the parties hereto with respect to the subject

matter hereof and supersedes all prior understandings and agreements of such parties.

Section 7.14. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 7.15. Transfer. The Liquidity Provider hereby acknowledges and consents to the Transfer contemplated by the Assignment and Assumption Agreement.

Section 7.16. LIQUIDITY PROVIDER'S OBLIGATION TO MAKE ADVANCES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE OBLIGATIONS OF THE LIQUIDITY PROVIDER TO MAKE ADVANCES HEREUNDER, AND THE BORROWER'S RIGHTS TO DELIVER NOTICES OF BORROWING REQUESTING THE MAKING OF ADVANCES HEREUNDER, SHALL BE UNCONDITIONAL AND IRREVOCABLE, AND SHALL BE PAID OR PERFORMED, IN EACH CASE STRICTLY IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

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

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as agent and trustee for the Class C-II Trust, as Borrower

By: -----  
Name:  
Title:

ING BANK N.V., as as Liquidity Provider

By: -----  
Name:  
Title:

Annex I to  
Revolving Credit Agreement

## INTEREST ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-II) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of an Interest Advance by the Liquidity Provider to be used, subject to clause (3)(v) below, for the payment of the Stated Portion of the interest on the ClassEC-II Certificates which was payable on \_\_\_\_\_, \_\_\_\_ (the "Distribution Date") in accordance with the terms and provisions of the ClassEC-II Trust Agreement and the ClassEC-II Certificates pursuant to clause fifth of Section 3.2 of the Intercreditor Agreement or clause seventh of Section 3.3 of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Interest Advance requested hereby (i) is \$\_\_\_\_\_, to be applied in respect of the payment of the Stated Portion of the interest which was due and payable on the Class C-II Certificates on the Distribution Date, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class A Certificates, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates, or interest on the Class A Certificates, the Class B Certificates or the Class C-I Certificates, (iii) was computed in accordance with the provisions of the Class C-II Certificates, the Class C-II Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), (iv) does not exceed the Maximum Available Commitment on the date hereof, (v) does not include any amount of interest

which was due and payable on the Class C-II Certificates on such Distribution Date but which remains unpaid due to the failure of the Depository to pay any amount of accrued interest on the Certificates of Deposit on such Distribution Date and (vi) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will apply the same in accordance with the terms of Section 3.2 or 3.3 of the Intercreditor Agreement, as the case may be, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, the making of the Interest Advance as requested by this Notice of Borrowing shall automatically reduce, subject to reinstatement in accordance with the terms of the Liquidity Agreement, the Maximum Available Commitment by an amount equal to the amount of the Interest Advance requested to be made hereby as set forth in clause (i) of paragraph (3) of this Certificate and such reduction shall automatically result in corresponding reductions in the amounts available to be borrowed pursuant to a subsequent Advance.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as agent and trustee for the Class C-II Trust, as Borrower

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

SCHEDULE I TO INTEREST ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with Interest Advance  
Notice of Borrowing]

Annex II to  
Revolving Credit Agreement

NON-EXTENSION ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-II) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Non-Extension Advance by the Liquidity Provider to be used for the funding of the ING Sub-Account of the Class C-II Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Non-Extension Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ING Sub-Account of the Class C-II Cash Collateral Account in accordance with Section 3.6(d) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class C-II Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class B Certificates or the Class C-I Certificates, (iii) was computed in accordance with the provisions of the Class C-II Certificates, the Class C-II Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.



(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ING Sub-Account of the Class C-II Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(d) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Non-Extension Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Non-Extension Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as Borrower

By: -----  
Name:  
Title:

SCHEDULE I TO NON-EXTENSION ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with Non-Extension Advance Notice of Borrowing]

Annex III to  
Revolving Credit Agreement

## DOWNGRADE ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-II) dated as of March 21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Downgrade Advance by the Liquidity Provider to be used for the funding of the ING Sub-Account of the Class C-II Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement by reason of the downgrading of the short-term unsecured debt rating of the Liquidity Provider issued by either Rating Agency below the Threshold Rating, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Downgrade Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ING Sub-Account of the Class C-II Cash Collateral Account in accordance with Section 3.6(c) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class C-II Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class B Certificates or the Class C-I Certificates, (iii) was computed in accordance with the provisions of the Class C-II Certificates, the Class C-II Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ING Sub-Account of the Class C-II Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(c) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Downgrade Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Downgrade Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as Borrower

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

SCHEDULE I TO DOWNGRADE ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with  
Downgrade Advance Notice of Borrowing]

## FINAL ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to ING BANK N.V. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-1C-II) dated as of MarchE\_21, 1997, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Final Advance by the Liquidity Provider to be used for the funding of the ING Sub-Account of the Class C-II Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement by reason of the receipt by the Borrower of a Termination Notice from the Liquidity Provider with respect to the Liquidity Agreement, which Advance is requested to be made on \_\_\_\_\_, \_\_\_\_.

(3) The amount of the Final Advance requested hereby (i) is \$\_\_\_\_\_, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the ING Sub-Account of the Class C-II Cash Collateral Account in accordance with Section 3.6(i) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class C-II Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class B Certificates or the Class C-I Certificates, (iii) was computed in accordance with the provisions of the Class C-II Certificates, the Class C-II Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.



(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the ING Sub-Account of the Class C-II Cash Collateral Account and apply the same in accordance with the terms of Section 3.6(i) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

(5) The Borrower hereby requests that the Advance requested hereby be a Base Rate Advance and that such Base Rate Advance be converted into a LIBOR Advance on the third Business Day following your receipt of this notice.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Final Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Final Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Subordination Agent, as Borrower

By: -----  
Name:  
Title:

SCHEDULE I TO FINAL ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with  
Final Advance Notice of Borrowing]

## NOTICE OF TERMINATION

[Date]

Wilmington Trust Company,  
as Subordination Agent, as Borrower  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0001

Attention: Corporate Trust Administration

Revolving Credit Agreement dated as of March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust, 1997-1C-II-[O/S], as Borrower, and ING BANK N.V. (the "Liquidity Agreement")

---

Ladies and Gentlemen:

You are hereby notified that pursuant to Section 6.01 of the Liquidity Agreement, by reason of the occurrence of a Liquidity Event of Default and the existence of a Performing Note Deficiency (each as defined therein), we are giving this notice to you in order to cause (i) our obligations to make Advances (as defined therein) under such Liquidity Agreement to terminate on the fifth Business Day after the date on which you receive this notice and (ii) you to request a Final Advance under the Liquidity Agreement pursuant to Section 3.6(i) of the Intercreditor Agreement (as defined in the Liquidity Agreement) as a consequence of your receipt of this notice.

THIS NOTICE IS THE "NOTICE OF TERMINATION" PROVIDED FOR UNDER THE LIQUIDITY AGREEMENT. OUR OBLIGATIONS TO MAKE ADVANCES UNDER THE LIQUIDITY AGREEMENT WILL TERMINATE ON THE FIFTH BUSINESS DAY AFTER THE DATE ON WHICH YOU RECEIVE THIS NOTICE.

Very truly yours,

ING BANK N.V., as Liquidity Provider

By:

-----  
Name:  
Title:

cc: Wilmington Trust Company,  
as Class C-II Trustee

Annex VI to  
Revolving Credit Agreement

## NOTICE OF REPLACEMENT SUBORDINATION AGENT

[Date]

Attention:

Revolving Credit Agreement dated as of March 21, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust, 1997-1C-II-[O/S], as Borrower, and ING BANK N.V. (the "Liquidity Agreement")

-----

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

\_\_\_\_\_  
[Name of Transferee]

\_\_\_\_\_  
[Address of Transferee]

all rights and obligations of the undersigned as Borrower under the Liquidity Agreement referred to above. The transferee has succeeded the undersigned as Subordination Agent under the Intercreditor Agreement referred to in the first paragraph of the Liquidity Agreement, pursuant to the terms of Section 8.1 of the Intercreditor Agreement.

By this transfer, all rights of the undersigned as Borrower under the Liquidity Agreement are transferred to the transferee and the transferee shall hereafter have the sole rights and obligations as Borrower thereunder. The undersigned shall pay any costs and expenses of such transfer, including, but not limited to, transfer taxes or governmental charges.

We ask that this transfer be effective as of \_\_\_\_\_, \_\_\_\_.

WILMINGTON TRUST COMPANY, not in its  
individual capacity but solely as  
Subordination Agent, as Borrower

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

---

INTERCREDITOR AGREEMENT

Dated as of  
March 21, 1997

AMONG

WILMINGTON TRUST COMPANY,  
not in its individual capacity  
but solely as Trustee under the  
Continental Airlines Pass Through Trust 1997-1A-0,  
Continental Airlines Pass Through Trust 1997-1B-0,  
Continental Airlines Pass Through Trust 1997-1C-I-0,  
and  
Continental Airlines Pass Through Trust 1997-1C-II-0

ABN AMRO BANK N.V.,  
Chicago Branch

and

ING BANK N.V.,

as Class A Liquidity Providers,  
as Class B Liquidity Providers,  
as Class C-I Liquidity Providers,  
and  
as Class C-II Liquidity Providers,

AND

WILMINGTON TRUST COMPANY,  
not in its individual capacity except  
as expressly set forth herein but  
solely as Subordination Agent and Trustee

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## INTERCREDITOR AGREEMENT

INTERCREDITOR AGREEMENT dated as of March 21, 1997, among WILMINGTON TRUST COMPANY, a Delaware corporation ("WTC"), not in its individual capacity but solely as Trustee of each Trust (each as defined below); ABN AMRO BANK N.V., a bank organized under the laws of The Netherlands, acting through its Chicago Branch ("ABN AMRO"), as a Class A Liquidity Provider, as a Class B Liquidity Provider, as a Class C-I Liquidity Provider and as a Class C-II Liquidity Provider; ING BANK N.V., a bank organized under the laws of The Netherlands ("ING"), as a Class A Liquidity Provider, as a Class B Liquidity Provider, as a Class C-I Liquidity Provider and as a Class C-II Liquidity Provider; and WILMINGTON TRUST COMPANY, not in its individual capacity except as expressly set forth herein, but solely as Subordination Agent and trustee hereunder (in such capacity, together with any successor appointed pursuant to Article VIII hereof, the "Subordination Agent").

WHEREAS, all capitalized terms used herein shall have the respective meanings referred to in Article I hereof;

WHEREAS, pursuant to each Indenture (i) in the case of each Aircraft that is owned by Continental at the time such Indenture is entered into (the "Owned Aircraft"), Continental will issue on a recourse basis three series of Equipment Notes to finance the purchase of such Aircraft, and (ii) in the case of each Aircraft that is leased to Continental pursuant to a related Lease at the time such Indenture is entered into (the "Leased Aircraft"), the related Owner Trustee will issue on a nonrecourse basis three series of Equipment Notes to finance the purchase of such Aircraft;

WHEREAS, pursuant to the Financing Agreements, each Trust will acquire Equipment Notes having an interest rate equal to the interest rate applicable to the Certificates to be issued by such Trust;

WHEREAS, pursuant to each Trust Agreement, the Trust created thereby proposes to issue a single class of Certificates (a "Class") bearing the interest rate and having the final distribution date described in such Trust Agreement on the terms and subject to the conditions set forth therein;

WHEREAS, pursuant to the Purchase Agreement, the Initial Purchasers propose to purchase the Certificates issued by each Trust in the aggregate face amount set forth opposite the name of such Trust on Schedule I thereto;

WHEREAS, each Liquidity Provider proposes to enter into four separate revolving credit agreements (each, a "Liquidity Facility") with the Subordination Agent, as agent for the Trustee of each Trust, respectively, for the benefit of the Certificateholders of such Trust; and

WHEREAS, it is a condition precedent to the obligations of the Initial Purchasers under the Purchase Agreement that the Subordination Agent, the Trustees and the Liquidity

Providers agree to the terms of subordination set forth in this Agreement in respect of each Class of Certificates, and the Subordination Agent, the Trustees and the Liquidity Providers, by entering into this Agreement, hereby acknowledge and agree to such terms of subordination and the other provisions of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

#### ARTICLE I

##### DEFINITIONS

SECTION 1.1. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms used herein that are defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(2) all references in this Agreement to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Agreement;

(3) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision;

(4) the term "including" shall mean "including without limitation"; and

(5) each scheduled payment with respect to the Certificates of any Class shall be deemed to be comprised of interest and principal components, with the interest component equaling interest accrued at the Stated Interest Rate for such Class of Certificates from (i) the later of (x) the date of the issuance thereof and (y) the most recent but preceding Regular Distribution Date to (ii) the Regular Distribution Date on which such Scheduled Payment is being made, such interest to be considered payable in arrears on such Regular Distribution Date and to be calculated and allocated in the same manner as interest on the Equipment Notes.

"ABN AMRO" has the meaning assigned to such term in the recital of parties to this Agreement.

"ABN AMRO Fee Letter" means the Fee Letter dated March 21, 1997, between ABN AMRO and the Subordination Agent with respect to the Liquidity Facilities.

"ABN AMRO Sub-Account" means, with respect to any Cash Collateral Account, a sub-ledger account to such Cash Collateral Account designated the "ABN AMRO Sub-Account".

"Acceleration" means, with respect to the amounts payable in respect of the Equipment Notes issued under any Indenture, the declaration of such amounts to be immediately due and payable. "Accelerate", "Accelerated" and "Accelerating" have meanings correlative to the foregoing.

"Adjusted Expected Distributions" means, with respect to the Certificates of any Trust on any Current Distribution Date, the sum of (x) accrued and unpaid interest on such Certificates (excluding interest, if any, payable with respect to the Deposits related to such Trust) and (y) the greater of:

(A) the difference between (x) the Pool Balance of such Certificates as of the immediately preceding Distribution Date and (y) the Pool Balance of such Certificates as of the Current Distribution Date calculated on the basis that (i) the principal of the Non-Performing Equipment Notes held in such Trust has been paid in full and such payments have been distributed to the holders of such Certificates, (ii) the principal of the Performing Equipment Notes held in such Trust has been paid when due (but without giving effect to any unpaid Acceleration of Performing Equipment Notes) and such payments have been distributed to the holders of such Certificates and (iii) the principal of any Equipment Notes formerly held in such Trust which have been sold pursuant to the terms hereof have been paid in full and such payments have been distributed to the holders of such Certificates, but without giving effect to any reduction in the Pool Balance as a result of any distribution attributable to the Deposits, and

(B) the amount of the excess, if any, of (i) the Pool Balance of such Class of Certificates as of the immediately preceding Distribution Date (less the amount of the Deposits for such Class of Certificates as of such preceding Distribution Date other than any portion of such Deposits thereafter used to acquire Equipments Notes pursuant to the Note Purchase Agreement), over (ii) the Aggregate LTV Collateral Amount for such Class of Certificates for the Current Distribution Date;

provided that, until the date of the initial LTV Appraisals, clause (B) shall not apply.

For purposes of calculating Adjusted Expected Distributions with respect to the Certificates of any Trust, any premium paid on the Equipment Notes held in such Trust which has not been distributed to the Certificateholders of such Trust (other than such premium or a portion thereof applied to the payment of interest on the Certificates of such Trust or the reduction of the Pool Balance of such Trust) shall be added to the amount of such Adjusted Expected Distributions.

"Advance", with respect to any Liquidity Facility, means any Advances as defined in such Liquidity Facility.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. For the purposes of this definition, "control" means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether through the ownership of

voting securities or by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Aggregate LTV Collateral Amount" for any Class of Certificates for any Distribution Date means the sum of the applicable LTV Collateral Amounts for each Leased Aircraft and Owned Aircraft, minus the Pool Balance for each Class of Certificates, if any, senior to such Class, after giving effect to any distribution of principal on such Distribution Date on such senior Class or Classes.

"Aircraft" means, with respect to each Indenture, the "Aircraft" referred to therein.

"Appraisal" means a fair market value appraisal (which may be a "desktop" appraisal) performed by any Appraiser or any other nationally recognized appraiser on the basis of an arm's-length transaction between an informed and willing purchaser under no compulsion to buy and an informed and willing seller under no compulsion to sell and both having knowledge of all relevant facts.

"Appraised Current Market Value" of any Leased Aircraft or Owned Aircraft means the lower of the average and the median of the three most recent Appraisals of such Aircraft.

"Appraisers" means Aircraft Information Services, Inc., BK Associates, Inc. and Morten Beyer and Associates, Inc.

"Assignment and Assumption Agreements" means each of the Assignment and Assumption Agreements to be executed among a Trustee and trustee of the relevant Successor Trust in accordance with the relevant Trust Agreement, as the same may be amended, modified or supplemented from time to time.

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in Houston, Texas, New York, New York, or, so long as any Certificate is outstanding, the city and state in which any Trustee, the Subordination Agent or any Loan Trustee maintains its Corporate Trust Office or receives and disburses funds, and that, solely with respect to draws under any Liquidity Facility, also is a "Business Day" as defined in such Liquidity Facility.

"Cash Collateral Account" means the Class A Cash Collateral Account, the Class B Cash Collateral Account, the Class C-I Cash Collateral Account or the Class C-II Cash Collateral Account, as applicable.

"Certificate" means a Class A Certificate, a Class B Certificate, a Class C-I Certificate or a Class C-II Certificate, as applicable.

"Certificateholder" means any holder of one or more Certificates.

"Class" has the meaning assigned to such term in the preliminary statements to this Agreement.

"Class A Cash Collateral Account" means an Eligible Deposit Account in the name of the Subordination Agent maintained at an Eligible Institution, which shall be the Subordination Agent if it shall so qualify, into which all amounts drawn under the Class A Liquidity Facility pursuant to Section 3.6(c), 3.6(d) or 3.6(i) shall be deposited.

"Class A Certificateholder" means, at any time, any holder of one or more Class A Certificates.

"Class A Certificates" means the certificates issued by the Class A Trust, substantially in the form of Exhibit A to the Class A Trust Agreement, and authenticated by the Class A Trustee, representing fractional undivided interests in the Class A Trust, and any certificates issued in exchange therefor or replacement thereof pursuant to the terms of the Class A Trust Agreement and/or the Registration Rights Agreement (including, without limitation, any Exchange Certificates (as defined in the Class A Trust Agreement)).

"Class A Liquidity Facilities" means, initially, (i) the Revolving Credit Agreement dated as of the date hereof, between the Subordination Agent, as agent and trustee for the Class A Trustee, and ABN AMRO and (ii) the Revolving Credit Agreement dated as of the date hereof, between the Subordination Agent, as agent and trustee for the Class A Trustee, and ING, and, from and after the replacement of either such Agreement pursuant hereto, the Replacement Liquidity Facility therefor, if any, in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class A Liquidity Providers" means each of ABN AMRO and ING, together with any Replacement Liquidity Provider which has issued a Replacement Liquidity Facility to replace any Class A Liquidity Facility pursuant to Section 3.6(e).

"Class A Trust" means (i) prior to the Transfer, the Continental Airlines Pass Through Trust 1997-1A-0 created and administered pursuant to the Class A Trust Agreement and (ii) after the Transfer, the Continental Airlines Pass Through Trust 1997-1A-S created and administered pursuant to the Class A Trust Agreement.

"Class A Trust Agreement" means (i) prior to the Transfer, the Pass Through Trust Agreement dated as of the date hereof, between Continental and the Class A Trustee, governing the creation and administration of the Continental Airlines Pass Through Trust 1997-1A-0 and the issuance of the Class A Certificates, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, and (ii) after the Transfer, the Pass Through Trust Agreement entered into between Continental and the Class A Trustee, governing the creation and administration of the Continental Airlines Pass Through Trust 1997-1A-S and the issuance of the Class A Certificates, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.



"Class A Trustee" means WTC, not in its individual capacity except as expressly set forth in the Class A Trust Agreement, but solely as trustee under the Class A Trust Agreement, together with any successor trustee appointed pursuant thereto.

"Class B Cash Collateral Account" means an Eligible Deposit Account in the name of the Subordination Agent maintained at an Eligible Institution, which shall be the Subordination Agent if it shall so qualify, into which all amounts drawn under the Class B Liquidity Facility pursuant to Section 3.6(c), 3.6(d) or 3.6(i) shall be deposited.

"Class B Certificateholder" means, at any time, any holder of one or more Class B Certificates.

"Class B Certificates" means the certificates issued by the Class B Trust, substantially in the form of Exhibit A to the Class B Trust Agreement, and authenticated by the Class B Trustee, representing fractional undivided interests in the Class B Trust, and any certificates issued in exchange therefor or replacement thereof pursuant to the terms of the Class B Trust Agreement and/or the Registration Rights Agreement (including, without limitation, any Exchange Certificates (as defined in the Class B Trust Agreement)).

"Class B Liquidity Facilities" means, initially, (i) the Revolving Credit Agreement dated as of the date hereof, between the Subordination Agent, as agent and trustee for the Class B Trustee, and ABN AMRO and (ii) the Revolving Credit Agreement dated as of the date hereof, between the Subordination Agent, as agent and trustee for the Class B Trustee, and ING, and, from and after the replacement of either such Agreement pursuant hereto, the Replacement Liquidity Facility therefor, if any, in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class B Liquidity Providers" means each of ABN AMRO and ING, together with any Replacement Liquidity Provider which has issued a Replacement Liquidity Facility to replace any Class B Liquidity Facility pursuant to Section 3.6(e).

"Class B Trust" means (i) prior to the Transfer, the Continental Airlines Pass Through Trust 1997-1B-0 created and administered pursuant to the Class B Trust Agreement and (ii) after the Transfer, the Continental Airlines Pass Through Trust 1997-1B-S created and administered pursuant to the Class B Trust Agreement.

"Class B Trust Agreement" means (i) prior to the Transfer, the Pass Through Trust Agreement dated as of the date hereof, between Continental and the Class B Trustee, governing the creation and administration of the Continental Airlines Pass Through Trust 1997-1B-0 and the issuance of the Class B Certificates, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, and (ii) after the Transfer, the Pass Through Trust Agreement entered into between Continental and the Class B Trustee, governing the creation and administration of the Continental Airlines Pass Through Trust 1997-1B-S and the issuance of the Class B Certificates, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class B Trustee" means WTC, not in its individual capacity except as expressly set forth in the Class B Trust Agreement, but solely as trustee under the Class B Trust Agreement, together with any successor trustee appointed pursuant thereto.

"Class C Certificates" means, collectively, the Class C-I Certificates and the Class C-II Certificates.

"Class C-I Cash Collateral Account" means an Eligible Deposit Account in the name of the Subordination Agent and maintained at an Eligible Institution, which shall be the Subordination Agent if it shall so qualify, into which all amounts drawn under the Class C-I Liquidity Facility pursuant to Section 3.6(c), 3.6(d) or 3.6(i) shall be deposited.

"Class C-I Certificateholder" means, at any time, any holder of one or more Class C-I Certificates.

"Class C-I Certificates" means the certificates issued by the Class C-I Trust, substantially in the form of Exhibit A to the Class C-I Trust Agreement, and authenticated by the Class C-I Trustee, representing fractional undivided interests in the Class C-I Trust, and any certificates issued in exchange therefor or replacement thereof pursuant to the terms of the Class C-I Trust Agreement and/or the Registration Rights Agreement (including, without limitation, any Exchange Certificates (as defined in the Class C-I Trust Agreement) but excluding the Class C-I Certificates).

"Class C-I Liquidity Facilities" means, initially, (i) the Revolving Credit Agreement dated as of the date hereof, between the Subordination Agent, as agent and trustee for the Class C-I Trustee, and ABN AMRO and (ii) the Revolving Credit Agreement dated as of the date hereof, between the Subordination Agent, as agent and trustee for the Class C-I Trustee, and ING, and, from and after the replacement of either such Agreement pursuant hereto, the Replacement Liquidity Facility therefor, if any, in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class C-I Liquidity Providers" means each of ABN AMRO and ING, together with any Replacement Liquidity Provider which has issued a Replacement Liquidity Facility to replace any Class C-I Liquidity Facility pursuant to Section 3.6(e).

"Class C-I Trust" means (i) prior to the Transfer, the Continental Airlines Pass Through Trust 1997-1C-I-0 created and administered pursuant to the Class C-I Trust Agreement and (ii) after the Transfer, the Continental Airlines Pass Through Trust 1997-1C-I-S created and administered pursuant to the Class C-I Trust Agreement.

"Class C-I Trust Agreement" means (i) prior to the Transfer, the Pass Through Trust Agreement dated as of the date hereof, between Continental and the Class C-I Trustee, governing the creation and administration of the Continental Airlines Pass Through Trust 1997-1C-I-0 and the issuance of the Class C-I Certificates, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, and (ii) after the Transfer, the Pass Through Trust Agreement entered into between Continental and the Class

C-I Trustee, governing the creation and administration of the Continental Airlines Pass Through Trust 1997-1C-I-S and the issuance of the Class C-I Certificates, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class C-I Trustee" means WTC, not in its individual capacity except as expressly set forth in the Class C-I Trust Agreement, but solely as trustee under the Class C-I Trust Agreement, together with any successor trustee appointed pursuant thereto.

"Class C-II Cash Collateral Account" means an Eligible Deposit Account in the name of the Subordination Agent and maintained at an Eligible Institution, which shall be the Subordination Agent if it shall so qualify, into which all amounts drawn under the Class C-II Liquidity Facility pursuant to Section 3.6(c), 3.6(d) or 3.6(i) shall be deposited.

"Class C-II Certificateholder" means, at any time, any holder of one or more Class C-II Certificates.

"Class C-II Certificates" means the certificates issued by the Class C-II Trust, substantially in the form of Exhibit A to the Class C-II Trust Agreement, and authenticated by the Class C-II Trustee, representing fractional undivided interests in the Class C-II Trust, and any certificates issued in exchange therefor or replacement thereof pursuant to the terms of the Class C-II Trust Agreement and/or the Registration Rights Agreement (including, without limitation, any Exchange Certificates (as defined in the Class C-II Trust Agreement) but excluding the Class C-I Certificates).

"Class C-II Liquidity Facilities" means, initially, (i) the Revolving Credit Agreement dated as of the date hereof, between the Subordination Agent, as agent and trustee for the Class C-II Trustee, and ABN AMRO and (ii) the Revolving Credit Agreement dated as of the date hereof, between the Subordination Agent, as agent and trustee for the Class C-II Trustee, and ING, and, from and after the replacement of either such Agreement pursuant hereto, the Replacement Liquidity Facility therefor, if any, in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class C-II Liquidity Providers" means each of ABN AMRO and ING, together with any Replacement Liquidity Provider which has issued a Replacement Liquidity Facility to replace any Class C-II Liquidity Facility pursuant to Section 3.6(e).

"Class C-II Trust" means (i) prior to the Transfer, the Continental Airlines Pass Through Trust 1997-1C-II-0 created and administered pursuant to the Class C-II Trust Agreement and (ii) after the Transfer, the Continental Airlines Pass Through Trust 1997-1C-II-S created and administered pursuant to the Class C-II Trust Agreement.

"Class C-II Trust Agreement" means (i) prior to the Transfer, the Pass Through Trust Agreement dated as of the date hereof, between Continental and the Class C-II Trustee, governing the creation and administration of the Continental Airlines Pass Through Trust 1997-1C-II-0 and the issuance of the Class C-II Certificates, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, and (ii) after

the Transfer, the Pass Through Trust Agreement entered into between Continental and the Class C-II Trustee, governing the creation and administration of the Continental Airlines Pass Through Trust 1997-1C-II-S and the issuance of the Class C-II Certificates, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class C-II Trustee" means WTC, not in its individual capacity except as expressly set forth in the Class C-II Trust Agreement, but solely as trustee under the Class C-II Trust Agreement, together with any successor trustee appointed pursuant thereto.

"Closing Date" means March 21, 1997.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and Treasury Regulations promulgated thereunder.

"Collection Account" means the Eligible Deposit Account established by the Subordination Agent pursuant to Section 2.2 which the Subordination Agent shall make deposits in and withdrawals from in accordance with this Agreement.

"Continental" means Continental Airlines, Inc., a Delaware corporation, and its successors and assigns.

"Continental Bankruptcy Event" means the occurrence and continuation of any of the following:

(a) Continental shall consent to the appointment of or the taking of possession by a receiver, trustee or liquidator of itself or of a substantial part of its property, or Continental shall admit in writing its inability to pay its debts generally as they come due, or does not pay its debts generally as they become due or shall make a general assignment for the benefit of creditors, or Continental shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, liquidation or other relief in a case under any bankruptcy laws or other insolvency laws (as in effect at such time) or an answer admitting the material allegations of a petition filed against Continental in any such case, or Continental shall seek relief by voluntary petition, answer or consent, under the provisions of any other bankruptcy or other similar law providing for the reorganization or winding-up of corporations (as in effect at such time) or Continental shall seek an agreement, composition, extension or adjustment with its creditors under such laws, or Continental's board of directors shall adopt a resolution authorizing corporate action in furtherance of any of the foregoing; or

(b) an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of Continental, a receiver, trustee or liquidator of Continental or of any substantial part of its property, or any substantial part of the property of Continental shall be sequestered, or granting any other relief in respect of Continental as a debtor under any bankruptcy laws or other insolvency laws (as in effect at such time), and any such order, judgment or decree of appointment or

sequestration shall remain in force undismissed, unstayed and unvacated for a period of 60 days after the date of entry thereof; or

(c) a petition against Continental in a case under any bankruptcy laws or other insolvency laws (as in effect at such time) is filed and not withdrawn or dismissed within 60 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations which may apply to Continental, any court of competent jurisdiction assumes jurisdiction, custody or control of Continental or of any substantial part of its property and such jurisdiction, custody or control remains in force unrelinquished, unstayed and unterminated for a period of 60 days.

"Controlling Party" means the Person entitled to act as such pursuant to the terms of Section 2.6.

"Corporate Trust Office" means, with respect to any Trustee, the Subordination Agent or any Loan Trustee, the office of such Person in the city at which, at any particular time, its corporate trust business shall be principally administered.

"Current Distribution Date" means a Distribution Date specified as a reference date for calculating the Expected Distributions or the Adjusted Expected Distributions with respect to the Certificates of any Trust as of such Distribution Date.

"Delivery Period Expiry Date" means the earlier of (a) March 31, 1998, or, if the Equipment Notes relating to all the New Aircraft (or Substitute Aircraft in lieu thereof) have not been purchased by the Trusts on or prior to such date due to any reason beyond the control of Continental and not occasioned by Continental's fault or negligence, June 30, 1998 and (b) the date on which Equipment Notes with respect to all New Aircraft (or Substitute Aircraft in lieu thereof) have been purchased by the Trusts in accordance with the Note Purchase Agreement.

"Deposits" with respect to any Class, shall have the meaning set forth in the Deposit Agreement pertaining to such Class.

"Deposit Agreement" shall mean, with respect to any Class, the Deposit Agreement pertaining to such Class dated the date hereof between the Escrow Agent, and the Depositary, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof.

"Depositary" means Credit Suisse First Boston, as depositary under each Deposit Agreement.

"Designated Representatives" means the Trustee Representatives and the LP Representatives identified under Section 2.5.

"Distribution Date" means a Regular Distribution Date or a Special Distribution Date.

"Dollars" means United States dollars.

"Downgrade Drawing" has the meaning assigned to such term in Section 3.6(c).

"Downgraded Facility" has the meaning assigned to such term in Section 3.6(c).

"Drawing" means an Interest Drawing, a Final Drawing, a Non-Extension Drawing or a Downgrade Drawing, as the case may be.

"Eligible Deposit Account" means either (a) a segregated account with an Eligible Institution or (b) a segregated trust account with the corporate trust department of a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any U.S. branch of a foreign bank), having corporate trust powers and acting as trustee for funds deposited in such account, so long as any of the securities of such depository institution has a long-term unsecured debt rating from each Rating Agency of at least A-3 or its equivalent. An Eligible Deposit Account may be maintained with a Liquidity Provider so long as such Liquidity Provider is an Eligible Institution; provided that such Liquidity Provider shall have waived all rights of set-off and counterclaim with respect to such account; and provided further that no Cash Collateral Account may be maintained with a Liquidity Provider at any time Continental holds any participation in the related Liquidity Facility unless written confirmation shall have been received from each Rating Agency prior to such time to the effect that such maintenance of the Cash Collateral Account with the Liquidity Provider will not result in a withdrawal or downgrading of the ratings of the Certificates.

"Eligible Institution" means (a) the corporate trust department of the Subordination Agent or any Trustee, as applicable, or (b) a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any U.S. branch of a foreign bank), which has a long-term unsecured debt rating from each Rating Agency of at least A-3 or its equivalent; provided that a Liquidity Provider shall not qualify as an Eligible Institution at any time Continental holds any participation in the related Liquidity Facility unless written confirmation shall have been received from each Rating Agency to the effect that such Liquidity Provider's status as an Eligible Institution will not result in a withdrawal or downgrading of the ratings of the Certificates.

"Eligible Investments" means (a) investments in obligations of, or guaranteed by, the United States Government having maturities no later than 90 days following the date of such investment, (b) investments in open market commercial paper of any corporation incorporated under the laws of the United States of America or any state thereof with a short-term unsecured debt rating issued by Moody's and S&P of at least A-1 and P-1, respectively, having maturities no later than 90 days following the date of such investment or (c) investments in negotiable certificates of deposit, time deposits, banker's acceptances, commercial paper or other direct obligations of, or obligations guaranteed by, commercial banks organized under the laws of the United States or of any political subdivision thereof (or any U.S. branch of a foreign bank) with issuer ratings of at least B/C by Thomson Bankwatch, having maturities no later than 90 days following the date of such investment; provided, however, that (x) all Eligible Investments that are bank obligations shall be denominated in U.S. dollars; and (y) the aggregate amount of

Eligible Investments at any one time that are bank obligations issued by any one bank shall not be in excess of 5% of such bank's capital surplus; provided further that (1) any investment of the types described in clauses (a), (b) and (c) above may be made through a repurchase agreement in commercially reasonable form with a bank or other financial institution qualifying as an Eligible Institution so long as such investment is held by a third party custodian also qualifying as an Eligible Institution, and (2) all such investments set forth in (a), (b) and (c) above mature no later than the Business Day immediately preceding the next Regular Distribution Date; provided further, however, that in the case of any Eligible Investment issued by a domestic branch of a foreign bank, the income from such investment shall be from sources within the United States for purposes of the Code. Notwithstanding the foregoing, no investment of the types described in clauses (b) or (c) above which is issued or guaranteed by a Liquidity Provider or Continental or any of their respective Affiliates, and no investment in the obligations of any one bank in excess of \$10,000,000, shall be an Eligible Investment at any time Continental holds any participation in the related Liquidity Facility unless written confirmation shall have been received from each Rating Agency that the making of such investment will not result in a withdrawal or downgrading of the ratings of the Certificates.

"Equipment Notes" means, at any time, the Series A Equipment Notes, the Series B Equipment Notes and the Series C Equipment Notes, collectively, and in each case, any Equipment Notes issued in exchange therefor or replacement thereof pursuant to the terms of the Indentures.

"Escrow Agent" means First Security Bank, National Association, as escrow agent under each Escrow and Paying Agent Agreement, together with its successors in such capacity.

"Escrow and Paying Agent Agreement" shall mean, with respect to any Class, the Escrow and Paying Agent Agreement pertaining to such Class dated the date hereof between the Escrow Agent, the Initial Purchasers, the Trustee for such Class and the Paying Agent, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof.

"Expected Distributions" means, with respect to the Certificates of any Trust on any Current Distribution Date, the sum of (x) accrued and unpaid interest on such Certificates (excluding interest, if any, payable with respect to the Deposits related to such Trust) and (y) the difference between (A) the Pool Balance of such Certificates as of the immediately preceding Distribution Date and (B) the Pool Balance of such Certificates as of the Current Distribution Date calculated on the basis that (i) the principal of the Equipment Notes held in such Trust has been paid when due (whether at stated maturity or upon redemption, prepayment or Acceleration or otherwise) and such payments have been distributed to the holders of such Certificates and (ii) the principal of any Equipment Notes formerly held in such Trust which have been sold pursuant to the terms hereof have been paid in full and such payments have been distributed to the holders of such Certificates, but without giving effect to any reduction in the Pool Balance as a result of any distribution attributable to the Deposits. For purposes of calculating Expected Distributions with respect to the Certificates of any Trust, any premium paid on the Equipment Notes held in

such Trust which has not been distributed to the Certificateholders of such Trust (other than such premium or a portion thereof applied to the payment of interest on the Certificates of such Trust or the reduction of the Pool Balance of such Trust) shall be added to the amount of such Expected Distributions.

"Expiry Date" with respect to any Liquidity Facility, shall have the meaning set forth in such Liquidity Facility.

"Fee Letter" means, collectively, the ABN AMRO Fee Letter and the ING Fee Letter and any fee letter entered into between the Subordination Agent and any Replacement Liquidity Provider.

"Final Drawing" has the meaning assigned to such term in Section 3.6(i).

"Final Distributions" means, with respect to the Certificates of any Trust on any Distribution Date, the sum of (x) the aggregate amount of all accrued and unpaid interest on such Certificates (excluding interest, if any, payable with respect to the Deposits relating to such Trust) and (y) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (less the amount of the Deposits for such Class of Certificates as of such preceding Distribution Date other than any portion of such Deposits thereafter used to acquire Equipment Notes pursuant to the Note Purchase Agreement). For purposes of calculating Final Distributions with respect to the Certificates of any Trust, any premium paid on the Equipment Notes held in such Trust which has not been distributed to the Certificateholders of such Trust (other than such premium or a portion thereof applied to the payment of interest on the Certificates of such Trust or the reduction of the Pool Balance of such Trust) shall be added to the amount of such Final Distributions.

"Final Maturity Date" means (i) with respect to the Class A Certificates, October 1, 2016, (ii) with respect to the Class B Certificates, October 1, 2014, and (iii) with respect to the Class C Certificates, October 1, 2008.

"Financing Agreement" means each of the Participation Agreements and the Note Purchase Agreement.

"Indenture" means each of the Trust Indentures entered into by the Loan Trustee, and the Owner Trustee or Continental, pursuant to the Note Purchase Agreement, in each case as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Indenture Default" means, with respect to any Indenture, any Event of Default (as such term is defined in such Indenture) thereunder.

"ING" has the meaning assigned to such term in the recital of parties to this Agreement.



"ING Fee Letter" means the Fee Letter dated March 21, 1997, between ING and the Subordination Agent with respect to the Liquidity Facilities.

"ING Sub-Account" means, with respect to any Cash Collateral Account, a sub-ledger account to such Cash Collateral Account designated the "ING Sub-Account".

"Initial Purchasers" means Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman Sachs & Co.

"Interest Drawing" has the meaning assigned to such term in Section 3.6(a).

"Investment Earnings" means investment earnings on funds on deposit in the Trust Accounts net of losses and investment expenses of the Subordination Agent in making such investments.

"Lease" means, with respect to each Indenture pertaining to a Leased Aircraft, the "Lease" referred to therein.

"Leased Aircraft" has the meaning assigned to such term in the preliminary statements of this Agreement.

"Lien" means any mortgage, pledge, lien, charge, claim, disposition of title, encumbrance, lease, sublease, sub-sublease or security interest of any kind, including, without limitation, any thereof arising under any conditional sales or other title retention agreement.

"Liquidity Event of Default," with respect to any Liquidity Facility, has the meaning assigned to such term in such Liquidity Facility.

"Liquidity Expenses" means all Liquidity Obligations other than (i) the principal amount of any Drawings under the Liquidity Facilities and (ii) any interest accrued on any Liquidity Obligations.

"Liquidity Facilities" means, at any time, the Class A Liquidity Facilities, the Class B Liquidity Facilities, the Class C-I Liquidity Facilities and the Class C-II Liquidity Facilities.

"Liquidity Obligations" means all principal, interest, fees and other amounts owing to the Liquidity Providers under the Liquidity Facilities, Section 9.1 of the Participation Agreements or the Fee Letter.

"Liquidity Provider" means, at any time, any Class A Liquidity Provider, any Class B Liquidity Provider, any Class C-I Liquidity Provider or any Class C-II Liquidity Provider, as applicable.

"Loan Trustee" means, with respect to any Indenture, the loan trustee thereunder.

"LP Incumbency Certificate" has the meaning assigned to such term in Section 2.5(b).

"LP Representatives" has the meaning assigned to such term in Section 2.5(b).

"LTV Appraisals" has the meaning assigned to such term in Section 4.1(a).

"LTV Collateral Amount" of any Leased Aircraft or Owned Aircraft for any Class of Certificates means, as of any Distribution Date, the lesser of (i) the LTV Ratio for such Class of Certificates multiplied by the Appraised Current Market Value of such Aircraft (or with respect to any such Aircraft which has suffered an Event of Loss under and as defined in the relevant Lease (in the case of a Leased Aircraft) or Indenture (in the case of an Owned Aircraft), the amount of the insurance proceeds paid to the related Loan Trustee in respect thereof to the extent then held by such Loan Trustee (and/or on deposit in the Special Payments Account) or payable to such Loan Trustee in respect thereof) and (ii) the outstanding principal amount of the Equipment Notes secured by such Aircraft after giving effect to any principal payments of such Equipment Notes on or before such Distribution Date.

"LTV Ratio" means for the Class A Certificates 40.36%, for the Class B Certificates 54.03%, for the Class C-I Certificates 65.19% and for the Class C-II Certificates, 65.19%.

"Majority Liquidity Providers" means, at any time, Liquidity Providers holding at least 66-2/3% of the aggregate outstanding Liquidity Obligations at such time.

"Maximum Available Amount" means, with respect to any Liquidity Facility at any time of determination, subject to the proviso contained in the first sentence of Section 3.6(g) hereof, an amount equal to (a) the Maximum Stated Amount of such Liquidity Facility, less (b) the aggregate amount of each Interest Drawing outstanding at such time; provided that, following a Downgrade Drawing, a Non-Extension Drawing or a Final Drawing under such Liquidity Facility, the Maximum Available Amount of such Liquidity Facility shall be zero.

"Maximum Stated Amount" with respect to any Liquidity Facility, means the Maximum Commitment (as defined in such Liquidity Facility) of the applicable Liquidity Provider thereunder.

"Minimum Sale Price" means, with respect to any Aircraft or the Equipment Notes issued in respect of such Aircraft, at any time, the lesser of (a) 75% of the Appraised Current Market Value of such Aircraft and (b) the aggregate outstanding principal amount of such Equipment Notes, plus accrued and unpaid interest thereon.

"Moody's" means Moody's Investors Service, Inc.

"New Aircraft" shall have the meaning set forth in the Note Purchase Agreement.

"Non-Controlling Party" means, at any time, any Trustee or Liquidity Provider which is not the Controlling Party at such time.

"Non-Extended Facility" has the meaning assigned to such term in Section 3.6(d).

"Non-Extension Drawing" has the meaning assigned to such term in Section 2.6(d).

"Non-Performing Equipment Note" means an Equipment Note issued pursuant to an Indenture that is not a Performing Equipment Note.

"Note Purchase Agreement" means the Note Purchase Agreement dated as of the date hereof, among Continental, each Trustee, the Escrow Agent, the Subordination Agent and the Paying Agent.

"Officer's Certificate" of any Person means a certification signed by a Responsible Officer of such Person.

"Operative Agreements" means this Agreement, the Liquidity Facilities, the Indentures, the Trust Agreements, the Purchase Agreement, the Financing Agreements, the Leases, the Participation Agreements, the Fee Letter, the Equipment Notes and the Certificates, together with all exhibits and schedules included with any of the foregoing.

"Outstanding" means, when used with respect to each Class of Certificates, as of the date of determination, all Certificates of such Class theretofore authenticated and delivered under the related Trust Agreement, except:

(i) Certificates of such Class theretofore canceled by the Registrar (as defined in such Trust Agreement) or delivered to the Trustee thereunder or such Registrar for cancellation;

(ii) Certificates of such Class for which money in the full amount required to make the final distribution with respect to such Certificates pursuant to Section 11.01 of such Trust Agreement has been theretofore deposited with the related Trustee in trust for the holders of such Certificates as provided in Section 4.01 of such Trust Agreement pending distribution of such money to such Certificateholders pursuant to such final distribution payment; and

(iii) Certificates of such Class in exchange for or in lieu of which other Certificates have been authenticated and delivered pursuant to such Trust Agreement;

provided, however, that in determining whether the holders of the requisite Outstanding amount of such Certificates have given any request, demand, authorization, direction, notice, consent or waiver hereunder, any Certificates owned by Continental or any of its Affiliates shall be disregarded and deemed not to be Outstanding, except that, in determining whether such Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice,

consent or waiver, only Certificates that such Trustee knows to be so owned shall be so disregarded. Certificates so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the applicable Trustee the pledgee's right so to act with respect to such Certificates and that the pledgee is not Continental or any of its Affiliates.

"Overdue Scheduled Payment" means any Scheduled Payment which is not in fact received by the Subordination Agent within five days after the Scheduled Payment Date relating thereto.

"Owned Aircraft" has the meaning assigned to such term in the preliminary statements of this Agreement.

"Owner Trustee" means, with respect to any Indenture pertaining to a Leased Aircraft, the Owner Trustee (as defined therein) not in its individual capacity but solely as trustee under the related owner trust agreement, together with any successor trustee appointed pursuant to such owner trust agreement.

"Participation Agreement" mean, with respect to each Indenture, the "Participation Agreement" referred to therein.

"Paying Agent" means Wilmington Trust Company, as paying agent under each Escrow and Paying Agent Agreement, together with its successors in such capacity.

"Performing Equipment Note" means an Equipment Note issued pursuant to an Indenture with respect to which no payment default has occurred and is continuing; provided that in the event of a bankruptcy proceeding involving Continental under Title 11 of the United States Code (the "Bankruptcy Code"), (i) any payment default existing during the 60-day period under Section 1110(a)(1)(A) of the Bankruptcy Code (or such longer period as may apply under Section 1110(b) of the Bankruptcy Code) (the "Section 1110 Period") shall not be taken into consideration, unless during the Section 1110 Period the trustee in such proceeding or Continental refuses to assume or agree to perform its obligations under the Lease related to such Equipment Note (in the case of a Leased Aircraft) or under the Indenture related to such Equipment Note (in the case of an Owned Aircraft) and (ii) any payment default occurring after the date of the order of relief in such proceeding shall not be taken into consideration if such payment default is cured under Section 1110(a)(1)(B) of the Bankruptcy Code before the later of 30 days after the date of such default or the expiration of the Section 1110 Period.

"Performing Note Deficiency" means any time that less than 65% of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes.

"Person" means any individual, corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof.

"Pool Balance" means, with respect to each Trust or the Certificates issued by any Trust, as of any date, (i) the original aggregate face amount of the Certificates of such Trust less (ii) the aggregate amount of all payments made in respect of the Certificates of such Trust other than payments made in respect of interest or premium thereon or reimbursement of any costs and expenses in connection therewith less (iii) the aggregate amount of unused Deposits with respect to such Trust distributed as a Final Withdrawal (as defined in the Escrow and Paying Agent Agreement related to such Trust) other than payments in respect of interest or premium thereon. The Pool Balance for each Trust or the Certificates issued by any Trust as of any Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property held in such Trust and the distribution thereof to be made on such date and the distribution of unused Deposits to be made on such date.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"PTC Event of Default" means, with respect to each Trust Agreement, the failure to pay within 10 Business Days of the due date thereof: (i) the outstanding Pool Balance of the applicable Class of Certificates on the Final Maturity Date for such Class or (ii) interest due on such Certificates on any Distribution Date (unless, in the case of the Class A, Class B, Class C-I or Class C-II Certificates, the Subordination Agent shall have made an Interest Drawing or Drawings, or withdrawal or withdrawals pursuant to Section 3.6(f), with respect thereto in an aggregate amount sufficient to pay such interest and shall have distributed such amount to the Trustee entitled thereto).

"Purchase Agreement" means the Purchase Agreement dated March 12, 1997, among the Initial Purchasers and Continental, relating to the purchase of the Certificates by the Initial Purchasers, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Rating Agencies" means, collectively, at any time, each nationally recognized rating agency which shall have been requested to rate the Certificates and which shall then be rating the Certificates. The initial Rating Agencies will be Moody's and Standard & Poor's.

"Ratings Confirmation" means, with respect to any action proposed to be taken, a written confirmation from each of the Rating Agencies that such action would not result in (i) a reduction of the rating for any Class of Certificates below the then current rating for such Class of Certificates or (ii) a withdrawal or suspension of the rating of any Class of Certificates.

"Registration Rights Agreement" means the Exchange and Registration Rights Agreement dated as of the date hereof, among the Initial Purchasers, the Trustees and Continental, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Regular Distribution Dates" means, each April 1 and October 1, commencing on October 1, 1997; provided, however, that, if any such day shall not be a Business Day, the related distribution shall be made on the next succeeding Business Day without additional interest.

"Replacement Liquidity Facility" means, for any Liquidity Facility, an irrevocable revolving credit agreement issued by a Replacement Liquidity Provider in substantially the form of the replaced Liquidity Facility, including reinstatement provisions, or in such other form (which may include a letter of credit) as shall permit the Rating Agencies to confirm in writing their respective ratings then in effect for each Class of Certificates (before the downgrading of such ratings, if any, as a result of the downgrading of the replaced Liquidity Provider), in a face amount (together with the face amount of any Liquidity Facility of the same Class which will continue to be outstanding after the issuance of such Replacement Liquidity Facility and the amount in the Cash Collateral Account of such Class) equal to the Required Amount (without giving effect to the proviso to the definition thereof) for such Liquidity Facility and issued by a Replacement Liquidity Provider having short-term unsecured debt ratings issued by each Rating Agency which are equal to or higher than the Threshold Rating.

"Replacement Liquidity Provider" means a Person having short-term unsecured debt ratings issued by each Rating Agency which are equal to or higher than the Threshold Rating.

"Replacement Liquidity Provider Sub-Account" means, with respect to any Cash Collateral Account, a sub-ledger account to such Cash Collateral Account having a designation indicating that it is a Sub-Account with respect to such Replacement Liquidity Provider.

"Required Amount" means, with respect to Liquidity Facilities of any Class, for any day, the sum of the aggregate amount of interest, calculated at the rate per annum equal to the Stated Interest Rate for the related Class of Certificates, that would be payable on such Class of Certificates on each of the three successive Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the succeeding two Regular Distribution Dates, in each case calculated on the basis of the Pool Balance of such Class of Certificates on such date and without regard to expected future payments of principal on such Class of Certificates. The Required Amount for any Sub-Account of any Cash Collateral Account of any Class shall be equal to the Stated Portion (under the related Liquidity Facility) of the Required Amount for such Class.

"Responsible Officer" means (i) with respect to the Subordination Agent and each of the Trustees, any officer in the corporate trust administration department of the Subordination Agent or such Trustee or any other officer customarily performing functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject, and (ii) with respect to each Liquidity Provider, any authorized officer in the aerospace department of such Liquidity Provider, or, if none, any other authorized officer of such Liquidity Provider.

"Scheduled Payment" means, with respect to any Equipment Note, (i) any payment of principal or interest on such Equipment Note (other than an Overdue Scheduled Payment) due from the obligor thereon or (ii) any payment of interest on the corresponding Class of Certificates with funds drawn under any Liquidity Facility, which payment represents the

installment of principal at the stated maturity of such installment of principal on such Equipment Note, the payment of regularly scheduled interest accrued on the unpaid principal amount of such Equipment Note, or both; provided that any payment of principal of, premium, if any, or interest resulting from the redemption or purchase of any Equipment Note shall not constitute a Scheduled Payment.

"Scheduled Payment Date" means, with respect to any Scheduled Payment, the date on which such Scheduled Payment is scheduled to be made.

"Series A Equipment Notes" means the 7.461% Series A Equipment Notes issued pursuant to each Indenture by the related Owner Trustee or Continental, as the case may be, and authenticated by the Loan Trustee thereunder, and any such Equipment Notes issued in exchange therefor or replacement thereof pursuant to the terms of such Indenture.

"Series B Equipment Notes" means the 7.461% Series B Equipment Notes issued pursuant to each Indenture by the related Owner Trustee or Continental, as the case may be, and authenticated by the Loan Trustee thereunder, and any such Equipment Notes issued in exchange therefor or replacement thereof pursuant to the terms of such Indenture.

"Series C Equipment Notes" means the 7.42% Series C Equipment Notes issued pursuant to each Indenture by the related Owner Trustee or Continental, as the case may be, and authenticated by the Loan Trustee thereunder, and any such Equipment Notes issued in exchange therefor or replacement thereof pursuant to the terms of such Indenture.

"Special Distribution Date" means, with respect to any Special Payment, the date chosen by the Subordination Agent pursuant to Section 2.4(a) for the distribution of such Special Payment in accordance with this Agreement.

"Special Payment" means any payment (other than a Scheduled Payment) in respect of, or any proceeds of, any Equipment Note or Trust Indenture Estate (as defined in each Indenture).

"Special Payments Account" means the Eligible Deposit Account created pursuant to Section 2.2 as a sub-account to the Collection Account.

"Standard & Poor's" means Standard & Poor's Rating Group, a division of McGraw-Hill Inc.

"Stated Interest Rate" means (i) with respect to the Class A Certificates, 7.461% per annum, (ii) with respect to the Class B Certificates, 7.461% per annum, and (iii) with respect to the Class C-I Certificates and the Class C-II Certificates, 7.42% per annum (such rate with respect to each Class of Certificates, the "Initial Stated Interest Rate" for such Class), plus, in each case, solely in the event no Registration Event (as defined in the Registration Rights Agreement) occurs on or prior to the 210th day after the Closing Date, an additional margin equal to 0.50% per annum, from and including such 210th day (provided that any such additional margin shall cease to be in effect from and including the earlier of (i) the date on which such

Registration Event occurs and (ii) the date on which there ceases to be any Registrable Certificates (as defined in the Registration Rights Agreement)); provided that if the Shelf Registration Statement (as defined in the Registration Rights Agreement) ceases to be effective at any time during the period specified by Section 2(b)(B) of the Registration Rights Agreement for more than 60 days, whether or not consecutive, during any 12-month period, the Stated Interest Rate shall be increased by 0.50% per annum from the 61st day of the applicable 12-month period such Shelf Registration Statement ceases to be effective until such time as the Shelf Registration Statement again becomes effective (or, if earlier, the end of the period specified by Section 2(b)(B) of the Registration Rights Agreement). For the avoidance of doubt, the Stated Interest Rate for any Class of Certificates shall never exceed 0.50% per annum over the Initial Stated Interest Rate for such Class of Certificates.

"Stated Portion" with respect to any Liquidity Facility, means the Stated Portion (as defined in such Liquidity Facility).

"Sub-Account" means, collectively, the ABN AMRO Sub-Account, the ING Sub-Account and any Replacement Liquidity Provider Sub-Account.

"Substitute Aircraft" shall have the meaning set forth in the Note Purchase Agreement.

"Successor Trusts" means, collectively, Continental Airlines Pass Through Trust 1997-1A-S, Continental Airlines Pass Through Trust 1997-1B-S, Continental Airlines Pass Through Trust 1997-1C-I-S and Continental Airlines Pass Through Trust 1997-1C-II-S.

"Tax" and "Taxes" mean any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, loss, damage, liability, expense, additions to tax and additional amounts or costs incurred or imposed with respect thereto) imposed or otherwise assessed by the United States or by any state, local or foreign government (or any subdivision or agency thereof) or other taxing authority, including, without limitation: taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation, or net worth and similar charges; taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added, taxes on goods and services, gains taxes, license, registration and documentation fees, customs duties, tariffs, and similar charges.

"Termination Notice" with respect to any Liquidity Facility has the meaning assigned to such term in such Liquidity Facility.

"Threshold Rating" means the short-term unsecured debt rating of P-1 by Moody's and A-1+ by Standard & Poor's.

"Transfer" means the transfers contemplated by the Assignment and Assumption Agreements.



"Treasury Regulations" means regulations, including proposed or temporary regulations, promulgated under the Code. References herein to specific provisions of proposed or temporary regulations shall include analogous provisions of final Treasury Regulations or other successor Treasury Regulations.

"Triggering Event" means (x) the occurrence of an Indenture Default under all of the Indentures resulting in a PTC Event of Default with respect to the most senior Class of Certificates then Outstanding, (y) the Acceleration of all of the outstanding Equipment Notes (provided that, with respect to the period prior to the Delivery Period Expiry Date, the such Equipment Notes have an aggregate outstanding principal balance of in excess of \$280,000,000) or (z) the occurrence of a Continental Bankruptcy Event.

"Trust" means any of the Class A Trust, the Class B Trust, the Class C-I Trust or the Class C-II Trust.

"Trust Accounts" has the meaning assigned to such term in Section 2.2(a).

"Trust Agreement" means any of the Class A Trust Agreement, the Class B Trust Agreement, the Class C-I Trust Agreement or the Class C-II Trust Agreement.

"Trustee" means any of the Class A Trustee, the Class B Trustee, the Class C-I Trustee or the Class C-II Trustee.

"Trustee Incumbency Certificate" has the meaning assigned to such term in Section 2.5(a).

"Trust Property" with respect to any Trust, has the meaning set forth in the Trust Agreement for such Trust.

"Trustee Representatives" has the meaning assigned to such term in Section 2.5(a).

"Written Notice" means, from (i) any Trustee or Liquidity Provider, a written instrument executed by the Designated Representative of such Person, and (ii) the Subordination Agent, a written instrument executed by a Person designated in the Officer's Certificate of the Subordination Agent delivered on the Closing Date. An invoice delivered by a Liquidity Provider pursuant to Section 3.1 in accordance with its normal invoicing procedures shall constitute Written Notice under such Section.

"WTC" has the meaning assigned to such term in the recital of parties to this Agreement.

## ARTICLE II

## TRUST ACCOUNTS; CONTROLLING PARTY

SECTION 2.1. Agreement to Terms of Subordination; Payments from Monies Received Only. (a) Each Trustee hereby acknowledges and agrees to the terms of subordination set forth in this Agreement in respect of each Class of Certificates and agrees to enforce such provisions and cause all payments in respect of the Equipment Notes and the Liquidity Facilities to be applied in accordance with the terms of this Agreement. In addition, each Trustee hereby agrees to cause the Equipment Notes purchased by the related Trust to be registered in the name of the Subordination Agent, as nominee of such Trustee, to be held in trust by the Subordination Agent solely for the purpose of facilitating the enforcement of the subordination and other provisions of this Agreement.

(b) Except as otherwise expressly provided in the next succeeding sentence of this Section 2.1, all payments to be made by the Subordination Agent hereunder shall be made only from amounts received by it that constitute Scheduled Payments, Special Payments, payments under Section 9.1 of the Participation Agreements or payments under Sections 6 and 7 of the Note Purchase Agreement, and only to the extent that the Subordination Agent shall have received income or proceeds therefrom to enable it to make such payments in accordance with the terms hereof. Each of the Trustees and the Subordination Agent hereby agrees and, as provided in each Trust Agreement, each Certificateholder, by its acceptance of a Certificate, and each Liquidity Provider, by entering into the Liquidity Facility to which it is a party, has agreed to look solely to such amounts to the extent available for distribution to it as provided in this Agreement and to the relevant Deposits and that none of the Trustees, Owner Trustees, Loan Trustees, Owner Participants nor the Subordination Agent is personally liable to any of them for any amounts payable or any liability under this Agreement, any Trust Agreement, any Liquidity Facility or such Certificate, except (in the case of the Subordination Agent) as expressly provided herein or (in the case of the Trustees) as expressly provided in each Trust Agreement or (in the case of the Owner Trustees and the Loan Trustees) as expressly provided in any Operative Agreement.

SECTION 2.2. Trust Accounts. (a) Upon the execution of this Agreement, the Subordination Agent shall establish and maintain in its name (i) the Collection Account as an Eligible Deposit Account, bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the Trustees, the Certificateholders and the Liquidity Providers, and (ii) as a sub-account in the Collection Account, the Special Payments Account as an Eligible Deposit Account, bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the Trustees, the Certificateholders and the Liquidity Providers. The Subordination Agent shall establish and maintain the Cash Collateral Accounts (and the ABN AMRO Sub-Accounts, the ING Sub-Accounts and any Replacement Liquidity Provider Sub-Accounts related thereto) pursuant to and under the circumstances set forth in Section 3.6(f) hereof. Upon such establishment and maintenance under Section 3.6(f) hereof, the Cash Collateral Accounts shall, together with the Collection Account, constitute the "Trust Accounts" hereunder.

(b) Funds on deposit in the Trust Accounts shall be invested and reinvested by the Subordination Agent in Eligible Investments selected by the Subordination Agent if such investments are reasonably available and have maturities no later than the earlier of (i) 90 days following the date of such investment and (ii) the Business Day immediately preceding the Regular Distribution Date or the date of the related distribution pursuant to Section 2.4 hereof, as the case may be, next following the date of such investment; provided, however, that following the making of a Downgrade Drawing or a Non-Extension Drawing under any Liquidity Facility, the Subordination Agent shall invest and reinvest such amounts in the Sub-Account related to such Liquidity Facility at the direction of (x) in the case of a Downgrade Drawing with respect to such Liquidity Facility, until the Expiry Date of such Liquidity Facility, the Liquidity Provider with respect to such Liquidity Facility, and (y) otherwise, Continental; provided further, however, that upon the occurrence and during the continuation of a Triggering Event, the Subordination Agent shall invest and reinvest such amounts in accordance with the written instructions of the Controlling Party. Unless otherwise expressly provided in this Agreement (including, without limitation, Section 3.6(f) hereof), any Investment Earnings shall be deposited in the Collection Account when received by the Subordination Agent and shall be applied by the Subordination Agent in the same manner as the other amounts on deposit in the Collection Account are to be applied and any losses shall be charged against the principal amount invested, in each case net of the Subordination Agent's reasonable fees and expenses in making such investments. The Subordination Agent shall not be liable for any loss resulting from any investment, reinvestment or liquidation required to be made under this Agreement other than by reason of its willful misconduct or gross negligence. Eligible Investments and any other investment required to be made hereunder shall be held to their maturities except that any such investment may be sold (without regard to its maturity) by the Subordination Agent without instructions whenever such sale is necessary to make a distribution required under this Agreement. Uninvested funds held hereunder shall not earn or accrue interest.

(c) The Subordination Agent shall possess all right, title and interest in all funds on deposit from time to time in the Trust Accounts and in all proceeds thereof (including all income thereon). The Trust Accounts shall be held in trust by the Subordination Agent under the sole dominion and control of the Subordination Agent for the benefit of the Trustees, the Certificateholders and the Liquidity Providers, as the case may be. If, at any time, any of the Trust Accounts ceases to be an Eligible Deposit Account, the Subordination Agent shall within 10 Business Days (or such longer period, not to exceed 30 calendar days, to which each Rating Agency may consent) establish a new Collection Account, Special Payments Account or Cash Collateral Account, as the case may be, as an Eligible Deposit Account and shall transfer any cash and/or any investments to such new Collection Account, Special Payments Account or Cash Collateral Account, as the case may be. So long as WTC is an Eligible Institution, the Trust Accounts shall be maintained with it as Eligible Deposit Accounts.

SECTION 2.3. Deposits to the Collection Account and Special Payments Account. (a) The Subordination Agent shall, upon receipt thereof, deposit in the Collection Account all Scheduled Payments received by it.

(b) The Subordination Agent shall, on each date when one or more Special Payments are made to the Subordination Agent as holder of the Equipment Notes, deposit in the Special Payments Account the aggregate amount of such Special Payments.

SECTION 2.4. Distributions of Special Payments. (a) Notice of Special Payment. Except as provided in Section 2.4(e) below, upon receipt by the Subordination Agent, as registered holder of the Equipment Notes, of any notice of a Special Payment (or, in the absence of any such notice, upon receipt by the Subordination Agent of a Special Payment), the Subordination Agent shall promptly give notice thereof to each Trustee and the Liquidity Providers. The Subordination Agent shall promptly calculate the amount of the redemption or purchase of Equipment Notes or the amount of any Overdue Scheduled Payment, as the case may be, comprising such Special Payment under the applicable Indenture or Indentures and shall promptly send to each Trustee a Written Notice of such amount. Such Written Notice shall also set the distribution date for such Special Payment (a "Special Distribution Date"), which shall be a Business Day which immediately follows the later to occur of (x) the 20th day after the date of such Written Notice or (y) the date the Subordination Agent has received or expects to receive such Special Payment.

(b) Redemptions and Purchases of Equipment Notes. So long as no Triggering Event shall have occurred (whether or not continuing), the Subordination Agent shall make distributions pursuant to this Section 2.4(b) of amounts on deposit in the Special Payments Account on account of the redemption or purchase (including, without limitation, a purchase resulting from a sale of the Equipment Notes permitted by Article IV hereof) of all of the Equipment Notes issued pursuant to an Indenture on the Special Distribution Date for such Special Payment in the following order of priority:

first, such amount as shall be required to pay (A) all accrued and unpaid Liquidity Expenses then in arrears plus (B) the product of (x) the aggregate amount of all accrued and unpaid Liquidity Expenses not in arrears to such Special Payment Date multiplied by (y) a fraction, the numerator of which is the aggregate outstanding principal amount of Equipment Notes being redeemed, purchased or prepaid on such Special Payment Date and the denominator of which is the aggregate outstanding principal amount of all Equipment Notes, shall be distributed to the Liquidity Providers *pari passu* on the basis of the amount of Liquidity Expenses owed to each Liquidity Provider;

second, such amount as shall be required to pay (A) all accrued and unpaid interest then in arrears on all Liquidity Obligations (including interest accrued and unpaid on any Interest Drawing or any Applied Provider Advance (as defined in any Liquidity Facility)) plus (B) the product of (x) the aggregate amount of all accrued and unpaid interest on all Liquidity Obligations not in arrears to such Special Payment Date (at the rate provided in the applicable Liquidity Facility) multiplied by (y) a fraction, the numerator of which is the aggregate outstanding principal amount of Equipment Notes being redeemed, purchased or prepaid on such Special Payment Date and the denominator of which is the aggregate outstanding principal amount of all Equipment

Notes, shall be distributed to the Liquidity Providers pari passu on the basis of the amount of such Liquidity Obligations owed to each Liquidity Provider;

third, such amount as shall be required (A) if any Sub-Account of any Cash Collateral Account had been previously funded as provided in Section 3.6(f), fund such Sub-Account up to its Required Amount shall be deposited in such Sub-Account, (B) if any Liquidity Facility shall become a Downgraded Facility or a Non-Extended Facility at a time when unreimbursed Interest Drawings under such Liquidity Facility have reduced the Maximum Available Amount thereunder to zero, to deposit into the related Sub-Account of the related Cash Collateral Account an amount equal to such Sub-Account's Required Amount shall be deposited in such Sub-Account, and (C) if, with respect to any particular Liquidity Facility, neither subclause (A) nor subclause (B) of this clause "third" are applicable, to pay or reimburse the Liquidity Provider in respect of such Liquidity Facility in an amount equal to the amount of any unreimbursed Interest Drawings under such Liquidity Facility shall be distributed to such Liquidity Provider, pari passu on the basis of the amounts of such deficiencies and/or unreimbursed Interest Drawings;

fourth, if, with respect to any particular Liquidity Facility, either subclause (A) or (B) of clause "third" above is applicable, then the Liquidity Provider with respect to such Liquidity Facility shall be paid the excess of (x) the aggregate outstanding amount of unreimbursed Advances (whether or not then due) under such Liquidity Facility over (y) the Stated Portion of the Required Amount for the relevant Class, pari passu on the basis of such amounts in respect of each Liquidity Provider;

fifth, such amount as shall be required to pay in full Expected Distributions to the holders of Class A Certificates on such Special Distribution Date shall be distributed to the Class A Trustee;

sixth, such amount as shall be required to pay in full Expected Distributions to the holders of Class B Certificates on such Special Distribution Date shall be distributed to the Class B Trustee;

seventh, (x) such amount as shall be required to pay in full Expected Distributions to the holders of Class C-I Certificates on such Special Distribution Date shall be distributed to the Class C-I Trustee and (y) such amount as shall be required to pay in full Expected Distributions to the holders of Class C-II Certificates on such Special Distribution Date shall be distributed to the Class C-II Trustee; such distributions to the Class C-I Trustee and the Class C-II Trustee to be made pari passu on the basis of the amount of such Expected Distributions for the Class C-I Certificates and the Class C-II Certificates; and

eighth, the balance, if any, of such Special Payment shall be transferred to the Collection Account for distribution in accordance with Section 3.2 hereof.

For the purposes of this Section 2.4(b), clause (x) of the definition of "Expected Distributions" shall be deemed to read as follows: "(x) accrued, due and unpaid interest on such Certificates

together with accrued and unpaid interest on a portion of such Certificates equal to the outstanding principal amount of Equipment Notes being redeemed, purchased or prepaid (immediately prior to such redemption, purchase or prepayment) (excluding interest, if any, payable with respect to the Deposits related to such Trust)".

(c) Other Special Payments. Except as provided in clause (e) below, Any amounts on deposit in the Special Payments Account other than in respect of amounts to be distributed pursuant to Section 2.4(b) shall be distributed on the Special Distribution Date therefor in accordance with Article III hereof.

(d) Investment of Amounts in Special Payments Account. Any amounts on deposit in the Special Payments Account prior to the distribution thereof pursuant to Section 2.4(b) or (c) shall be invested in accordance with Section 2.2(b). Investment Earnings on such investments shall be distributed in accordance with Section 2.4(b) or (c), as the case may be.

(e) Certain Payments. The Subordination Agent will distribute promptly upon receipt thereof (i) any indemnity payment received by it from the Owner Participant, the Owner Trustee or Continental in respect of any Trustee, any Liquidity Provider, any Paying Agent, any Depositary or any Escrow Agent (collectively, the "Payees") and (ii) any compensation (including, without limitation, any fees payable to any Liquidity Provider under Section 2.03 of any Liquidity Facility) received by it from the Owner Participant, the Owner Trustee or Continental under any Operative Agreement in respect of any Payee, directly to the Payee entitled thereto.

SECTION 2.5. Designated Representatives. (a) With the delivery of this Agreement, each Trustee shall furnish to the Subordination Agent, and from time to time thereafter may furnish to the Subordination Agent, at such Trustee's discretion, or upon the Subordination Agent's request (which request shall not be made more than one time in any 12-month period), a certificate (a "Trustee Incumbency Certificate") of a Responsible Officer of such Trustee certifying as to the incumbency and specimen signatures of the officers of such Trustee and the attorney-in-fact and agents of such Trustee (the "Trustee Representatives") authorized to give Written Notices on behalf of such Trustee hereunder. Until the Subordination Agent receives a subsequent Trustee Incumbency Certificate, it shall be entitled to rely on the last Trustee Incumbency Certificate delivered to it hereunder.

(b) With the delivery of this Agreement, each Liquidity Provider shall furnish to the Subordination Agent, and from time to time thereafter may furnish to the Subordination Agent, at such Liquidity Provider's discretion, or upon the Subordination Agent's request (which request shall not be made more than one time in any 12-month period), a certificate (an "LP Incumbency Certificate") of any authorized officer in the aerospace department or any other authorized signatory of such Liquidity Provider certifying as to the incumbency and specimen signatures of any officer, attorney-in-fact, agent or other designated representative of such Liquidity Provider (the "LP Representatives" and, together with the Trustee Representatives, the "Designated Representatives") authorized to give Written Notices on behalf of such Liquidity Provider hereunder. Until the Subordination Agent receives a subsequent LP Incumbency

Certificate, it shall be entitled to rely on the last LP Incumbency Certificate delivered to it hereunder.

SECTION 2.6. Controlling Party. (a) The Trustees and the Liquidity Providers hereby agree that, with respect to any Indenture at any given time, the Loan Trustee thereunder will be directed (i) in taking, or refraining from taking, any action under such Indenture or with respect to the Equipment Notes issued thereunder, so long as no Indenture Default has occurred and is continuing thereunder, by the holders of at least a majority of the outstanding principal amount of such Equipment Notes (provided that, for so long as the Subordination Agent is the registered holder of the Equipment Notes, the Subordination Agent shall act with respect to this clause (i) in accordance with the directions of the Trustees (in the case of each such Trustee, with respect to the Equipment Notes issued under such Indenture and held as Trust Property of such Trust) constituting, in the aggregate, directions with respect to such principal amount of Equipment Notes), and (ii) after the occurrence and during the continuance of an Indenture Default thereunder (which, in the case of an Indenture pertaining to a Leased Aircraft, has not been cured by the applicable Owner Trustee or the applicable Owner Participant, if applicable, pursuant to Section 4.03 of such Indenture), in taking, or refraining from taking, any action under such Indenture or with respect to such Equipment Notes, including exercising remedies thereunder (including Accelerating the Equipment Notes issued thereunder or foreclosing the Lien on the Aircraft securing such Equipment Notes), by the Controlling Party.

(b) The Person who shall be the "Controlling Party" with respect to any Indenture shall be: (x) the Class A Trustee; (y) upon payment of Final Distributions to the holders of Class A Certificates, the Class B Trustee; and (z) upon payment of Final Distributions to the holders of Class B Certificates, the Class C-I Trustee and the C-II Trustee, collectively (who agree to act collectively in accordance with the instructions of the holders of at least a majority of the outstanding principal amount of Class C Certificates). For purposes of giving effect to the foregoing, the Trustees (other than the Controlling Party) irrevocably agree (and the Certificateholders (other than the Certificateholders represented by the Controlling Party) shall be deemed to agree by virtue of their purchase of Certificates) that the Subordination Agent, as record holder of the Equipment Notes, shall exercise its voting rights in respect of the Equipment Notes as directed by the Controlling Party.

The Subordination Agent shall give written notice to all of the other parties to this Agreement promptly upon a change in the identity of the Controlling Party. Each of the parties hereto agrees that it shall not exercise any of the rights of the Controlling Party at such time as it is not the Controlling Party hereunder; provided, however, that nothing herein contained shall prevent or prohibit any Non-Controlling Party from exercising such rights as shall be specifically granted to such Non-Controlling Party hereunder and under the other Operative Agreements.

(c) Notwithstanding the foregoing, at any time after 18 months from the earlier to occur of (i) the date on which the entire Maximum Available Amount under any Liquidity Facility shall have been drawn (for any reason other than a Downgrade Drawing or a Non-Extension Drawing) and remain unreimbursed, and (ii) the date on which all Equipment Notes shall have been Accelerated (provided that, with respect to the period prior to the Delivery

Period Expiry Date, such Equipment Notes have an aggregate outstanding principal balance of in excess of \$280,000,000), the Liquidity Provider shall have the right to elect, by Written Notice to the Subordination Agent and each of the Trustees, to become the Controlling Party hereunder with respect to any Indenture at any time from and including the last day of such 18-month period. If there is more than one Liquidity Provider, the Required Liquidity Providers shall have such right.

(d) The exercise of remedies by the Controlling Party under this Agreement shall be expressly limited by Section 4.1(a)(ii) hereof.

(e) The Controlling Party shall not be entitled to require or obligate any Non-Controlling Party to provide funds necessary to exercise any right or remedy hereunder.

### ARTICLE III

#### RECEIPT, DISTRIBUTION AND APPLICATION OF

#### AMOUNTS RECEIVED

SECTION 3.1. Written Notice of Distribution. (a) No later than 3:00 P.M. (New York City time) on the Business Day immediately preceding each Regular Distribution Date, each of the following Persons shall deliver to the Subordination Agent a Written Notice setting forth the following information as at the close of business on such Business Day:

(i) With respect to the Class A Certificates, the Class A Trustee shall separately set forth the amounts to be paid in accordance with clause "fifth" of Section 3.2 hereof;

(ii) With respect to the Class B Certificates, the Class B Trustee shall separately set forth the amounts to be paid in accordance with clause "sixth" of Section 3.2 hereof;

(iii) With respect to the Class C-I Certificates, the Class C-I Trustee shall separately set forth the amounts to be paid in accordance with subclause (a) of clause "seventh" of Section 3.2 hereof;

(iv) With respect to the Class C-II Certificates, the Class C-II Trustee shall separately set forth the amounts to be paid in accordance with subclause (b) of clause "seventh" of Section 3.2 hereof;

(v) With respect to each Liquidity Facility, the Liquidity Provider thereunder shall separately set forth the amounts to be paid in accordance with clauses "first", "second", "third" and "fourth" of Section 3.2 hereof; and

(vi) Each Trustee shall set forth the amounts to be paid in accordance with clause "eighth" of Section 3.2 hereof.



The notices required under this Section 3.1(a) may be in the form of a schedule or similar document provided to the Subordination Agent by the parties referenced therein or by any one of them, which schedule or similar document may state that, unless there has been a prepayment of the Certificates, such schedule or similar document is to remain in effect until any substitute notice or amendment shall be given to the Subordination Agent by the party providing such notice.

(b) Following the occurrence of a Triggering Event, the Subordination Agent shall request the following information from the following Persons, and each of the following Persons shall, upon the request of the Subordination Agent, deliver a Written Notice to the Subordination Agent setting forth for such Person the following information:

(i) With respect to the Class A Certificates, the Class A Trustee shall separately set forth the amounts to be paid in accordance with clauses "first" (to reimburse payments made by the Class A Certificateholders pursuant to subclause (iii) of clause "first" of Section 3.3 hereof) and "seventh" of Section 3.3 hereof;

(ii) With respect to the Class B Certificates, the Class B Trustee shall separately set forth the amounts to be paid in accordance with clauses "first" (to reimburse payments made by the Class B Certificateholders pursuant to subclause (iii) of clause "first" of Section 3.3 hereof) and "eighth" of Section 3.3 hereof;

(iii) With respect to the Class C-I Certificates, the Class C-I Trustee shall separately set forth the amounts to be paid in accordance with clause "first" (to reimburse payments made by the Class C-I Certificateholders pursuant to subclause (iii) of clause "first" of Section 3.3 hereof) and subclause (i) of clause "ninth" of Section 3.3 hereof;

(iv) With respect to the Class C-II Certificates, the Class C-II Trustee shall separately set forth the amounts to be paid in accordance with clause "first" (to reimburse payments made by the Class C-II Certificateholders pursuant to subclause (iii) of clause "first" of Section 3.3 hereof) and subclause (ii) of clause "ninth" of Section 3.3 hereof;

(v) With respect to each Liquidity Facility, the Liquidity Provider thereunder shall separately set forth the amounts to be paid to it in accordance with subclause (iii) of clause "first" of Section 3.3 hereof and clauses "second", "third", "fourth" and "fifth" of Section 3.3 hereof; and

(vi) Each Trustee shall set forth the amounts to be paid in accordance with clause "sixth" of Section 3.3 hereof.

(c) At such time as a Trustee or a Liquidity Provider shall have received all amounts owing to it (and, in the case of a Trustee, the Certificateholders for which it is acting) pursuant to Section 2.4, 3.2 or 3.3 hereof, as applicable, and, in the case of a Liquidity Provider, its commitment under the related Liquidity Facility shall have terminated or expired, such Person shall, by a Written Notice, so inform the Subordination Agent and each other party to this Agreement.

(d) As provided in Section 6.5 hereof, the Subordination Agent shall be fully protected in relying on any of the information set forth in a Written Notice provided by any Trustee or any Liquidity Provider pursuant to paragraphs (a) through (c) above and shall have no independent obligation to verify, calculate or recalculate any amount set forth in any Written Notice delivered in accordance with such paragraphs.

(e) Any Written Notice delivered by a Trustee or a Liquidity Provider, as applicable, pursuant to Section 3.1(a), 3.1(b) or 3.1(c) hereof, if made prior to 10:00 A.M. (New York City time) shall be effective on the date delivered (or if delivered later shall be effective as of the next Business Day). Subject to the terms of this Agreement, the Subordination Agent shall as promptly as practicable comply with any such instructions; provided, however, that any transfer of funds pursuant to any instruction received after 10:00 A.M. (New York City time) on any Business Day may be made on the next succeeding Business Day.

(f) In the event the Subordination Agent shall not receive from any Person any information set forth in paragraphs (a) or (b) above which is required to enable the Subordination Agent to make a distribution to such Person pursuant to Section 3.2 or 3.3 hereof, the Subordination Agent shall request such information and, failing to receive any such information, the Subordination Agent shall not make such distribution(s) to such Person. In such event, the Subordination Agent shall make distributions pursuant to clauses "first" through "ninth" of Section 3.2 and clauses "first" through "ninth" of Section 3.3 to the extent it shall have sufficient information to enable it to make such distributions, and shall continue to hold any funds remaining, after making such distributions, until the Subordination Agent shall receive all necessary information to enable it to distribute any funds so withheld.

(g) On such dates (but not more frequently than monthly) as any Liquidity Provider or any Trustee shall request, the Subordination Agent shall send to such party a written statement reflecting all amounts on deposit with the Subordination Agent pursuant to Section 3.1(f) hereof.

SECTION 3.2. Distribution of Amounts on Deposit in the Collection Account. Except as otherwise provided in Sections 2.4, 3.1(f), 3.3, 3.4 and 3.6(b), amounts on deposit in the Collection Account (or, in the case of any amount described in Section 2.4(c), on deposit in the Special Payments Account) shall be promptly distributed on each Regular Distribution Date (or, in the case of any amount described in Section 2.4(c), on the Special Distribution Date thereof) in the following order of priority and in accordance with the information provided to the Subordination Agent pursuant to Section 3.1(a) hereof:

first, such amount as shall be required to pay all accrued and unpaid Liquidity Expenses owed to each Liquidity Provider shall be distributed to the Liquidity Providers *pari passu* on the basis of the amount of Liquidity Expenses owed to each Liquidity Provider;

second, such amount as shall be required to pay in full the aggregate amount of interest accrued on all Liquidity Obligations (at the rate, or in the amount, provided in the applicable Liquidity Facility) and unpaid shall be distributed to the Liquidity Providers

pari passu on the basis of the amount of such Liquidity Obligations owed to each Liquidity Provider;

third, such amount as shall be required (A) if any Sub-Account of any Cash Collateral Account had been previously funded as provided in Section 3.6(f), to fund such Sub-Account up to its Required Amount shall be deposited in such Sub-Account, (B) if any Liquidity Facility shall become a Downgraded Facility or a Non-Extended Facility at a time when unreimbursed Interest Drawings under such Liquidity Facility have reduced the Maximum Available Amount thereunder to zero, to deposit into the related Sub-Account of the related Cash Collateral Account an amount equal to such Sub-Account's Required Amount shall be deposited in such Sub-Account, and (C) if, with respect to any particular Liquidity Facility, neither subclause (A) nor subclause (B) of this clause "third" is applicable, to pay or reimburse the Liquidity Provider in respect of such Liquidity Facility in an amount equal to the amount of all Liquidity Obligations then due under such Liquidity Facility (other than amounts payable pursuant to clause "first" or "second" of this Section 3.2) shall be distributed to such Liquidity Provider, pari passu on the basis of the amounts of such deficiencies and/or unreimbursed Liquidity Obligations;

fourth, if, with respect to any particular Liquidity Facility, either subclause (A) or (B) of clause "third" above is applicable, then the Liquidity Provider with respect to such Liquidity Facility shall be paid the excess of (x) the aggregate outstanding amount of unreimbursed Advances (whether or not then due) under such Liquidity Facility over (y) the Stated Portion of the Required Amount for the relevant Class, pari passu on the basis of such amounts in respect of each Liquidity Provider;

fifth, such amount as shall be required to pay in full Expected Distributions to the holders of the Class A Certificates on such Distribution Date shall be distributed to the Class A Trustee;

sixth, such amount as shall be required to pay in full Expected Distributions to the holders of the Class B Certificates on such Distribution Date shall be distributed to the Class B Trustee;

seventh, (a) such amount as shall be required to pay in full Expected Distributions to the holders of the Class C-I Certificates on such Distribution Date shall be distributed to the Class C-I Trustee and (b) such amount as shall be required to pay in full Expected Distributions to the holders of the Class C-II Certificates on such Distribution Date shall be distributed to the Class C-II Trustee, pari passu on the basis of the amount of such Expected Distributions for the Class C-I Certificates and the Class C-II Certificates;

eighth, such amount as shall be required to pay in full the aggregate unpaid amount of fees and expenses payable as of such Distribution Date to the Subordination Agent and each Trustee pursuant to the terms of this Agreement and the Trust Agreements, as the case may be, shall be distributed to the Subordination Agent and such Trustee; and

ninth, the balance, if any, of any such payment remaining thereafter shall be held in the Collection Account for later distribution in accordance with this Article III.

SECTION 3.3. Distribution of Amounts on Deposit Following a Triggering Event. Except as otherwise provided in Sections 3.1(f) and 3.6(b) hereof, upon the occurrence of a Triggering Event and at all times thereafter, all funds in the Collection Account or the Special Payments Account shall be promptly distributed by the Subordination Agent in the following order of priority:

first, such amount as shall be required to reimburse (i) the Subordination Agent for any out-of-pocket costs and expenses actually incurred by it (to the extent not previously reimbursed) in the protection of, or the realization of the value of, the Equipment Notes or any Trust Indenture Estate, shall be applied by the Subordination Agent in reimbursement of such costs and expenses, (ii) each Trustee for any amounts of the nature described in clause (i) above actually incurred by it under the applicable Trust Agreement (to the extent not previously reimbursed), shall be distributed to such Trustee, and (iii) any Liquidity Provider or Certificateholder for payments, if any, made by it to the Subordination Agent or any Trustee in respect of amounts described in clause (i) above, shall be distributed to such Liquidity Provider or to the applicable Trustee for the account of such Certificateholder, in each such case, *pari passu* on the basis of all amounts described in clauses (i) through (iii) above;

second, such amount remaining as shall be required to pay all accrued and unpaid Liquidity Expenses shall be distributed to each Liquidity Provider *pari passu* on the basis of the amount of Liquidity Expenses owed to each Liquidity Provider;

third, such amount remaining as shall be required to pay accrued and unpaid interest on the Liquidity Obligations as provided in the Liquidity Facilities shall be distributed to each Liquidity Provider *pari passu* on the basis of the amount of such accrued and unpaid interest owed to each Liquidity Provider;

fourth, such amount as shall be required (A) if any Sub-Account of any Cash Collateral Account had been previously funded as provided in Section 3.6(f), unless (i) a Performing Note Deficiency exists and a Liquidity Event of Default shall have occurred and be continuing with respect to the relevant Liquidity Facility or (ii) a Final Drawing shall have occurred with respect to such Liquidity Facility, to fund such Sub-Account up to its Required Amount (less the amount of any repayments of Interest Drawings under such Liquidity Facility while subclause (A)(i) above is applicable) shall be deposited in such Sub-Account, (B) if any Liquidity Facility shall become a Downgraded Facility or a Non-Extended Facility at a time when unreimbursed Interest Drawings under such Liquidity Facility have reduced the Maximum Available Amount thereunder to zero, unless (i) a Performing Note Deficiency exists and a Liquidity Event of Default shall have occurred and be continuing with respect to the relevant Liquidity Facility or (ii) a Final Drawing shall have occurred with respect to such Liquidity Facility, to deposit into the related Sub-Account of the related Cash Collateral Account an amount equal to such

Sub-Account's Required Amount (less the amount of any repayments of Interest Drawings under such Liquidity Facility while subclause (B)(i) above is applicable) shall be deposited in such Sub-Account, and (C) if, with respect to any particular Liquidity Facility, neither subclause (A) nor subclause (B) of this clause "fourth" are applicable, to pay in full the outstanding amount of all Liquidity Obligations then due under such Liquidity Facility (other than amounts payable pursuant to clause "second" or "third" of this Section 3.3) shall be distributed to such Liquidity Provider, pari passu on the basis of the amounts of such deficiencies and/or unreimbursed Liquidity Obligations;

fifth, if subclause (A) or (B) of clause "fourth" above is applicable, then the Liquidity Provider with respect to such Liquidity Facility shall be paid the excess of (x) the aggregate outstanding amount of unreimbursed Advances (whether or not then due) under such Liquidity Facility over (y) the Stated Portion of the Required Amount for the relevant Class (less the amount of any Interest Drawings under such Liquidity Facility while subclause (A)(i) or (B)(i), as the case may be, of clause "fourth" above is applicable), pari passu on the basis of such amounts in respect of each Liquidity Provider;

sixth, such amount as shall be required to reimburse or pay (i) the Subordination Agent for any Tax (other than Taxes imposed on compensation paid hereunder), expense, fee, charge or other loss incurred by or any other amount payable to the Subordination Agent in connection with the transactions contemplated hereby (to the extent not previously reimbursed), shall be applied by the Subordination Agent in reimbursement of such amount, (ii) each Trustee for any Tax (other than Taxes imposed on compensation paid under the applicable Trust Agreement), expense, fee, charge, loss or any other amount payable to such Trustee under the applicable Trust Agreements (to the extent not previously reimbursed), shall be distributed to such Trustee, and (iii) each Certificateholder for payments, if any, made by it pursuant to Section 5.2 hereof in respect of amounts described in clause (i) above, shall be distributed to the applicable Trustee for the account of such Certificateholder, in each such case, pari passu on the basis of all amounts described in clauses (i) through (iii) above;

seventh, such amount remaining as shall be required to pay in full Adjusted Expected Distributions on the Class A Certificates shall be distributed to the Class A Trustee;

eighth, such amount remaining as shall be required to pay in full Adjusted Expected Distributions on the Class B Certificates shall be distributed to the Class B Trustee; and

ninth, (i) such amount remaining as shall be required to pay in full Adjusted Expected Distributions on the Class C-I Certificates shall be distributed to the Class C-I Trustee and (ii) such amount remaining as shall be required to pay in full Adjusted Expected Distributions on the Class C-II Certificates shall be distributed to the Class C-II Trustee, pari passu on the basis of the amount of such Adjusted Expected Distributions for the Class C-I Certificates and the Class C-II Certificates.

SECTION 3.4. Other Payments. Any payments received by the Subordination Agent for which no provision as to the application thereof is made in this Agreement shall be distributed by the Subordination Agent (i) in the order of priority specified in Section 3.3 hereof and (ii) to the extent received or realized at any time after the Final Distributions for each Class of Certificates have been made, in the manner provided in clause "first" of Section 3.3 hereof.

SECTION 3.5. Payments to the Trustees and the Liquidity Providers. Any amounts distributed hereunder to any Liquidity Provider shall be paid to such Liquidity Provider by wire transfer of funds to the address such Liquidity Provider shall provide to the Subordination Agent. The Subordination Agent shall provide a Written Notice of any such transfer to the applicable Liquidity Provider, as the case may be, at the time of such transfer. Any amounts distributed hereunder by the Subordination Agent to any Trustee which shall not be the same institution as the Subordination Agent shall be paid to such Trustee by wire transfer funds at the address such Trustee shall provide to the Subordination Agent.

SECTION 3.6. Liquidity Facilities. (a) Interest Drawings. If on any Distribution Date, after giving effect to the subordination provisions of this Agreement, the Subordination Agent shall not have sufficient funds for the payment of any amounts due and owing in respect of accrued interest on the Class A Certificates, the Class B Certificates, the Class C-I Certificates or the Class C-II Certificates (at the Stated Interest Rate for such Class of Certificates), then, prior to 12:00 noon (New York City time) on the Business Day following such Distribution Date, the Subordination Agent shall request a drawing (each such drawing, an "Interest Drawing") under each Liquidity Facility with respect to such Class of Certificates in an amount equal to the lesser of (i) the Stated Portion (with respect to such Liquidity Facility) of an amount sufficient to pay the amount of such accrued interest (at the Stated Interest Rate for such Class of Certificates) and (ii) the Maximum Available Amount under such Liquidity Facility, and shall pay such amount to the Trustee with respect to such Class of Certificates in payment of such accrued interest.

(b) Application of Interest Drawings. Notwithstanding anything to the contrary contained in this Agreement, (i) all payments received by the Subordination Agent in respect of an Interest Drawing under the Class A Liquidity Facilities and all amounts withdrawn by the Subordination Agent from the Class A Cash Collateral Account, and payable in each case to the Class A Certificateholders, shall be promptly distributed to the Class A Trustee, (ii) all payments received by the Subordination Agent in respect of an Interest Drawing under the Class B Liquidity Facilities and all amounts withdrawn by the Subordination Agent from the Class B Cash Collateral Account, and payable in each case to the Class B Certificateholders, shall be promptly distributed to the Class B Trustee, (iii) all payments received by the Subordination Agent in respect of an Interest Drawing under the Class C-I Liquidity Facilities and all amounts withdrawn by the Subordination Agent from the Class C-I Cash Collateral Account, and payable in each case to the Class C-I Certificateholders, shall be promptly distributed to the Class C-I Trustee, and (iv) all payments received by the Subordination Agent in respect of an Interest Drawing under the Class C-II Liquidity Facilities and all amounts withdrawn by the Subordination Agent from the Class C-II Cash Collateral Account, and payable in each case to the Class C-II Certificateholders, shall be promptly distributed to the Class C-II Trustee.

(c) Downgrade Drawings. If at any time the short-term unsecured debt rating of any Liquidity Provider issued by either Rating Agency is lower than the Threshold Rating, within 10 days after receiving notice of such downgrading (but not later than the expiration date of the Liquidity Facility issued by the downgraded Liquidity Provider (the "Downgraded Facility")), such Liquidity Provider or Continental may arrange for a Replacement Liquidity Provider to issue and deliver a Replacement Liquidity Facility to the Subordination Agent. If a Downgraded Facility has not been replaced in accordance with the terms of this paragraph, the Subordination Agent shall on such 10th day (or if such 10th day is not a Business Day, on the next succeeding Business Day) (or, if earlier, the expiration date of such Downgraded Facility) request a drawing in accordance with and to the extent permitted by such Downgraded Facility (such drawing, a "Downgrade Drawing") of all available and undrawn amounts thereunder. Amounts drawn pursuant to a Downgrade Drawing shall be maintained and invested as provided in Section 3.6(f) hereof. The Liquidity Provider may also arrange for a Replacement Liquidity Provider to issue and deliver a Replacement Liquidity Facility at any time after such Downgrade Drawing so long as such Downgrade Drawing has not been reimbursed in full to the Liquidity Provider.

(d) Non-Extension Drawings. If any Liquidity Facility with respect to any Class of Certificates is scheduled to expire on a date (the "Stated Expiration Date") prior to the date that is 15 days after the Final Maturity Date for such Class of Certificates, then, no earlier than the 60th day and no later than the 40th day prior to the then Stated Expiration Date, the Subordination Agent shall request that such Liquidity Provider extend the Stated Expiration Date for a period of 364 days after the Stated Expiration Date (unless the obligations of such Liquidity Provider thereunder are earlier terminated in accordance with such Liquidity Facility). The Liquidity Provider shall advise the Borrower, no earlier than 40 days and no later than 25 days prior to such Stated Expiration Date, whether, in its sole discretion, it agrees to so extend the Stated Expiration Date. If, on or before such 25th day, such Liquidity Facility shall not have been so extended or replaced in accordance with Section 3.6(e), or if the Liquidity Provider fails irrevocably and unconditionally to advise the Borrower on or before the 25th day prior to the Stated Expiration Date then in effect that such Stated Expiration Date shall be so extended, the Subordination Agent shall, on such 25th day (or as soon as possible thereafter), in accordance with and to the extent permitted by the terms of the expiring Liquidity Facility (a "Non-Extended Facility"), request a drawing under such expiring Liquidity Facility (such drawing, a "Non-Extension Drawing") of all available and undrawn amounts thereunder. Amounts drawn pursuant to a Non-Extension Drawing shall be maintained and invested in accordance with Section 3.6(f) hereof.

(e) Issuance of Replacement Liquidity Facility. (i) At any time, Continental may, at its option, arrange for a Replacement Liquidity Facility to replace any Liquidity Facility (including any Replacement Liquidity Facility provided pursuant to Section 3.6(e)(ii) hereof) for any Class of Certificates with cause or without cause, provided that neither ABN AMRO nor ING shall be replaced by Continental as a Liquidity Provider with respect to any Class of Certificates prior to the fourth anniversary of the Closing Date except for cause, for its ceasing to meet the Threshold Ratings or for any failure to extend the Expiry Date of any Liquidity Facility in accordance with Section 2.10 of such Liquidity Facility and Section 3.6(d) hereof. If such

Replacement Liquidity Facility is provided at any time after a Downgrade Drawing or Non-Extension Drawing has been made, all funds on deposit in the relevant Sub-Account of the relevant Cash Collateral Account will be returned to the Liquidity Provider being replaced.

(ii) If any Liquidity Provider shall determine not to extend any of its Liquidity Facility in accordance with Section 3.6(d), then such Liquidity Provider may, at its option, arrange for a Replacement Liquidity Facility to replace such Liquidity Facility during the period no earlier than 40 days and no later than 25 days prior to the then effective Stated Expiration Date of such Liquidity Facility.

(iii) No Replacement Liquidity Facility arranged by Continental or a Liquidity Provider in accordance with clauses (i) or (ii) above, respectively, shall become effective and no such Replacement Liquidity Facility shall be deemed a "Liquidity Facility" under the Operative Agreements (in each case other than insofar as necessary to permit the repayment of amounts owed to the replaced Liquidity Provider), unless and until (A) each of the conditions referred to in clause (iv) below shall have been satisfied, (B) if such Replacement Liquidity Facility shall materially adversely affect the rights, remedies, interests or obligations of the Class A Certificateholders, the Class B Certificateholders, the Class C-I Certificateholders or the Class C-II Certificateholders under any of the Operative Agreements, the applicable Trustee shall have consented, in writing, to the execution and issuance of such Replacement Liquidity Facility and (C) in the case of a Replacement Liquidity Facility arranged by a Liquidity Provider under Section 3.6(e)(ii), such Replacement Liquidity Facility is acceptable to Continental.

(iv) In connection with the issuance of each Replacement Liquidity Facility, the Subordination Agent shall (x) prior to the issuance of such Replacement Liquidity Facility, obtain written confirmation from each Rating Agency that such Replacement Liquidity Facility will not cause a reduction of any rating then in effect for any Class of Certificates by such Rating Agency (without regard to any downgrading of any rating of any Liquidity Provider being replaced pursuant to Section 3.6(c) hereof), (y) pay all Liquidity Obligations (including, without limitation, any unreimbursed Advances) then owing to the replaced Liquidity Provider (which payment may be made as provided in clause (ix) of Section 3.6(f) hereof, pursuant to a drawing under the Replacement Liquidity Facility, or otherwise) and (z) cause the issuer of the Replacement Liquidity Facility to deliver the Replacement Liquidity Facility to the Subordination Agent, together with a legal opinion opining that such Replacement Liquidity Facility is an enforceable obligation of such Replacement Liquidity Provider.

(v) Upon satisfaction of the conditions set forth in clauses (iii) and (iv) of this Section 3.6(e), (w) the replaced Liquidity Facility shall terminate, (x) the Subordination Agent shall, if so requested by Continental or the Liquidity Provider being replaced, execute and deliver the Replacement Liquidity Facility and any associated Fee Letter, (y) each of the parties hereto shall enter into any amendments to this Agreement necessary to give effect to (1) the replacement of the applicable Liquidity Provider with the applicable Replacement Liquidity Provider and (2) the replacement of the applicable Liquidity



Facility with the applicable Replacement Liquidity Facility and (z) such Replacement Liquidity Provider shall be deemed to be a Liquidity Provider with the rights and obligations of a Liquidity Provider hereunder and under the other Operative Agreements and such Replacement Liquidity Facility shall be deemed to be a Liquidity Facility hereunder and under the other Operative Agreements.

(f) Cash Collateral Accounts; Withdrawals; Investments. In the event the Subordination Agent shall draw all available amounts under any Class A Liquidity Facility, any Class B Liquidity Facility, any Class C-I Liquidity Facility or any Class C-II Liquidity Facility pursuant to Section 3.6(c), 3.6(d) or 3.6(i) hereof, or in the event amounts are to be deposited into a Sub-Account pursuant to subclause (B) of clause "third" of Section 2.4(b), subclause (B) of clause "third" of Section 3.2 or subclause (B) of clause "fourth" of Section 3.3, amounts so drawn or to be deposited, as the case may be, shall be deposited by the Subordination Agent in the relevant Sub-Account of the Class A Cash Collateral Account, the Class B Cash Collateral Account, the Class C-I Cash Collateral Account or the Class C-II Cash Collateral Account, respectively. All amounts on deposit in any such Sub-Account shall be invested and reinvested in Eligible Investments in accordance with Section 2.2(b) hereof. Investment Earnings on amounts on deposit in each Sub-Account of the Cash Collateral Accounts shall be deposited in the Collection Account prior to giving effect to the distributions below on each Distribution Date commencing on the first Distribution Date after any such deposit into such Sub-Account. The Subordination Agent shall deliver a written statement to Continental and the relevant Liquidity Provider one day prior to each Distribution Date setting forth the aggregate amount of Investment Earnings held in each Sub-Account of the Cash Collateral Accounts as of such date. In addition, from and after the date funds are so deposited, the Subordination Agent shall make withdrawals from such account as follows:

(i) on each Distribution Date, the Subordination Agent shall, to the extent it shall not have received funds to pay accrued and unpaid interest due and owing on the Class A Certificates (at the Stated Interest Rate for the Class A Certificates) from any other source, withdraw from each Sub-Account of the Class A Cash Collateral Account, and pay to the Class A Trustee, an amount equal to the lesser of (x) the Stated Portion of an amount necessary to pay accrued and unpaid interest (at the Stated Interest Rate for the Class A Certificates) on such Class A Certificates and (y) the amount on deposit in such Sub-Account;

(ii) on each Distribution Date, the Subordination Agent shall, to the extent it shall not have received funds to pay accrued and unpaid interest due and owing on the Class B Certificates (at the Stated Interest Rate for the Class B Certificates) from any other source, withdraw from each Sub-Account of the Class B Cash Collateral Account, and pay to the Class B Trustee, an amount equal to the lesser of (x) the Stated Portion of an amount necessary to pay accrued and unpaid interest (at the Stated Interest Rate for the Class B Certificates) on such Class B Certificates and (y) the amount on deposit in such Sub-Account;

(iii) on each Distribution Date, the Subordination Agent shall, to the extent it shall not have received funds to pay accrued and unpaid interest due and owing on the Class C-I Certificates (at the Stated Interest Rate for the Class C-I Certificates) from any other source, withdraw from each Sub-Account of the Class C-I Cash Collateral Account, and pay to the Class C-I Trustee, an amount equal to the lesser of (x) the Stated Portion of an amount necessary to pay accrued and unpaid interest (at the Stated Interest Rate for the Class C-I Certificates) on such Class C-I Certificates and (y) the amount on deposit in such Sub-Account;

(iv) on each Distribution Date, the Subordination Agent shall, to the extent it shall not have received funds to pay accrued and unpaid interest due and owing on the Class C-II Certificates (at the Stated Interest Rate for the Class C-II Certificates) from any other source, withdraw from each Sub-Account of the Class C-II Cash Collateral Account, and pay to the Class C-II Trustee, an amount equal to the lesser of (x) the Stated Portion of an amount necessary to pay accrued and unpaid interest (at the Stated Interest Rate for the Class C-II Certificates) on such Class C-II Certificates and (y) the amount on deposit in such Sub-Account;

(v) on each date on which the Pool Balance of the Class A Trust shall have been reduced by payments made to the Class A Certificateholders pursuant to Section 2.4, 3.2 or 3.3 hereof or pursuant to Section 2.03 of the Escrow and Paying Agent Agreement for such Class, the Subordination Agent shall withdraw from each Sub-Account of the Class A Cash Collateral Account an amount equal to the excess, if any, of the amount on deposit in such Sub-Account over the Required Amount for such Sub-Account and shall first, pay such amount to the relevant Class A Liquidity Provider until the Liquidity Obligations (with respect to the Class A Certificates) owing to such Liquidity Provider shall have been paid in full, and second, deposit any remaining amount in the Collection Account;

(vi) on each date on which the Pool Balance of the Class B Trust shall have been reduced by payments made to the Class B Certificateholders pursuant to Section 2.4, 3.2 or 3.3 hereof or pursuant to Section 2.03 of the Escrow and Paying Agent Agreement of such Class, the Subordination Agent shall withdraw from each Sub-Account of the Class B Cash Collateral Account an amount equal to the excess, if any, of the amount on deposit in such Sub-Account over the Required Amount for such Sub-Account and shall first, pay such amount to the relevant Class B Liquidity Provider until the Liquidity Obligations (with respect to the Class B Certificates) owing to such Liquidity Provider shall have been paid in full, and second, deposit any remaining amount in the Collection Account;

(vii) on each date on which the Pool Balance of the Class C-I Trust shall have been reduced by payments made to the Class C-I Certificateholders pursuant to Section 2.4, 3.2 or 3.3 hereof or pursuant to Section 2.03 of the Escrow and Paying Agent Agreement for such Class, the Subordination Agent shall withdraw from each Sub-Account of the Class C-I Cash Collateral Account an amount equal to the excess, if any,

of the amount on deposit in such Sub-Account over the Required Amount for such Sub-Account and shall first, pay such amount to the relevant Class C-I Liquidity Provider until the Liquidity Obligations (with respect to the Class C-I Certificates) owing to such Liquidity Provider shall have been paid in full, and second, deposit any remaining amount in the Collection Account;

(viii) on each date on which the Pool Balance of the Class C-II Trust shall have been reduced by payments made to the Class C-II Certificateholders pursuant to Section 2.4, 3.2 or 3.3 hereof or pursuant to Section 2.03 of the Escrow and Paying Agent Agreement for such Class, the Subordination Agent shall withdraw from each Sub-Account of the Class C-II Cash Collateral Account an amount equal to the excess, if any, of the amount on deposit in such Sub-Account over the Required Amount for such Sub-Account and shall first, pay such amount to the relevant Class C-II Liquidity Provider until the Liquidity Obligations (with respect to the Class C-II Certificates) owing to such Liquidity Provider shall have been paid in full, and second, deposit any remaining amount in the Collection Account; and

(ix) if a Replacement Liquidity Facility for any Class of Certificates shall be delivered to the Subordination Agent following the date on which funds have been deposited into any Sub-Account of the Cash Collateral Account for such Class of Certificates, the Subordination Agent shall withdraw all amounts on deposit in such Sub-Account and shall pay such amounts to the replaced Liquidity Provider until all Liquidity Obligations owed to such Person shall have been paid in full, and shall deposit any remaining amount in the Collection Account.

(g) Reinstatement. With respect to any Interest Drawing under any Liquidity Facility for any Trust, upon the reimbursement of the applicable Liquidity Provider for all or any part of the amount of such Interest Drawing, together with any accrued interest thereon, the Maximum Available Amount of such Liquidity Facility shall be reinstated by an amount equal to the amount of such Interest Drawing so reimbursed to the applicable Liquidity Provider but not to exceed the Maximum Stated Amount for such Liquidity Facility; provided, however, that such Liquidity Facility shall not be so reinstated in part or in full at any time if (i) a Liquidity Event of Default shall have occurred and be continuing and (ii) a Performing Note Deficiency exists. In the event that, with respect to any particular Liquidity Facility, (i) funds are withdrawn from the related Sub-Account pursuant to clauses (i), (ii), (iii) or (iv) of Section 3.6(f) hereof or (ii) such Liquidity Facility shall become a Downgraded Facility or a Non-Extended Facility at a time when unreimbursed Interest Drawings under such Liquidity Facility have reduced the Maximum Available Amount thereunder to zero, then funds received by the Subordination Agent at any time other than (x) any time when a Liquidity Event of Default shall have occurred and be continuing with respect to such Liquidity Facility and a Performing Note Deficiency exists or (y) any time after a Final Drawing shall have occurred with respect to such Liquidity Facility, shall be deposited in such (or the applicable) Sub-Account as provided in clause "third" of Section 2.4(b), clause "third" of Section 3.2 or clause "fourth" of Section 3.3, as applicable, and applied in accordance with Section 3.6(f) hereof.

(h) Reimbursement. The amount of each drawing under the Liquidity Facilities shall be due and payable, together with interest thereon, on the dates and at the rates, respectively, provided in the Liquidity Facilities.

(i) Final Drawing Upon Termination Notice. Upon receipt from a Liquidity Provider of a Termination Notice with respect to any Liquidity Facility, the Subordination Agent shall, not later than the date specified in such Termination Notice, in accordance with and to the extent permitted by the terms of such Liquidity Facility, request a drawing under such Liquidity Facility of all available and undrawn amounts thereunder (a "Final Drawing"). Amounts drawn pursuant to a Final Drawing shall be maintained and invested in accordance with Section 3.6(f) hereof.

(j) Reduction or Increase of Maximum Stated Amount. Promptly following each date on which the Required Amount of the Liquidity Facilities for a Class of Certificates is (i) reduced as a result of a reduction in the Pool Balance with respect to such Certificates, (ii) increased as a result of an increase in the Stated Interest Rate or (iii) subsequent to such an increase, reduced pursuant to the definition of "Stated Interest Rate", the Subordination Agent shall, if any such Liquidity Facility provides for reductions of the Maximum Stated Amount of such Liquidity Facility and if such reductions are not automatic, request such Liquidity Provider for such Class of Certificates to reduce such Maximum Stated Amount to an amount equal to its Stated Portion of the Required Amount with respect to such Liquidity Facility (as calculated by the Subordination Agent after giving effect to such payment). Each such request shall be made in accordance with the provisions of the applicable Liquidity Facility.

(k) Relation to Subordination Provisions. Interest Drawings under the Liquidity Facilities and withdrawals from the Cash Collateral Accounts, in each case, in respect of interest on the Certificates of any Class, will be distributed to the Trustee for such Class of Certificates, notwithstanding Sections 3.2, 3.3 and 3.6(h) hereof.

#### ARTICLE IV

##### EXERCISE OF REMEDIES

SECTION 4.1. Directions from the Controlling Party. (a) (i) Following the occurrence and during the continuation of an Indenture Default under any Indenture, the Controlling Party shall direct the Subordination Agent, which in turn shall direct the Loan Trustee under such Indenture, in the exercise of remedies available to the holders of the Equipment Notes issued pursuant to such Indenture, including, without limitation, the ability to vote all such Equipment Notes in favor Accelerating such Equipment Notes in accordance with the provisions of such Indenture. Subject to the Owner Trustees' and the Owner Participants' rights, if any, set forth in the Indentures with respect to Leased Aircraft to purchase the Equipment Notes and the provisions of the next paragraph, if the Equipment Notes issued pursuant to any Indenture have been Accelerated following an Indenture Default with respect thereto, the Controlling Party may sell, assign, contract to sell or otherwise dispose of and deliver all (but not less than all) of such Equipment Notes to any Person at public or private sale, at any

location at the option of the Controlling Party, all upon such terms and conditions as it may reasonably deem advisable in accordance with applicable law.

(ii) Subject to the Owner Trustees' and the Owner Participants' rights, if any, set forth in the Indentures with respect to Leased Aircraft to purchase the Equipment Notes, and notwithstanding the foregoing, so long as any Certificates remain Outstanding, during the period ending on the date which is nine months after the earlier of (x) the Acceleration of the Equipment Notes issued pursuant to any Indenture or (y) the occurrence of a Continental Bankruptcy Event, without the consent of each Trustee, (A) no Aircraft subject to the Lien of such Indenture or such Equipment Notes may be sold if the net proceeds from such sale would be less than the Minimum Sale Price for such Aircraft or such Equipment Notes, and (B) with respect to any Leased Aircraft, the amount and payment dates of rentals payable by Continental under the Lease for such Aircraft may not be adjusted, if, as a result of such adjustment, the discounted present value of all such rentals would be less than 75% of the discounted present value of the rentals payable by Continental under such Lease before giving effect to such adjustment, in each case, using the weighted average interest rate of the Equipment Notes issued pursuant to such Indenture as the discount rate.

(iii) At the request of the Controlling Party, the Subordination Agent may from time to time during the continuance of an Indenture Default (and before the occurrence of a Triggering Event) commission Appraisals with respect to the Aircraft subject to such Indenture.

(iv) After a Triggering Event occurs and any Equipment Note becomes a Non-Performing Equipment Note, the Subordination Agent shall obtain Appraisals with respect to all of the Aircraft (the "LTV Appraisals") as soon as practicable and additional LTV Appraisals on or prior to each anniversary of the date of such initial LTV Appraisals; provided that if the Controlling Party reasonably objects to the appraised value of the Aircraft shown in such LTV Appraisals, the Controlling Party shall have the right to obtain or cause to be obtained substitute LTV Appraisals (including LTV Appraisals based upon physical inspection of the Aircraft).

(b) The Controlling Party shall take such actions as it may reasonably deem most effectual to complete the sale or other disposition of such Aircraft or Equipment Notes. In addition, in lieu of any sale, assignment, contract to sell or other disposition, the Controlling Party may maintain possession of such Equipment Notes and continue to apply monies received in respect of such Equipment Notes in accordance with Article III hereof. In addition, in lieu of such sale, assignment, contract to sell or other disposition, or in lieu of such maintenance of possession, the Controlling Party may, subject to the terms and conditions of the related Indenture, instruct the Loan Trustee under such Indenture to foreclose on the Lien on the related Aircraft.

SECTION 4.2. Remedies Cumulative. Each and every right, power and remedy given to the Trustees, the Liquidity Providers, the Controlling Party or the Subordination Agent

specifically or otherwise in this Agreement shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may, subject always to the terms and conditions hereof, be exercised from time to time and as often and in such order as may be deemed expedient by any Trustee, any Liquidity Provider, the Controlling Party or the Subordination Agent, as appropriate, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by any Trustee, any Liquidity Provider, the Controlling Party or the Subordination Agent in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default or to be an acquiescence therein.

SECTION 4.3. Discontinuance of Proceedings. In case any party to this Agreement (including the Controlling Party in such capacity) shall have instituted any Proceeding to enforce any right, power or remedy under this Agreement by foreclosure, entry or otherwise, and such Proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Person instituting such Proceeding, then and in every such case each such party shall, subject to any determination in such proceedings, be restored to its former position and rights hereunder, and all rights, remedies and powers of such party shall continue as if no such Proceedings had been instituted.

SECTION 4.4. Right of Certificateholders to Receive Payments Not to Be Impaired. Anything in this Agreement to the contrary notwithstanding but subject to each Trust Agreement, the right of any Certificateholder or any Liquidity Provider, respectively, to receive payments hereunder (including without limitation pursuant to Section 2.4, 3.2 or 3.3 hereof) when due, or to institute suit for the enforcement of any such payment on or after the applicable Distribution Date, shall not be impaired or affected without the consent of such Certificateholder or such Liquidity Provider, respectively.

SECTION 4.5. Undertaking for Costs. In any Proceeding for the enforcement of any right or remedy under this Agreement or in any Proceeding against any Controlling Party or the Subordination Agent for any action taken or omitted by it as Controlling Party or Subordination Agent, as the case may be, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. The provisions of this Section do not apply to a suit instituted by the Subordination Agent, a Liquidity Provider or a Trustee or a suit by Certificateholders holding more than 10% of the original principal amount of any Class of Certificates.

## ARTICLE V

## DUTIES OF THE SUBORDINATION AGENT;

## AGREEMENTS OF TRUSTEE

SECTION 5.1. Notice of Indenture Default or Triggering Event. (a) In the event the Subordination Agent shall have actual knowledge of the occurrence of an Indenture Default or a Triggering Event, as promptly as practicable, and in any event within 10 days after obtaining knowledge thereof, the Subordination Agent shall transmit by mail or courier to the Rating Agencies, the Liquidity Providers and the Trustees notice of such Indenture Default or Triggering Event, unless such Indenture Default or Triggering Event shall have been cured or waived. For all purposes of this Agreement, in the absence of actual knowledge on the part of a Responsible Officer, the Subordination Agent shall not be deemed to have knowledge of any Indenture Default or Triggering Event unless notified in writing by one or more Trustees, one or more Liquidity Providers or one or more Certificateholders.

(b) Other Notices. The Subordination Agent will furnish to each Liquidity Provider and Trustee, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and other instruments furnished to the Subordination Agent as registered holder of the Equipment Notes or otherwise in its capacity as Subordination Agent to the extent the same shall not have been otherwise directly distributed to such Liquidity Provider or Trustee, as applicable, pursuant to the express provision of any other Operative Agreement.

SECTION 5.2. Indemnification. The Subordination Agent shall not be required to take any action or refrain from taking any action under Section 5.1 (other than the first sentence thereof) or Article IV hereof unless the Subordination Agent shall have been indemnified (to the extent and in the manner reasonably satisfactory to the Subordination Agent) against any liability, cost or expense (including counsel fees and expenses) which may be incurred in connection therewith. The Subordination Agent shall not be under any obligation to take any action under this Agreement and nothing contained in this Agreement shall require the Subordination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Subordination Agent shall not be required to take any action under Section 5.1 (other than the first sentence thereof) or Article IV hereof, nor shall any other provision of this Agreement be deemed to impose a duty on the Subordination Agent to take any action, if the Subordination Agent shall have been advised by counsel that such action is contrary to the terms hereof or is otherwise contrary to law.

SECTION 5.3. No Duties Except as Specified in Intercreditor Agreement. The Subordination Agent shall not have any duty or obligation to take or refrain from taking any action under, or in connection with, this Agreement, except as expressly provided by the terms of this Agreement; and no implied duties or obligations shall be read into this Agreement against the Subordination Agent. The Subordination Agent agrees that it will, in its individual capacity

and at its own cost and expense (but without any right of indemnity in respect of any such cost or expense under Section 7.1 hereof) promptly take such action as may be necessary to duly discharge all Liens on any of the Trust Accounts or any monies deposited therein which result from claims against it in its individual capacity not related to its activities hereunder or any other Operative Agreement.

SECTION 5.4. Notice from the Liquidity Providers and Trustees. If any Liquidity Provider or Trustee has notice of an Indenture Default or a Triggering Event, such Person shall promptly give notice thereof to all other Liquidity Providers and Trustees and to the Subordination Agent, provided, however, that no such Person shall have any liability hereunder as a result of its failure to deliver any such notice.

#### ARTICLE VI

##### THE SUBORDINATION AGENT

SECTION 6.1. Authorization; Acceptance of Trusts and Duties. Each of the Class A Trustee, the Class B Trustee, the Class C-I Trustee and the Class C-II Trustee hereby designates and appoints the Subordination Agent as the agent and trustee of such Trustee under each applicable Liquidity Facility and authorizes the Subordination Agent to enter into each applicable Liquidity Facility as agent and trustee for such Trustee. Each of the Liquidity Providers and the Trustees hereby designates and appoints the Subordination Agent as the Subordination Agent under this Agreement. WTC hereby accepts the duties hereby created and applicable to it as the Subordination Agent and agrees to perform the same but only upon the terms of this Agreement and agrees to receive and disburse all monies received by it in accordance with the terms hereof. The Subordination Agent shall not be answerable or accountable under any circumstances, except (a) for its own willful misconduct or gross negligence (or ordinary negligence in the handling of funds), (b) as provided in Section 2.2 hereof and (c) for liabilities that may result from the material inaccuracy of any representation or warranty of the Subordination Agent made in its individual capacity in any Operative Agreement. The Subordination Agent shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Subordination Agent, unless it is proved that the Subordination Agent was negligent in ascertaining the pertinent facts.

SECTION 6.2. Absence of Duties. The Subordination Agent shall have no duty to see to any recording or filing of this Agreement or any other document, or to see to the maintenance of any such recording or filing.

SECTION 6.3. No Representations or Warranties as to Documents. The Subordination Agent in its individual capacity does not make nor shall be deemed to have made any representation or warranty as to the validity, legality or enforceability of this Agreement or any other Operative Agreement or as to the correctness of any statement contained in any thereof, except for the representations and warranties of the Subordination Agent, made in its individual capacity, under any Operative Agreement to which it is a party. The Certificateholders, the Trustees and the Liquidity Providers make no representation or warranty hereunder whatsoever.



SECTION 6.4. No Segregation of Monies; No Interest. Any monies paid to or retained by the Subordination Agent pursuant to any provision hereof and not then required to be either distributed to any Trustee or any Liquidity Provider as provided in Articles II and III hereof or deposited into one or more Trust Accounts need not be segregated in any manner except to the extent required by such Articles II and III and by law, and the Subordination Agent shall not (except as otherwise provided in Section 2.2 hereof) be liable for any interest thereon; provided, however, that any payments received or applied hereunder by the Subordination Agent shall be accounted for by the Subordination Agent so that any portion thereof paid or applied pursuant hereto shall be identifiable as to the source thereof.

SECTION 6.5. Reliance; Agents; Advice of Counsel. The Subordination Agent shall not incur liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. As to the Pool Balance of any Trust as of any date, the Subordination Agent may for all purposes hereof rely on a certificate signed by any Responsible Officer of the applicable Trustee, and such certificate shall constitute full protection to the Subordination Agent for any action taken or omitted to be taken by it in good faith in reliance thereon. As to any fact or matter relating to the Liquidity Providers or the Trustees the manner of ascertainment of which is not specifically described herein, the Subordination Agent may for all purposes hereof rely on a certificate, signed by any Responsible Officer of the applicable Liquidity Provider or Trustee, as the case may be, as to such fact or matter, and such certificate shall constitute full protection to the Subordination Agent for any action taken or omitted to be taken by it in good faith in reliance thereon. The Subordination Agent shall assume, and shall be fully protected in assuming, that each of the Liquidity Providers and each of the Trustees are authorized to enter into this Agreement and to take all action to be taken by them pursuant to the provisions hereof, and shall not inquire into the authorization of each of the Liquidity Providers and each of the Trustees with respect thereto. In the administration of the trusts hereunder, the Subordination Agent may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may consult with counsel, accountants and other skilled persons to be selected and retained by it, and the Subordination Agent shall not be liable for the acts or omissions of any agent appointed with due care or for anything done, suffered or omitted in good faith by it in accordance with the advice or written opinion of any such counsel, accountants or other skilled persons.

SECTION 6.6. Capacity in Which Acting. The Subordination Agent acts hereunder solely as agent and trustee herein and not in its individual capacity, except as otherwise expressly provided in the Operative Agreements.

SECTION 6.7. Compensation. The Subordination Agent shall be entitled to reasonable compensation, including expenses and disbursements, for all services rendered hereunder and shall have a priority claim to the extent set forth in Article III hereof on all monies collected hereunder for the payment of such compensation, to the extent that such compensation shall not be paid by others. The Subordination Agent agrees that it shall have no right against

any Trustee or Liquidity Provider for any fee as compensation for its services as agent under this Agreement. The provisions of this Section 6.7 shall survive the termination of this Agreement.

SECTION 6.8. May Become Certificateholder. The institution acting as Subordination Agent hereunder may become a Certificateholder and have all rights and benefits of a Certificateholder to the same extent as if it were not the institution acting as the Subordination Agent.

SECTION 6.9. Subordination Agent Required; Eligibility. There shall at all times be a Subordination Agent hereunder which shall be a corporation organized and doing business under the laws of the United States of America or of any State or the District of Columbia having a combined capital and surplus of at least \$100,000,000 (or the obligations of which, whether now in existence or hereafter incurred, are fully and unconditionally guaranteed by a corporation organized and doing business under the laws of the United States, any State thereof or of the District of Columbia and having a combined capital and surplus of at least \$100,000,000), if there is such an institution willing and able to perform the duties of the Subordination Agent hereunder upon reasonable or customary terms. Such corporation shall be a citizen of the United States and shall be authorized under the laws of the United States or any State thereof or of the District of Columbia to exercise corporate trust powers and shall be subject to supervision or examination by federal, state or District of Columbia authorities. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any of the aforesaid supervising or examining authorities, then, for the purposes of this Section 6.9, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

In case at any time the Subordination Agent shall cease to be eligible in accordance with the provisions of this Section, the Subordination Agent shall resign immediately in the manner and with the effect specified in Section 8.1.

SECTION 6.10. Money to Be Held in Trust. All Equipment Notes, monies and other property deposited with or held by the Subordination Agent pursuant to this Agreement shall be held in trust for the benefit of the parties entitled to such Equipment Notes, monies and other property. All such Equipment Notes, monies or other property shall be held in the Trust Department of the institution acting as Subordination Agent hereunder.

## ARTICLE VII

### INDEMNIFICATION OF SUBORDINATION AGENT

SECTION 7.1. Scope of Indemnification. The Subordination Agent shall be indemnified hereunder to the extent and in the manner described in Section 9.1 of the Participation Agreements and Section 7 of the Note Purchase Agreement. The indemnities contained in such Sections of such agreements shall survive the termination of this Agreement.

## ARTICLE VIII

## SUCCESSOR SUBORDINATION AGENT

SECTION 8.1. Replacement of Subordination Agent; Appointment of Successor. The Subordination Agent may resign at any time by so notifying the Trustees and the Liquidity Providers. The Controlling Party may remove the Subordination Agent for cause by so notifying the Subordination Agent and may appoint a successor Subordination Agent. The Controlling Party shall remove the Subordination Agent if:

- (1) the Subordination Agent fails to comply with Section 6.9 hereof;
- (2) the Subordination Agent is adjudged bankrupt or insolvent;
- (3) a receiver or other public officer takes charge of the Subordination Agent or its property; or
- (4) the Subordination Agent otherwise becomes incapable of acting.

If the Subordination Agent resigns or is removed or if a vacancy exists in the office of Subordination Agent for any reason (the Subordination Agent in such event being referred to herein as the retiring Subordination Agent), the Controlling Party shall promptly appoint a successor Subordination Agent.

A successor Subordination Agent shall deliver (x) a written acceptance of its appointment as Subordination Agent hereunder to the retiring Subordination Agent and (y) a written assumption of its obligations hereunder and under each Liquidity Facility to each party hereto, upon which the resignation or removal of the retiring Subordination Agent shall become effective, and the successor Subordination Agent shall have all the rights, powers and duties of the Subordination Agent under this Agreement. The successor Subordination Agent shall mail a notice of its succession to the Liquidity Providers and the Trustees. The retiring Subordination Agent shall promptly transfer its rights under each of the Liquidity Facilities and all of the property held by it as Subordination Agent to the successor Subordination Agent.

If a successor Subordination Agent does not take office within 60 days after the retiring Subordination Agent resigns or is removed, the retiring Subordination Agent or one or more of the Trustees may petition any court of competent jurisdiction for the appointment of a successor Subordination Agent.

If the Subordination Agent fails to comply with Section 6.9 hereof (to the extent applicable), one or more of the Trustees or one or more of the Liquidity Providers may petition any court of competent jurisdiction for the removal of the Subordination Agent and the appointment of a successor Subordination Agent.

Notwithstanding the foregoing, no resignation or removal of the Subordination Agent shall be effective unless and until a successor has been appointed. No appointment of a

successor Subordination Agent shall be effective unless and until the Rating Agencies shall have delivered a Ratings Confirmation.

#### ARTICLE IX

##### SUPPLEMENTS AND AMENDMENTS

SECTION 9.1. Amendments, Waivers, etc. (a) This Agreement may not be supplemented, amended or modified without the consent of each Trustee (acting, except in the case of any amendment pursuant to Section 3.6(e)(v)(y) hereof, with the consent of holders of Certificates of the related Class evidencing interests in the related Trust aggregating not less than a majority in interest in such Trust or as otherwise authorized pursuant to the relevant Trust Agreement), the Subordination Agent and each Liquidity Provider; provided, however, that this Agreement may be supplemented, amended or modified without the consent of any Trustee if such supplement, modification or amendment cures an ambiguity or inconsistency or does not materially adversely affect such Trustee, the Liquidity Providers or the holders of the related Class of Certificates; provided, further, however, that if such supplement, amendment or modification would (x) directly or indirectly modify or supersede, or otherwise conflict with, Section 2.2(b), Section 3.6(e), Section 3.6(f)(other than the last sentence thereof), or the second sentence of Section 10.6 (collectively, together with this proviso, the "Continental Provisions") or (y) otherwise adversely affect the interests of a potential Replacement Liquidity Provider or of Continental with respect to its payment obligations under any Lease or Owned Aircraft Indenture, then such supplement, amendment or modification shall not be effective without the additional written consent of Continental. Notwithstanding the foregoing, without the consent of each Certificateholder and each Liquidity Provider, no supplement, amendment or modification of this Agreement may (i) reduce the percentage of the interest in any Trust evidenced by the Certificates issued by such Trust necessary to consent to modify or amend any provision of this Agreement or to waive compliance therewith or (ii) modify Section 2.4, 3.2 or 3.3 hereof, relating to the distribution of monies received by the Subordination Agent hereunder from the Equipment Notes or pursuant to the Liquidity Facilities. Nothing contained in this Section shall require the consent of a Trustee at any time following the payment of Final Distributions with respect to the related Class of Certificates.

(b) In the event that the Subordination Agent, as the registered holder of any Equipment Notes, receives a request for its consent to any amendment, modification, consent or waiver under such Equipment Notes, the Indenture pursuant to which such Equipment Notes were issued, or the Lease, Participation Agreement or other related document, (i) if no Indenture Default shall have occurred and be continuing, the Subordination Agent shall request instructions from the applicable Trustee(s) and shall vote or consent in accordance with the directions of such Trustee(s) (in the case of each such Trustee, with respect to the Equipment Notes held in such Trust) constituting, in the aggregate, directions with respect to the requisite principal amount of Equipment Notes under such Indenture and (ii) if any Indenture Default (which, in the case of any Indenture pertaining to a Leased Aircraft, has not been cured by the applicable Owner Trustee or the applicable Owner Participant, if applicable, pursuant to Section 4.03 of such Indenture) shall have occurred and be continuing with respect to such Indenture, the

Subordination Agent will exercise its voting rights as directed by the Controlling Party, subject to Sections 4.1 and 4.4 hereof; provided that no such amendment, modification or waiver shall, without the consent of each Liquidity Provider, reduce the amount of rent, supplemental rent or stipulated loss values payable by Continental under any Lease or reduce the amount of principal or interest payable by Continental under any Equipment Note issued under any Indenture in respect of an Owned Aircraft.

SECTION 9.2. Subordination Agent Protected. If, in the reasonable opinion of the institution acting as the Subordination Agent hereunder, any document required to be executed pursuant to the terms of Section 9.1 affects any right, duty, immunity or indemnity with respect to it under this Agreement or any Liquidity Facility, the Subordination Agent may in its discretion decline to execute such document.

SECTION 9.3. Effect of Supplemental Agreements. Upon the execution of any amendment, consent or supplement hereto pursuant to the provisions hereof, this Agreement shall be and be deemed to be and shall be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Agreement of the parties hereto and beneficiaries hereof shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental agreement shall be and be deemed to be and shall be part of the terms and conditions of this Agreement for any and all purposes. In executing or accepting any supplemental agreement permitted by this Article IX, the Subordination Agent shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel stating that the execution of such supplemental agreement is authorized or permitted by this Agreement.

SECTION 9.4. Notice to Rating Agencies. Promptly following its receipt of each amendment, consent, modification, supplement or waiver contemplated by this Article IX, the Subordination Agent shall send a copy thereof to each Rating Agency.

#### ARTICLE X

##### MISCELLANEOUS

SECTION 10.1. Termination of Intercreditor Agreement. Following payment of Final Distributions with respect to each Class of Certificates and the payment in full of all Liquidity Obligations to the Liquidity Providers and provided that there shall then be no other amounts due to the Certificateholders, the Trustees, the Liquidity Providers and the Subordination Agent hereunder or under the Trust Agreements, and that the commitment of the Liquidity Providers under the Liquidity Facilities shall have expired or been terminated, this Agreement and the trusts created hereby shall terminate and this Agreement shall be of no further force or effect. Except as aforesaid or otherwise provided, this Agreement and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof.

SECTION 10.2. Intercreditor Agreement for Benefit of Trustees, Liquidity Providers and Subordination Agent. Subject to the second sentence of Section 10.6 and the

provisions of Section 4.4, nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the Trustees, the Liquidity Providers and the Subordination Agent any legal or equitable right, remedy or claim under or in respect of this Agreement.

SECTION 10.3. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents, waivers or documents provided or permitted by this Agreement to be made, given, furnished or filed shall be in writing, mailed by certified mail, postage prepaid, or by confirmed telecopy and

(i) if to the Subordination Agent, addressed to at its office at:

WILMINGTON TRUST COMPANY  
One Rodney Square  
1100 N. Market Street  
Wilmington, DE 19890-0001  
Attention: Corporate Trust Trustee Administration  
Telecopy: (302) 651-8882

(ii) if to any Trustee, addressed to it at its office at:

WILMINGTON TRUST COMPANY  
One Rodney Square  
1100 N. Market Street  
Wilmington, DE 19890-0001  
Attention: Corporate Trust Trustee Administration  
Telecopy: (302) 651-8882

(iii) if to ABN AMRO as any Liquidity Provider, addressed to it at its office at:

ABN AMRO BANK N.V.  
Aerospace Department  
135 South LaSalle Street, #760  
Chicago, IL 60674-9135

Attention: Lukas van der Hoef  
Telephone: (312) 904-2900  
Telecopy: (312) 606-8428

with a copy to:

ABN AMRO Bank N.V.  
135 South LaSalle St., #625  
Chicago, IL 60674-9135

Attention: Loan Operations  
Telephone: (312) 904-2836  
Telecopy: (312) 606-8428

(iv) if to ING as any Liquidity Provider, addressed to it at its office at:

ING BANK N.V.  
Department of Bankgarantie Zaken-Juridische Zaken  
Location code HG 01.06  
P.O. Box 1800  
1000 B.V. Amsterdam

by courier:  
Amsterdamse Poort  
Bijlmer plein 888  
1102 MG Amsterdam  
The Netherlands

Telephone: 011-31-20-652-3260  
Telecopy: 011-31-20-652-3235

with a copy to:

ING Lease (Ireland) B.V.  
49 St. Stephen's Green  
Dublin 2, Ireland

Telephone: 011-353-1-662-2211  
Telecopy: 011-353-1-662-2240

Whenever any notice in writing is required to be given by any Trustee or Liquidity Provider or the Subordination Agent to any of the other of them, such notice shall be deemed given and such requirement satisfied when such notice is received. Any party hereto may change the address to which notices to such party will be sent by giving notice of such change to the other parties to this Agreement.

SECTION 10.4. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10.5. No Oral Modifications or Continuing Waivers. No terms or provisions of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party or other Person against whom enforcement of the change, waiver, discharge or termination is sought and any other party or other Person whose

consent is required pursuant to this Agreement and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

SECTION 10.6. Successors and Assigns. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, each of the parties hereto and the successors and assigns of each, all as herein provided. In addition, the Continental Provisions shall inure to the benefit of Continental and its successors and assigns, and (without limitation of the foregoing) Continental is hereby constituted, and agreed to be, an express third party beneficiary of the Continental Provisions. Upon the occurrence of the Transfers contemplated by the Assignment and Assumption Agreements, the Trustee of each Class shall (without any further act) be deemed to have transferred all of its rights, title and interest in and to this Agreement to the trustee of the Successor Trust of the same Class and, thereafter, the trustee of each Successor Trust shall be deemed to be the "Trustee" of such Successor Trust with the rights and obligations of a "Trustee" hereunder and under the other Operative Agreements and each reference to a Trust of any Class herein shall be deemed a reference to the Successor Trust of such Class.

SECTION 10.7. Headings. The headings of the various Articles and Sections herein and in the table of contents hereto are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 10.8. Counterpart Form. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same agreement.

SECTION 10.9. Subordination. (a) As between the Liquidity Providers, on the one hand, and the Trustees and the Certificateholders, on the other hand, this Agreement shall be a subordination agreement for purposes of Section 510 of the United States Bankruptcy Code, as amended from time to time.

(b) Notwithstanding the provisions of this Agreement, if prior to the payment in full to the Liquidity Providers of all Liquidity Obligations then due and payable, any party hereto shall have received any payment or distribution in respect of Equipment Notes or any other amount under the Indentures or other Operative Agreements which, had the subordination provisions of this Agreement been properly applied to such payment, distribution or other amount, would not have been distributed to such Person, then such payment, distribution or other amount shall be received and held in trust by such Person and paid over or delivered to the Subordination Agent for application as provided herein.

(c) If any Trustee, any Liquidity Provider or the Subordination Agent receives any payment in respect of any obligations owing hereunder (or, in the case of the Liquidity Providers, in respect of the Liquidity Obligations), which is subsequently invalidated, declared preferential, set aside and/or required to be repaid to a trustee, receiver or other party, then, to the extent of such payment, such obligations (or, in the case of the Liquidity Providers, such Liquidity Obligations) intended to be satisfied shall be revived and continue in full force and effect as if such payment had not been received.



(d) The Trustees (on behalf of themselves and the holders of Certificates), the Liquidity Providers and the Subordination Agent confirm that the payment priorities specified in Sections 2.4, 3.2 and 3.3 shall apply in all circumstances, notwithstanding the fact that the obligations owed to the Trustees and the holders of Certificates are secured by certain assets and the Liquidity Obligations may not be so secured. The Trustees expressly agree (on behalf of themselves and the holders of Certificates) not to assert priority over the holders of Liquidity Obligations due to their status as secured creditors in any bankruptcy, insolvency or other legal proceeding.

(e) Each of the Trustees (on behalf of themselves and the holders of Certificates), the Liquidity Providers and the Subordination Agent may take any of the following actions without impairing its rights under this Agreement:

(i) obtain a Lien on any property to secure any amounts owing to it hereunder, including, in the case of the Liquidity Providers, the Liquidity Obligations,

(ii) obtain the primary or secondary obligation of any other obligor with respect to any amounts owing to it hereunder, including, in the case of the Liquidity Providers, any of the Liquidity Obligations,

(iii) renew, extend, increase, alter or exchange any amounts owing to it hereunder, including, in the case of the Liquidity Providers, any of the Liquidity Obligations, or release or compromise any obligation of any obligor with respect thereto,

(iv) refrain from exercising any right or remedy, or delay in exercising such right or remedy, which it may have, or

(v) take any other action which might discharge a subordinated party or a surety under applicable law;

provided, however, that the taking of any such actions by any of the Trustees, the Liquidity Providers or the Subordination Agent shall not prejudice the rights or adversely affect the obligations of any other party under this Agreement.

SECTION 10.10. GOVERNING LAW. THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

SECTION 10.11. Submission to Jurisdiction; Waiver of Jury Trial; Waiver of Immunity.

(a) Each of the parties hereto hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Agreement or any other Operative Agreement, or for recognition and enforcement

of any judgment in respect hereof or thereof, to the nonexclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and the appellate courts from any thereof;

(ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form and mail), postage prepaid, to each party hereto at its address set forth in Section 10.3 hereof, or at such other address of which the other parties shall have been notified pursuant thereto; and

(iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(b) EACH OF THE PARTIES HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE RELATIONSHIP THAT IS BEING ESTABLISHED, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each of the parties warrants and represents that it has reviewed this waiver with its legal counsel, and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, AND CANNOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

(c) The Liquidity Provider hereby waives any immunity it may have from the jurisdiction of the courts of the United States or of any State and waives any immunity any of its properties located in the United States may have from attachment or execution upon a judgement entered by any such court under the United States Foreign Sovereign Immunities Act of 1976 or any similar successor legislation.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized, as of the day and year first above written, and acknowledge that this Agreement has been made and delivered in the City of New York, and this Agreement has become effective only upon such execution and delivery.

WILMINGTON TRUST COMPANY,  
not in its individual capacity but  
solely as Trustee for each of the  
Trusts

By \_\_\_\_\_  
Name: Bruce Bisson  
Title: Vice President

ABN AMRO BANK N.V.,  
Chicago Branch  
as a Class A Liquidity Provider,  
a Class B Liquidity Provider, a  
Class C-I  
Liquidity Provider and  
a Class C-II Liquidity Provider

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

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

ING BANK N.V.,  
as a Class A Liquidity Provider,  
a Class B Liquidity Provider,  
a Class C-I Liquidity Provider and  
a Class C-II Liquidity Provider

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

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

WILMINGTON TRUST COMPANY,  
not in its individual capacity except  
as expressly set forth herein but  
solely as Subordination Agent and  
trustee

By \_\_\_\_\_  
Name: Bruce Bisson  
Title: Vice President

Exchange and Registration Rights Agreement

Dated as of March 21, 1997

among

Continental Airlines, Inc.

Wilmington Trust Company

as Trustee under

Continental Airlines  
Pass Through Trust, Series 1997-1A-0

Continental Airlines  
Pass Through Trust, Series 1997-1B-0

Continental Airlines  
Pass Through Trust, Series 1997-1C-I-0

Continental Airlines  
Pass Through Trust, Series 1997-1C-II-0

and

Credit Suisse First Boston Corporation,

Morgan Stanley & Co. Incorporated,

Chase Securities Inc.

and

Goldman, Sachs & Co.

## EXCHANGE AND REGISTRATION RIGHTS AGREEMENT

THIS EXCHANGE AND REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into as of March 21, 1997, among Continental Airlines, Inc., a Delaware corporation (the "Company"), Wilmington Trust Company, as trustee under each of the Original Trusts (as defined below), Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co. (collectively, the "Purchasers").

This Agreement is made pursuant to the Certificate Purchase Agreement dated March 12, 1997 among the Company, the Depositary (as defined below), and the Purchasers (the "Purchase Agreement"), which provides that the Trustee will issue and sell \$437,876,000 principal amount of the pass through certificates of the Class A Trust, \$148,333,000 principal amount of the pass through certificates of the Class B Trust, \$111,093,000 principal amount of the pass through certificates of the Class C-I Trust and \$10,000,000 principal amount of the pass through certificates of the Class C-II Trust (the Class A Trust, Class B Trust, Class C-I Trust and Class C-II Trust together, the "Original Trusts" and such pass through certificates of the Original Trusts, together, the "Initial Certificates"), in each case with Escrow Receipts (as defined below) attached thereto. On the Transfer Date (as defined below), and after satisfaction of the conditions set forth in the Pass Through Trust Agreements (as defined below), each of the Original Trusts will transfer and assign all of its assets and rights to a newly-created successor trust with substantially identical terms (together, the "Successor Trusts") and the Initial Certificates will be deemed for all purposes of the Original Trusts and the Successor Trusts to be certificates representing fractional undivided interests in the Successor Trusts and their respective trust properties. In order to induce the Purchasers to enter into the Purchase Agreement, the Company has agreed to provide to the Purchasers and their successors, assigns and direct and indirect transferees the exchange and registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions. The definitions set forth in this Agreement shall apply equally to both singular and plural forms of the terms defined. As used in this Agreement, the following capitalized defined terms shall have the following meanings:

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

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

"Agreement" shall have the meaning set forth in the preamble of this Agreement.

"Business Day" shall mean any day on which the New York Stock Exchange, Inc. is open for trading and banks in The City of New York are open for business; references to "day" shall mean a calendar day.

"Class A Trust" shall mean the Continental Airlines Pass Through Trust, Series 1997-1A-0.

"Class B Trust" shall mean the Continental Airlines Pass Through Trust, Series 1997-1B-0.

"Class C-I Trust" shall mean the Continental Airlines Pass Through Trust, Series 1997-1C-I-0.

"Class C-II Trust" shall mean the Continental Airlines Pass Through Trust, Series 1997-1C-II-0.

"Closing Date" shall mean the Closing Date as defined in the Purchase Agreement.

"Company" shall have the meaning set forth in the preamble of this Agreement and shall include the Company's successors.

"Depositary" shall mean, initially, Credit Suisse First Boston, New York Branch and any replacement or successor therefor appointed in accordance with the Depositary Agreement.

"Depositary Agreement" shall have the meaning set forth in the Purchase Agreement.

"Depository Information" shall mean information relating to the Depository furnished to the Company in writing by the Depository expressly for use in any Exchange Offer Registration Statement or Shelf Registration Statement.

"Deposits" shall have the meaning set forth in the Purchase Agreement.

"DTC" shall mean the Depository Trust Company or any other depository appointed by the Company; provided, however, that any such depository must have an address in the Borough of Manhattan, in The City of New York.

"Equipment Notes" shall mean the equipment notes that are the property of the Trusts.

"Escrow Receipts" shall have the meaning set forth in the Purchase Agreement.

"Exchange Certificates" shall mean the pass through certificates issued under the Pass Through Trust Agreements or the Successor Pass Through Trust Agreements, as the case may be, and otherwise containing terms identical in all material respects to the Initial Certificates (except that, with respect to the Exchange Certificates of each Trust, (i) interest thereon shall accrue as set forth in Section 2(a) hereof, (ii) the transfer restrictions thereon shall be eliminated, (iii) certain provisions relating to an increase in the stated rate of interest thereon shall be eliminated and (iv) such Exchange Certificates shall initially be available only in book-entry form) to be offered to Holders of Initial Certificates in exchange for Initial Certificates pursuant to the Exchange Offer.

"Exchange Offer" shall mean the exchange offer by the Company of Exchange Certificates for Registrable Certificates pursuant to Section 2(a) hereof.

"Exchange Offer Registration" shall mean a registration under the 1933 Act effected pursuant to Section 2(a) hereof.

"Exchange Offer Registration Statement" shall mean a Registration Statement on Form S-4 (or, if applicable, on another appropriate form) filed with the SEC pursuant to Section 2(a) of this Agreement, and all amendments and



supplements to such Registration Statement, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Holders" shall mean each of the Purchasers, for so long as they own any Registrable Certificates, and each of their successors, assigns and direct and indirect transferees who become registered owners of Registrable Certificates.

"Initial Certificates" has the meaning set forth in the preamble of this Agreement.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of outstanding Registrable Certificates; provided that whenever the consent or approval of Holders of a specified percentage of Registrable Certificates is required hereunder, Registrable Certificates held by the Company or any of its "affiliates" (as such term is defined in Rule 405 under the 1933 Act) (other than the Purchasers or subsequent holders of Registrable Certificates if such subsequent holders are deemed to be affiliates solely by reason of their holding of such Registrable Certificates) shall be disregarded in determining whether such consent or approval was given by the Holders of such required percentage or amount.

"NASD" shall mean the National Association of Securities Dealers, Inc.

"Original Trusts" shall have the meaning set forth in the preamble of this Agreement.

"Participating Broker-Dealer" shall have the meaning set forth in Section 3(f) of this Agreement.

"Pass Through Trust Agreements" shall mean each of the Pass Through Trust Agreements relating to the Initial Certificates between the Company and each Trustee, as may be amended from time to time in accordance with the terms thereof.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Prospectus" shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Certificates covered by a Shelf Registration Statement, and by all other amendments and supplements to a prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

"Purchase Agreement" shall have the meaning set forth in the preamble of this Agreement.

"Purchasers" shall have the meaning set forth in the preamble of this Agreement.

"Registrable Certificates" shall mean the Initial Certificates; provided, however, that the Initial Certificates shall cease to be Registrable Certificates when (i) a Shelf Registration Statement with respect to such Initial Certificates shall have been declared effective under the 1933 Act and such Initial Certificates shall have been disposed of pursuant to such Shelf Registration Statement, (ii) such Initial Certificates shall have been sold to the public pursuant to Rule 144 (or any similar provision then in force, but not Rule 144A) under the 1933 Act or may then be sold to the public pursuant to paragraph (k) of said Rule 144 (or any similar provision then in force) by Holders other than "affiliates" or former "affiliates" (as such term is defined in paragraph (a) of Rule 144) of the Company, (iii) such Initial Certificates shall have ceased to be outstanding or (iv) such Initial Certificates have been exchanged for Exchange Certificates upon consummation of the Exchange Offer.

"Registration Default" shall have the meaning set forth in Section 2(b) of this Agreement.

"Registration Event" shall mean the declaration of the effectiveness by the SEC of an Exchange Offer Registration Statement or a Shelf Registration Statement.

"Registration Expenses" shall mean any and all expenses incident to performance of or compliance by the Company and the Trustees with this Agreement, including without

limitation: (i) all SEC, stock exchange or NASD registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state or other securities or blue sky laws and compliance with the rules of the NASD (including reasonable fees and disbursements of counsel for any underwriters or Holders in connection with state or other securities or blue sky qualification of any of the Exchange Certificates or Registrable Certificates), (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto, any underwriting agreements, securities sales agreements and other documents relating to the performance of and compliance with this Agreement, (iv) all rating agency fees, (v) all fees and expenses incurred in connection with the listing, if any, of any of the Registrable Certificates on any securities exchange or exchanges, (vi) all fees and disbursements relating to the qualification of the Pass Through Trust Agreements and the Successor Pass Through Trust Agreements under applicable securities laws, (vii) the fees and disbursements of counsel for the Company and of the independent public accountants of the Company, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, (viii) the fees and expenses of the Trustees, including their counsel, and any escrow agent or custodian, and (ix) any reasonable fees and disbursements of the underwriters, if any, and the reasonable fees and expenses of any special experts retained by the Company in connection with any Registration Statement, in each case as are customarily required to be paid by issuers or sellers of securities, but excluding fees of counsel to the underwriters or the Holders and underwriting discounts and commissions and transfer taxes, if any relating to the sale or disposition of Registrable Certificates by a Holder.

"Registration Statement" shall mean any registration statement of the Company which covers any of the Exchange Certificates or Registrable Certificates pursuant to the provisions of this Agreement, and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"SEC" shall mean the Securities and Exchange Commission, as from time to time constituted or created under the United States Securities Exchange Act of 1934, as amended, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the TIA, then the body performing such duties on such date.

"Shelf Registration" shall mean a registration under the 1933 Act effected pursuant to Section 2(b) hereof.

"Shelf Registration Statement" shall mean a "shelf" registration statement of the Company pursuant to the provisions of Section 2(b) of this Agreement which covers some or all of the Registrable Certificates on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Staff" shall mean the Staff of the Division of Corporation Finance of the SEC.

"Successor Pass Through Trust Agreements" shall mean each of the Successor Pass Through Trust Agreements entered into on the date hereof between the Company and each Trustee forming the Successor Trusts, as may be amended from time to time in accordance with the terms thereof.

"Successor Trusts" shall have the meaning set forth in the preamble of this Agreement.

"TIA" shall have the meaning set forth in Section 3(1) of this Agreement.

"Transfer Date" shall have the meaning set forth in the Purchase Agreement.

"Trustees" shall mean the trustees under the Pass Through Trust Agreements or the Successor Pass Through Trust Agreements, as the case may be.

"Trusts" shall mean the Class A Trust, the Class B Trust, the Class C-I Trust and the Class C-II Trust, or the Successor Trusts, as the case may be.

2. Registration under the 1933 Act. (a) Exchange Offer Registration. To the extent not prohibited by any applicable law or applicable interpretation of the Staff, the Company shall use its best efforts (A) to file with the SEC within 120 days after the Closing Date an Exchange Offer Registration Statement covering the offer by the Company to the Holders to exchange all of the Registrable Certificates for Exchange Certificates, (B) to cause such Exchange Offer Registration Statement to be declared effective by the SEC within 180 days after the Closing Date, (C) to cause such Registration Statement to remain effective until the closing of the Exchange Offer and (D) to consummate the Exchange Offer within 210 days after the Closing Date. Upon the effectiveness of the Exchange Offer Registration Statement, the Company shall promptly commence the Exchange Offer, it being the objective of such Exchange Offer to enable each Holder (other than Participating Broker-Dealers) eligible and electing to exchange Registrable Certificates for Exchange Certificates (assuming that such Holder is not an affiliate of the Company within the meaning of Rule 405 under the 1933 Act, acquires the Exchange Certificates in the ordinary course of such Holder's business and has no arrangements or understandings with any person to participate in the Exchange Offer for the purpose of distributing the Exchange Certificates) to trade such Exchange Certificates from and after their receipt without any limitations or restrictions under the 1933 Act and without material restrictions under the securities laws of a substantial proportion of the several states of the United States.

In connection with the Exchange Offer, the Company shall or shall cause the Trustees to:

(i) mail to each Holder a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(ii) keep the Exchange Offer open for not less than 30 days after the date notice thereof is mailed to the Holders (or longer if required by applicable law);

(iii) use the services of DTC for the Exchange Offer with respect to Initial Certificates evidenced by global certificates;

(iv) permit Holders to withdraw tendered Registrable Certificates at any time prior to the close of business, New York City time, on the last Business Day on which the Exchange Offer shall remain open, by sending to the institution specified in the notice, a telegram, telex, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Certificates delivered for exchange, and a statement that such Holder is withdrawing its election to have such Registrable Certificates exchanged;

(v) use its best efforts to ensure that (i) any Exchange Offer Registration Statement and any amendment thereto and any Prospectus forming part thereof and any supplement thereto complies in all material respects with the 1933 Act and the rules and regulations thereunder, (ii) any Exchange Offer Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any Prospectus forming part of any Exchange Offer Registration Statement, and any supplement to such Prospectus (as amended or supplemented from time to time), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading; and

(vi) otherwise comply in all respects with all applicable laws relating to the Exchange Offer.

As soon as practicable after the close of the Exchange Offer, the Company shall or shall cause the Trustees to:

(i) accept for exchange Registrable Certificates duly tendered and not validly withdrawn pursuant to the Exchange Offer in accordance with the terms of the Exchange Offer Registration Statement and the letter of transmittal which is an exhibit thereto;

(ii) cancel or cause to be canceled all Registrable Certificates so accepted for exchange by the Company; and

(iii) promptly cause to be authenticated and delivered Exchange Certificates to each Holder of Registrable Certificates equal in amount to the Registrable Certificates of such Holder so accepted for exchange.

Interest on each Exchange Certificate will accrue from the last date on which interest was paid on the Registrable Certificates surrendered in exchange therefor or, if no interest has been paid on the Registrable Certificates, from the Closing Date. The Exchange Offer shall not be subject to any conditions, other than that the Exchange Offer, or the making of any exchange by a Holder, does not violate applicable law or any applicable interpretation of the Staff. Each Holder of Registrable Certificates (other than Participating Broker-Dealers) who wishes to exchange such Registrable Certificates for Exchange Certificates in the Exchange Offer shall represent that (i) it is not an "affiliate" of the Company within the meaning of Rule 405 under the 1933 Act, (ii) any Exchange Certificates to be received by it were acquired in the ordinary course of business and (iii) it has no arrangement with any Person to participate in the distribution (within the meaning of the 1933 Act) of the Exchange Certificates.

(b) Shelf Registration. (i) If, because of any change in law or applicable interpretations thereof by the Staff, the Company is not permitted to effect the Exchange Offer as contemplated by Section 2(a) hereof, or (ii) if for any other reason the Exchange Offer Registration Statement is not declared effective within 180 days after the Closing Date or the Exchange Offer is not consummated within 210 days after the Closing Date (a "Registration Default"), or (iii) if any Holder (other than a Purchaser) is not eligible to participate in the Exchange Offer or (iv) upon the request of any Purchaser (with respect to any Registrable Certificates which it acquired directly from the Company) following the consummation of the Exchange Offer if such Purchaser shall hold Registrable Certificates which it acquired directly from the Company and if such Purchaser is not permitted, in the opinion of counsel to such Purchaser, pursuant to applicable law or applicable interpretation of the Staff to participate in the Exchange Offer, the Company shall, at its cost:

(A) as promptly as practicable, file with the SEC a Shelf Registration Statement relating to the offer and sale of the Registrable Certificates by the Holders from time to time in accordance with the methods of distribution elected by the Majority Holders of such Registrable Certificates and set forth in such Shelf Registration Statement, and use its best efforts to cause such Shelf Registration Statement to be declared effective by the SEC by the 180th day after the Closing Date (or promptly in the event of a request by any Holder pursuant to clause (iii) above or any Purchaser pursuant to clause (iv) above). In the event that the Company is required to file a Shelf Registration Statement upon the request of any Holder (other than a Purchaser) not eligible to participate in the Exchange Offer pursuant to clause (iii) above or upon the request of any Purchaser pursuant to clause (iv) above, the Company shall file and have declared effective by the SEC both an Exchange Offer Registration Statement pursuant to Section 2(a) with respect to all Registrable Certificates and a Shelf Registration Statement (which may be a combined Registration Statement with the Exchange Offer Registration Statement) with respect to offers and sales of Registrable Certificates held by such Holder or such Purchaser after completion of the Exchange Offer. If the Company files a Shelf Registration Statement pursuant to Section 2(b)(i) or (ii) hereof, the Company will no longer be required to effect the Exchange Offer;

(B) use its best efforts to keep the Shelf Registration Statement continuously effective, in order to permit the Prospectus forming part thereof to be usable by Holders, until the end of the period referred to in Rule 144(k) (or one year from the Closing Date if such Shelf Registration Statement is filed upon the request of any Purchaser pursuant to clause (iv) above) or such shorter period as shall end when all of the Registrable Certificates covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement; and

(C) notwithstanding any other provisions hereof, use its best efforts to ensure that (i) any Shelf Registration Statement and any amendment thereto and any Prospectus forming part thereof and any supplement thereto complies in all material respects with the 1933 Act and the rules and regulations thereunder, (ii) any Shelf Registration Statement and any amendment thereto does not, when it



becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any Prospectus forming part of any Shelf Registration Statement, and any supplement to such Prospectus (as amended or supplemented from time to time), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading.

The Company further agrees, if necessary, to supplement or amend the Shelf Registration Statement if reasonably requested by the Majority Holders with respect to information relating to the Holders and otherwise as required by Section 3(b) below, to use all reasonable efforts to cause any such amendment to become effective and such Shelf Registration Statement to become usable as soon as practicable thereafter and to furnish to the Holders of Registrable Certificates copies of any such supplement or amendment promptly after its being used or filed with the SEC.

The Company shall be allowed a period of five days, beginning on the first day a Registration Default occurs, to cure such Registration Default before the Company will be required to comply with the requirements of Section 2(b).

(c) Expenses. The Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2(a) or 2(b) and, in the case of any Shelf Registration Statement, will reimburse the Holders or Purchasers for the reasonable fees and disbursements of one firm or counsel designated in writing by the Majority Holders to act as counsel for the Holders of the Registrable Certificates in connection therewith. Each Holder shall pay all expenses of its counsel, other than as set forth in the preceding sentence, underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Certificates pursuant to the Shelf Registration Statement.

(d) Effective Registration Statement. (i) The Company will be deemed not to have used its best efforts to cause the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, to become, or to remain, effective during the requisite period if the Company voluntarily takes any action that would result in any such

Registration Statement not being declared effective or in the Holders of Registrable Certificates covered thereby not being able to exchange or offer and sell such Registrable Certificates during that period unless (A) such action is required by applicable law or (B) such action is taken by the Company in good faith and for valid business reasons (not including avoidance of the Company's obligations hereunder), including, without limitation, the acquisition or divestiture of assets, so long as the Company promptly complies with the requirements of Section 3(j) hereof, if applicable.

(ii) An Exchange Offer Registration Statement pursuant to Section 2(a) hereof or a Shelf Registration Statement pursuant to Section 2(b) hereof will not be deemed to have become effective unless it has been declared effective by the SEC; provided, however, that if, after it has been declared effective, the offering of Registrable Certificates pursuant to a Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have been effective during the period of such interference, until the offering of Registrable Certificates pursuant to such Registration Statement may legally resume.

(e) Increase in Interest Rate. In the event that no Registration Event has occurred on or prior to the 210th day after the Closing Date, the interest rate per annum payable in respect of the Initial Certificates shall be increased by 0.50%, effective from and including such 210th day, to but excluding the earlier of (i) the date on which a Registration Event occurs and (ii) the date on which there cease to be any Registrable Certificates, which additional interest shall be paid through a combination of an increase in the interest rate per annum borne by the Equipment Notes of 0.50% and, if applicable, an increase in the interest rate per annum payable on the Deposits of 0.50% pursuant to the Depositary Agreements. In the event that the Shelf Registration Statement ceases to be effective at any time during the period specified by Section 2(b)(B) hereof for more than 60 days, whether or not consecutive, during any 12-month period, the interest rate payable in respect of the Initial Certificates shall be increased by 0.50% per annum from the 61st day of the applicable 12-month period such Shelf Registration Statement ceases to be effective until such time as the Shelf Registration Statement again becomes effective (or, if earlier, the end of the period specified by Section 2(b)(B) hereof), which

additional interest shall be paid through a combination of an increase in the interest rate per annum borne by the Equipment Notes of 0.50% and, if applicable, an increase in the interest rate per annum payable on the Deposits of 0.50% pursuant to the Depositary Agreements.

3. Registration Procedures. In connection with the obligations of the Company with respect to the Registration Statements pursuant to Sections 2(a) and 2(b) hereof, the Company shall:

(a) prepare and file with the SEC a Registration Statement, within the time period specified in Section 2, on the appropriate form under the 1933 Act, which form (i) shall be selected by the Company, (ii) shall, in the case of a Shelf Registration, be available for the sale of the Registrable Certificates by the selling Holders thereof and (iii) shall comply as to form in all material respects with the requirements of the applicable form;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary under applicable law to keep such Registration Statement effective for the applicable period; cause each Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the 1933 Act;

(c) in the case of a Shelf Registration, (i) notify each Holder of Registrable Certificates when a Shelf Registration Statement with respect to the Registrable Certificates has been filed and advise such Holders that the distribution of Registrable Certificates will be made in accordance with the method elected by the Majority Holders; (ii) furnish to each Holder of Registrable Certificates included within the coverage of the Shelf Registration Statement at least one copy of such Shelf Registration Statement and any post-effective amendment thereto, including financial statements and schedules, and, if the Holder so requests in writing, all reports, other documents and exhibits (including those incorporated by reference) at the expense of the Company, (iii) furnish to each Holder of Registrable Certificates included within the coverage of the Shelf Registration Statement, to counsel for the Holders and to each underwriter of an underwritten offering of

Registrable Certificates, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto as such Holder or underwriter may reasonably request in order to facilitate the public sale or other disposition of the Registrable Certificates; and (iv) subject to the last paragraph of Section 3, consent to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of Registrable Certificates included in the Shelf Registration Statement in connection with the offering and sale of the Registrable Certificates covered by the Prospectus or any amendment or supplement thereto;

(d) use its best efforts to register or qualify the Registrable Certificates or cooperate with the Holders of Registrable Certificates and their counsel in the registration or qualification of such Registrable Certificates under all applicable state securities or "blue sky" laws of such jurisdictions as any Holder of Registrable Certificates covered by a Registration Statement and each underwriter of an underwritten offering of Registrable Certificates shall reasonably request in writing to cooperate with the Holders in connection with any filings required to be made with the NASD, and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holders to consummate the disposition in each such jurisdiction of such Registrable Certificates owned by such Holders; provided, however, that in no event shall the Company be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d) or (ii) take any action which would subject it to general service of process or taxation in any such jurisdiction if it is not then so subject;

(e) in the case of a Shelf Registration, notify each Holder of Registrable Certificates promptly and, if requested by such Holder or counsel, confirm such advice in writing promptly (i) when a Shelf Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (ii) of any request by the SEC or any state securities authority for post-effective amendments and supplements to a Shelf Registration Statement and Prospectus or for additional information after the Shelf

Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Shelf Registration Statement or the initiation of any proceedings for that purpose, (iv) at the closing of any sale of Registrable Certificates if, between the effective date of a Shelf Registration Statement and such closing, the representations and warranties of the Company contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to such offering cease to be true and correct in all material respects, (v) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Certificates for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (vi) of the happening of any material event or the discovery of any material facts during the period a Shelf Registration Statement is effective which makes any statement made in such Registration Statement or the related Prospectus untrue or which requires the making of any changes in such Registration Statement or Prospectus in order to make the statements therein (in the case of the Prospectus in light of the circumstances under which they were made) not misleading and (vii) of any determination by the Company that a post-effective amendment to a Registration Statement would be appropriate;

(f) (A) in the case of the Exchange Offer, (i) include in the Exchange Offer Registration Statement a "Plan of Distribution" section covering the use of the Prospectus included in the Exchange Offer Registration Statement by broker-dealers who have exchanged their Registrable Certificates for Exchange Certificates for the resale of such Exchange Certificates, (ii) furnish to each broker-dealer who desires to participate in the Exchange Offer, without charge, as many copies of each Prospectus included in the Exchange Offer Registration Statement, including any preliminary prospectus, and any amendment or supplement thereto, as such broker-dealer may reasonably request, (iii) include in the Exchange Offer Registration Statement a statement that any broker-dealer who holds Registrable Certificates acquired for its own account as a result of market-making activities or other trading activities (a "Participating Broker-Dealer"), and who receives Exchange Certificates for Registrable Certificates pursuant to the

Exchange Offer, may be a statutory underwriter and must deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Certificates, (iv) subject to the last paragraph of Section 3, hereby consent to the use of the Prospectus forming part of the Exchange Offer Registration Statement or any amendment or supplement thereto, by any broker-dealer in connection with the sale or transfer of the Exchange Certificates covered by the Prospectus or any amendment or supplement thereto, and (v) include in the transmittal letter or similar documentation to be executed by an exchange offeree in order to participate in the Exchange Offer (x) the following provision:

"If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Certificates. If the undersigned is a broker-dealer that will receive Exchange Certificates for its own account in exchange for Registrable Certificates, it represents that the Registrable Certificates to be exchanged for Exchange Certificates were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Certificates pursuant to the Exchange Offer; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the 1933 Act"; and

(y) a statement to the effect that by a broker-dealer making the acknowledgment described in subclause (x) and by delivering a Prospectus in connection with the exchange of Registrable Certificates, the broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the 1933 Act; and

(B) to the extent any Participating Broker-Dealer participates in the Exchange Offer, use its best efforts to cause to be delivered at the request of an entity representing the Participating Broker-Dealers (which entity shall be one of the Purchasers, unless it elects not to act

as such representative) only one, if any, "cold comfort" letter with respect to the Prospectus in the form existing on the last date for which exchanges are accepted pursuant to the Exchange Offer and with respect to each subsequent amendment or supplement, if any, effected during the period specified in clause (C) below; and

(C) to the extent any Participating Broker-Dealer participates in the Exchange Offer, use its best efforts to maintain the effectiveness of the Exchange Offer Registration Statement for the 180-day period specified in clause (D) below; and

(D) not be required to amend or supplement the Prospectus contained in the Exchange Offer Registration Statement as would otherwise be contemplated by Section 3(b), or take any other action as a result of this Section 3(f), for a period exceeding 180 days after the last date for which exchanges are accepted pursuant to the Exchange Offer (as such period may be extended by the Company) and Participating Broker-Dealers shall not be authorized by the Company to, and shall not, deliver such Prospectus after such period in connection with resales contemplated by this Section 3;

(g) (A) in the case of an Exchange Offer, furnish counsel for the Purchasers and (B) in the case of a Shelf Registration, furnish counsel for the Holders of Registrable Certificates copies of any request by the SEC or any state securities authority for amendments or supplements to a Registration Statement and Prospectus or for additional information;

(h) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement as soon as practicable and provide immediate notice to each Holder of the withdrawal of any such order;

(i) unless any Registrable Certificates are in book entry form only, in the case of a Shelf Registration, cause the Trustees to cooperate with the selling Holders of Registrable Certificates to facilitate the timely preparation and delivery of certificates representing Registrable Certificates to be sold free from any

restrictive legends; and cause such Registrable Certificates to be in such denominations (consistent with the provisions of the Pass Through Trust Agreements or the Successor Pass Through Trust Agreements, as the case may be) and registered in such names as the selling Holders or the underwriters, if any, may reasonably request at least one Business Day prior to the closing of any sale of Registrable Certificates;

(j) in the case of a Shelf Registration, upon the occurrence of any event or the discovery of any facts, each as contemplated by Sections 2(d)(i)(B) or 3(e)(ii)-(vi) hereof, use its best efforts to prepare a post-effective amendment to a Registration Statement or an amendment or supplement to the related Prospectus or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Certificates, such Prospectus will not contain at the time of such delivery any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company agrees to notify each Holder to suspend use of the Prospectus as promptly as practicable after the occurrence of such an event, and each Holder hereby agrees to suspend use of the Prospectus as promptly as practicable upon receipt of such notice until the Company has amended or supplemented the Prospectus to correct such misstatement or omission, provided that the Company shall cause such suspension not to last more than 30 days per occurrence or more than 60 days in aggregate in a calendar year. At such time as such public disclosure is otherwise made or the Company determines that such disclosure is not necessary, in each case to correct any misstatement of a material fact or to include any omitted material fact, the Company agrees promptly to notify each Holder of such determination and to furnish each Holder such numbers of copies of the Prospectus, as amended or supplemented, as such Holder may reasonably request;

(k) obtain a CUSIP number for all Exchange Certificates, or Registrable Certificates, as the case may be, of each Trust not later than the effective date of an Exchange Offer Registration Statement or Shelf Registration Statement, as the case may be, and provide the Trustees with printed certificates evidencing the Exchange Certificates or



the Registrable Certificates, as the case may be, held in book entry form, in a form eligible for deposit with DTC;

(l) (i) cause the Pass Through Trust Agreements or Successor Pass Through Trust Agreements, as the case may be, to be qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), in connection with the registration of the Exchange Certificates, or Registrable Certificates, as the case may be, (ii) cooperate with the Trustees and the Holders to effect such changes to the Pass Through Trust Agreements or Successor Pass Through Trust Agreements as may be required for the Pass Through Trust Agreements or Successor Pass Through Trust Agreements, as the case may be, to be so qualified in accordance with the terms of the TIA and (iii) execute, and use its best efforts to cause the Trustees to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable the Pass Through Trust Agreements or Successor Pass Through Trust Agreements, as the case may be, to be so qualified in a timely manner;

(m) in the case of a Shelf Registration, enter into such customary agreements (including underwriting agreements in customary form) and take all other customary and appropriate actions (including those reasonably requested by the Holders of a majority in principal amount of Registrable Certificates being sold) in order to expedite or facilitate the disposition of such Registrable Certificates and in such connection whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration:

(i) make such representations and warranties to the Holders of such Registrable Certificates and the underwriters, if any, in form, substance and scope as are customarily made by the Company to underwriters in similar underwritten offerings as may be reasonably requested by them;

(ii) obtain opinions of counsel to the Company (who may be the general counsel of the Company) and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, or if there are no such managing underwriters, to the Holders of a

majority in principal amount of the Registrable Certificates being sold) addressed to each selling Holder and the underwriters, if any, covering the matters customarily covered in opinions requested in sales of securities or underwritten offerings and such other matters as may be reasonably requested by such Holders and underwriters;

(iii) obtain a "cold comfort" letter and updates thereof from the Company's independent certified public accountants addressed to the underwriters, if any, and will use its best efforts to have such letter addressed to the selling Holders of Registrable Certificates, such letter to be in customary form and covering such matters of the type customarily covered in "cold comfort" letters in connection with similar underwritten offerings as the Holders of a majority in principal amount of the Registration Certificates being sold shall request;

(iv) enter into a securities sales agreement with the Holders and an agent of the Holders providing for, among other things, the appointment of such agent for the selling Holders for the purpose of soliciting purchases of Registrable Certificates, which agreement shall be in form, substance and scope customary for similar offerings;

(v) if an underwriting agreement is entered into, cause the same to set forth indemnification provisions and procedures substantially equivalent to the indemnification provisions and procedures set forth in Section 5 hereof with respect to all parties to be indemnified pursuant to said Section; and

(vi) deliver such other documents and certificates as may be reasonably requested by Holders of a majority in principal amount of Registrable Certificates being sold, and as are customarily delivered in similar offerings.

The above shall be done at (i) the effectiveness of such Registration Statement (and, if appropriate, each post-effective amendment thereto) if appropriate in connection with any particular disposition of Registrable Certificates

and (ii) each closing under any underwriting or similar agreement as and to the extent required thereunder. In the case of any underwritten offering, the Company shall provide written notice to the Holders of all Registrable Certificates of such underwritten offering at least 30 days prior to the filing of a prospectus supplement for such underwritten offering. Such notice shall (x) offer each such Holder the right to participate in such underwritten offering, (y) specify a date, which shall be no earlier than 10 days following the date of such notice, by which such Holder must inform the Company of its intent to participate in such underwritten offering and (z) include the instructions such Holder must follow in order to participate in such underwritten offering;

(n) in the case of a Shelf Registration, make available for inspection by representatives of the Holders of the Registrable Certificates and any underwriters participating in any disposition pursuant to a Shelf Registration Statement and any counsel or accountant retained by such Holders or underwriters, all financial and other records, pertinent corporate documents and properties of the Company reasonably requested by it, and cause the respective officers, directors, employees, and any other agents of the Company to make reasonably available all relevant information reasonably requested by any such representative, underwriter, counsel or accountant in connection with a Registration Statement, in each case as is customary for similar due diligence examinations; provided, however, that any information that is designated in writing by the Company, in good faith, as confidential at the time of delivery of such information shall be kept confidential by such representatives, underwriters, counsel or accountant, unless such disclosure is made in connection with a court proceeding or required by law, or such information becomes available to the public generally or through a third party without an accompanying obligation of confidentiality; and provided further that the foregoing inspection and information gathering shall, to the extent reasonably possible, be coordinated on behalf of the Holders and the other parties entitled thereto by one counsel designated by and on behalf of such Holders and other parties;

(o) (i) a reasonable time prior to the filing of any Exchange Offer Registration Statement, any Prospectus forming a part thereof, any amendment to an Exchange Offer Registration Statement or amendment or supplement to a Prospectus, provide copies of such document to the Purchasers, and use its best efforts to reflect in any such document when filed such comments as any of the Purchasers or their counsel may reasonably request; (ii) in the case of a Shelf Registration, a reasonable time prior to filing any Shelf Registration Statement, any Prospectus forming a part thereof, any amendment to such Shelf Registration Statement or amendment or supplement to such Prospectus, provide copies of such document to the Holders of Registrable Certificates, to the Purchasers, to counsel on behalf of the Holders and to the underwriter or underwriters of an underwritten offering of Registrable Certificates, if any, and use its best efforts to reflect such comments in any such document when filed as the Holders of Registrable Certificates, their counsel and any underwriter may reasonably request; and (iii) cause the representatives of the Company to be available for discussion of such document as shall be reasonably requested by the Holders of Registrable Certificates, the Purchasers on behalf of such Holders or any underwriter and shall not at any time make any filing of any such document of which such Holders, the Purchasers on behalf of such Holders, their counsel or any underwriter shall not have previously been advised and furnished a copy or to which such Holders, the Purchasers on behalf of such Holders, their counsel or any underwriter shall reasonably object;

(p) in the case of a Shelf Registration, use its best efforts to cause the Registrable Certificates to be rated with the appropriate rating agencies at the time of effectiveness of such Shelf Registration Statement, unless the Registrable Certificates are already so rated; and

(q) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC and make generally available to its security holders, as soon as reasonably practicable after the effective date of a Registration Statement, an earnings statement which shall satisfy the provisions of Section 11(a) of the 1933 Act and Rule 158 thereunder.

In the case of an Exchange Offer Registration Statement or Shelf Registration Statement, the Company may request the Depositary to furnish to the Company such information regarding the Depositary as the Company may from time to time reasonably request, and the Company may (as a condition to the inclusion of any such information in a Registration Statement) require the Depositary to provide written representations as to the accuracy in all material respects of any such information so furnished.

In the case of a Shelf Registration Statement, the Company may (as a condition to such Holder's participation in the Shelf Registration) require each Holder of Registrable Certificates to furnish to the Company such information regarding such Holder and the proposed distribution by such Holder of such Registrable Certificates as the Company may from time to time reasonably request and the Company may exclude from such registration the Registrable Certificates of any Holder that fails to furnish such information within a reasonable time after receiving such request.

In the case of a Shelf Registration Statement, each Holder agrees that, upon receipt of any notice from the Company of the happening of any event or the discovery of any facts, each of the kind described in Sections 2(d)(i)(B) or 3(e)(ii)-(vi) hereof, such Holder will forthwith discontinue disposition of Registrable Certificates pursuant to such Shelf Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(j) hereof, and, if so directed by the Company, such Holder will deliver to the Company (at the Company's expense) all copies in its possession other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Certificates current at the time of receipt of such notice. If the Company shall give any such notice to suspend the disposition of Registrable Certificates pursuant to a Shelf Registration Statement as a result of the happening of any event or the discovery of any facts, each of the kind described in Sections 2(d)(i)(B) or 3(e)(ii)-(vi) hereof, the Company shall be deemed to have used its best efforts to keep the Shelf Registration Statement effective during such period of suspension provided that the Company shall use its best efforts to file and have declared effective (if an amendment) as soon as practicable an amendment or supplement to the Shelf Registration Statement and shall extend the period during which the Registration Statement shall be maintained effective pursuant to this Agreement by the

number of days during the period from and including the date of the giving of such notice to and including the date when the Holders shall have received copies of the supplemented or amended Prospectus necessary to resume such dispositions.

4. Underwritten Offering. The Holders of Registrable Certificates covered by a Shelf Registration Statement who desire to do so may sell such Registrable Certificates in an underwritten offering. In any such underwritten offering, the investment banker or bankers and manager or managers that will administer the offering will be selected by, and the underwriting arrangements with respect thereto will be approved by, the Holders of a majority of the Registrable Securities to be included in such offering; provided, however, that (i) such investment bankers and managers and underwriting arrangements must be reasonably satisfactory to the Company and (ii) the Company shall not be obligated to arrange for more than one underwritten offering during the period such Shelf Registration Statement is required to be effective pursuant to Section 2(b)(B) hereof. No Holder may participate in any underwritten offering contemplated hereby unless such Holder (a) agrees to sell such Holder's Registrable Certificates in accordance with any approved underwriting arrangements, (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such approved underwriting arrangements and (c) at least 20% of the outstanding Registrable Certificates are included in such underwritten offering. The Holders participating in any underwritten offering shall be responsible for any expenses customarily borne by selling securityholders, including underwriting discounts and commissions and fees and expenses of counsel to the selling securityholders.

5. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each Holder and each person, if any, who controls any Holder within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, from and against all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred by any Holder or any such controlling person in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto) pursuant to which Exchange Certificates or Registrable Certificates were registered under the 1933 Act,

including all documents incorporated therein by reference, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or caused by any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon Depository Information or based upon information relating to any Holder furnished to the Company in writing by any selling Holder expressly for use therein; provided, however, that the foregoing indemnity agreement with respect to any preliminary Prospectus shall not inure to the benefit of any Person from whom the Person asserting any such losses, claims, damages or liabilities purchased Registerable Certificates, or any person controlling such seller, if a copy of the final Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such seller to such purchaser with or prior to the written confirmation of the sale of the Registerable Certificates to such Person, and if the final Prospectus (as so amended or supplemented) would have cured the defect giving rise to such losses, claims, damages or liabilities. In connection with any underwritten offering permitted by Section 4, the Company will also indemnify the underwriters participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of the 1933 Act and the 1934 Act) to the same extent as provided above with respect to the indemnification of the Holders, if requested in connection with any Registration Statement.

(b) Each Holder agrees, severally and not jointly, to indemnify and hold harmless the Company and the other selling Holders, and each of their respective directors, officers who sign the Registration Statement and each Person, if any, who controls the Company and any other selling Holder within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act to the same extent as the foregoing indemnity from the Company to the Holders, but only with reference to information relating to such Holder furnished to the Company in writing by

such Holder expressly for use in any Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto).

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either paragraph (a) or paragraph (b) above, such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Majority Holders in the case of parties indemnified pursuant to paragraph (a) above and by the Company in the case of parties indemnified pursuant to paragraph (b) above. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but, if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested in writing an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected



without its written consent if (i) such settlement is entered into more than 90 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party for such fees and expenses of counsel in accordance with such request prior to the date of such settlement, unless such fees and expenses are being disputed in good faith. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which such indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in paragraph (a) or paragraph (b) of this Section 5 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and of the indemnified party or parties on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company and the Holders shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Holders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Holders' respective obligations to contribute pursuant to this Section 5(d) are several in proportion to the respective aggregate principal amount of Registrable Certificates of such Holder that were registered pursuant to a Registration Statement.

(e) The Company and each Holder agree that it would not be just or equitable if contribution pursuant to this Section 5 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount

paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5, no Holder shall be required to indemnify or contribute any amount in excess of the amount by which the total price at which Registrable Certificates were sold by such Holder exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 5 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

The indemnity and contribution provisions contained in this Section 5 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Holder or any person controlling any Holder, or by or on behalf of the Company, its officers or directors or any person controlling the Company, (iii) acceptance of any of the Exchange Certificates and (iv) any sale of Registrable Certificates pursuant to a Shelf Registration Statement.

6. Miscellaneous. (a) Rule 144 and Rule 144A. For so long as the Company is subject to the reporting requirements of Section 13 or 15 of the 1934 Act, the Company covenants that it will file the reports required to be filed by it under Section 13(a) or 15(d) of the 1934 Act and the rules and regulations adopted by the SEC thereunder, that if it ceases to be so required to file such reports, it will upon the request of any Holder of Registrable Certificates (i) make publicly available such information as is necessary to permit sales pursuant to Rule 144 under the 1933 Act, (ii) deliver such information to a prospective purchaser as is necessary to permit sales pursuant to Rule 144A under the 1933 Act and it will take such further action as any Holder of Registrable Certificates may reasonably request, and (iii) take such further action that is reasonable in the circumstances, in each case, to the extent required from time to

time to enable such Holder to sell its Registrable Certificates without registration under the 1933 Act within the limitation of the exemptions provided by (x) Rule 144 under the 1933 Act, as such Rule may be amended from time to time, (y) Rule 144A under the 1933 Act, as such Rule may be amended from time to time, or (z) any similar rules or regulations hereafter adopted by the SEC. Upon the request of any Holder of Registrable Certificates, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

(b) Other Registration Rights. The Company may grant registration rights that would permit any Person the right to piggyback on any Shelf Registration Statement, provided that if the managing underwriter, if any, of an offering pursuant to such Shelf Registration Statement delivers an opinion of the selling Holders that the total amount of securities which they and the holders of such piggyback rights intend to include in any Shelf Registration Statement materially adversely affects the success of such offering (including the price at which such securities can be sold), then the amount, number or kind of securities to be offered for the account of holders of such piggyback rights will be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount, number or kind recommended by such managing underwriter; and provided further that such piggyback registration rights shall in no event materially adversely affect the interests of any Holder.

(c) Trustees. The Trustees shall take such action as may be reasonably requested by the Company in connection with the Company satisfying its obligations arising under this Agreement.

(d) No Inconsistent Agreements. The Company has not entered into nor will the Company on or after the date of this Agreement enter into any agreement which is inconsistent with the rights granted to the Holders of Registrable Certificates in this Agreement or otherwise conflicts with the provisions hereof.

(e) Amendments and Waivers. Except as otherwise expressly permitted in the Pass Through Trust Agreements or the Successor Pass Through Trust Agreements, the provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding

Registrable Certificates affected by such amendment, modification, supplement, waiver or departure; provided, however, that no amendment, modification, supplement or waiver or consent to any departure from the provisions of Section 5 hereof shall be effective as against any Holder of Registrable Certificates unless consented to in writing by such Holder.

(f) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 6(f), which address initially is, with respect to the Purchasers, the address set forth in the Purchase Agreement; and (ii) if to the Company, initially at the Company's address set forth in the Purchase Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(f).

All such notices and communications shall be deemed to have been duly given; at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next Business Day if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the person giving the same to the Trustees, at the address specified in the Pass Through Trust Agreements or the Successor Pass Through Trust Agreements, as the case may be.

(g) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; provided that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Certificates in violation of the terms hereof or of the Purchase Agreement or the Pass Through Trust Agreements or Successor Pass Through Trust Agreements. If any transferee of any Holder shall acquire Registrable Certificates, in any manner, whether by operation of law or otherwise, such

Registrable Certificates shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Certificates, such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof. Upon the occurrence of the transfers contemplated by the Assignment and Assumption Agreements (as defined in the Pass Through Trust Agreements), the trustee of each Original Trust shall (without any further act) be deemed to have transferred all of its rights, title and interest in and to this Agreement to the trustee of the corresponding Successor Trust and, thereafter, the trustee of each Successor Trust shall be deemed to be the "Trustee" of such Successor Trust with the rights and obligations of a "Trustee" hereunder.

(h) Third Party Beneficiaries. The Holders shall be third party beneficiaries to the agreements made hereunder and to the obligations of the Company hereunder and shall have the right to enforce such agreements and obligations directly to the extent any such Holder deems such enforcement necessary or advisable to protect its rights hereunder.

(i) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(j) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

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

(l) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(m) Termination. This Agreement shall terminate and be of no further force or effect when there shall not be any Registrable Certificates outstanding, except that the provisions of Sections 2(c), 2(e), 5, 6(h) and 6(k) hereof shall survive any such termination.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

CONTINENTAL AIRLINES, INC.

By: -----  
Name:  
Title:

WILMINGTON TRUST COMPANY  
not in its individual capacity  
but solely as Trustee under each  
of the Original Trusts

By: -----  
Name:  
Title:

Confirmed and accepted as of  
the date first above written:

CREDIT SUISSE FIRST BOSTON CORPORATION  
MORGAN STANLEY & CO. INCORPORATED  
CHASE SECURITIES INC.  
GOLDMAN, SACHS & CO.

By: CREDIT SUISSE FIRST  
BOSTON CORPORATION

By: -----  
Name:  
Title:

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DEPOSIT AGREEMENT

(Class A)

Dated as of March 21, 1997

between

FIRST SECURITY BANK, NATIONAL ASSOCIATION

as Escrow Agent

and

CREDIT SUISSE FIRST BOSTON,

New York Branch

as Depositary

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(ii)

DEPOSIT AGREEMENT (Class A) dated as of March 21, 1997 (as amended, modified or supplemented from time to time, this "Agreement") between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, as Escrow Agent under the Escrow and Paying Agent Agreement referred to below (in such capacity, together with its successors in such capacity, the "Escrow Agent"), and CREDIT SUISSE FIRST BOSTON, NEW YORK BRANCH, a banking institution organized under the laws of Switzerland acting through its New York Branch, as depositary bank (the "Depositary").

W I T N E S S E T H

WHEREAS, Continental Airlines, Inc. ("Continental") and Wilmington Trust Company, not in its individual capacity except as otherwise expressly provided therein, but solely as trustee (in such capacity, together with its successors in such capacity, the "Pass Through Trustee") have entered into a Pass Through Trust Agreement dated as of March 21, 1997 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Pass Through Trust Agreement") relating to Continental Airlines Pass Through Trust 1997-1A-0 pursuant to which the Continental Airlines Pass Through Trust, Series 1997-1A-0 Certificates referred to therein (the "Certificates") are being issued;

WHEREAS, Continental and Credit Suisse First Boston Corporation, Morgan Stanley & Co., Incorporated, Chase Securities Inc. and Goldman, Sachs & Co. (collectively, the "Initial Purchasers" and, together with their respective transferees and assigns as registered owners of the Certificates, the "Investors") have entered into a Certificate Purchase Agreement dated as of March 12, 1997 (the "Certificate Purchase Agreement") pursuant to which the Pass Through Trustee will issue and sell the Certificates to the Initial Purchasers;

WHEREAS, Continental, the Pass Through Trustee, certain other pass through trustees and certain other persons concurrently herewith are entering into the Note Purchase Agreement, dated as of the date hereof (the "Note Purchase Agreement"), pursuant to which the Pass Through Trustee has agreed to acquire from time to time on or prior to the Delivery Period Termination Date (as defined in the Note Purchase Agreement) equipment notes (the "Equipment Notes") issued to finance the acquisition of aircraft by Continental, as lessee or as owner, utilizing a portion of the proceeds from the sale of the Certificates (the "Net Proceeds");

WHEREAS, the Escrow Agent, the Initial Purchasers, the Pass Through Trustee and Wilmington Trust Company, as paying agent for the Escrow Agent (in such capacity, together with its successors in such capacity, the "Paying Agent") concurrently herewith are entering into an Escrow and Paying Agent Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Escrow and Paying Agent Agreement"); and

WHEREAS, the Initial Purchasers and the Pass Through Trustee intend that the Net Proceeds be held in escrow by the Escrow Agent on behalf of the Investors pursuant to the Escrow and Paying Agent Agreement, subject to withdrawal upon request of and proper certification by the Pass Through Trustee for the purpose of purchasing Equipment Notes, and

that pending such withdrawal the Net Proceeds be deposited by the Escrow Agent with the Depositary pursuant to this Agreement, which provides for the Depositary to pay interest for distribution to the Investors and to establish accounts from which the Escrow Agent shall make withdrawals upon request of and proper certification by the Pass Through Trustee.

NOW, THEREFORE, in consideration of the obligations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1.1 Acceptance of Depositary. The Depositary hereby agrees to act as depositary bank as provided herein and in connection therewith to accept all amounts to be delivered to or held by the Depositary pursuant to the terms of this Agreement. The Depositary further agrees to hold, maintain and safeguard the Deposits and the Accounts (as defined below) during the term of this Agreement in accordance with the provisions of this Agreement. The Escrow Agent shall not have any right to withdraw, assign or otherwise transfer moneys held in the Accounts except as permitted by this Agreement.

SECTION 1.2 Establishment of Accounts. The Escrow Agent hereby instructs the Depositary, and the Depositary agrees, to establish the separate deposit accounts listed on Schedule I hereto and to establish such additional separate deposit accounts as may be required in connection with the deposits contemplated by Section 2.4 hereof (each, an "Account" and collectively, the "Accounts"), each in the name of the Escrow Agent and all on the terms and conditions set forth in this Agreement.

SECTION 2.1 Deposits. The Escrow Agent shall direct the Initial Purchasers to deposit with the Depositary on the date of this Agreement (the "Deposit Date") in Federal (same day) funds by official check or checks or wire or other transfer to: Credit Suisse First Boston, New York Branch, Reference: Continental 1997-1, and the Depositary shall accept from the Initial Purchasers, on behalf of the Escrow Agent, the sum of US\$437,876,000. Upon acceptance of such sum, the Depositary shall (i) establish each of the deposits specified in Schedule I hereto maturing on the respective dates set forth therein (including any deposit made pursuant to Section 2.4 hereof, individually, a "Deposit" and, collectively, the "Deposits") and (ii) credit each Deposit to the related Account as set forth therein. No amount shall be deposited in any Account other than the related Deposit.

SECTION 2.2 Interest. (a) Each Deposit shall bear interest from and including the date of deposit to but excluding the date of withdrawal at the rate of 7.461% per annum (computed on the basis of a year of twelve 30-day months) payable to the Paying Agent on behalf of the Escrow Agent semi-annually in arrears on each April 1 and October 1, and on the date of the Final Withdrawal (as defined below), commencing on October 1, 1997 (each, an "Interest Payment Date"), all in accordance with the terms of this Agreement (whether or not any such Deposit is withdrawn on an Interest Payment Date). Interest accrued on any Deposit that is withdrawn pursuant to a Notice of Purchase Withdrawal (as defined below) shall be paid on the next Interest Payment Date, notwithstanding any intervening Final Withdrawal (as defined below).

(b) The parties hereto further acknowledge and agree that upon any increase in the rate of interest on the Equipment Notes (as defined in the Pass Through Trust Agreement) (such increase referred to as a "Rate Increase") pursuant to the terms of the Registration Rights Agreement (as defined below), the rate of interest borne by each Deposit in accordance with Section 2.2(a) above shall increase by the amount of such Rate Increase, and upon any subsequent decrease in the rate of interest on the Equipment Notes (such decrease referred to as a "Rate Decrease") pursuant to the terms of the Registration Rights Agreement, the rate of interest borne by such Deposit shall decrease by the amount of such Rate Decrease. For the purposes of this Section 2.2(b), "Registration Rights Agreement" means the Exchange and Registration Rights Agreement dated the date hereof among Continental, the Pass Through Trustee, certain other pass through trustees and the Initial Purchasers.

SECTION 2.3 Withdrawals. (a) On and after the date seven days after the establishment of any Deposit, the Escrow Agent may, by providing at least one Business Day's prior notice of withdrawal to the Depository in the form of Exhibit A hereto (a "Notice of Purchase Withdrawal"), withdraw not less than the entire balance of such Deposit, except that at any time prior to the actual withdrawal of such Deposit, the Escrow Agent or the Pass Through Trustee may, by notice to the Depository, cancel such withdrawal (including on the scheduled date therefor), and thereafter such Deposit shall continue to be maintained by the Depository in accordance with the original terms thereof. Following such withdrawal the balance in the related Account shall be zero and the Depository shall close such Account. As used herein, "Business Day" means any day, other than a Saturday, Sunday or other day on which commercial banks are authorized or required by law to close in New York, New York, Houston, Texas, Wilmington, Delaware or Salt Lake City, Utah.

(b) The Escrow Agent may, by providing at least 20 days' prior notice of withdrawal to the Depository in the form of Exhibit B hereto (a "Notice of Final Withdrawal"), withdraw the entire amount of all of the remaining Deposits together with the payment by the Depository of all accrued and unpaid interest on such Deposits to but excluding the specified date of withdrawal (a "Final Withdrawal"), on such date as shall be specified in such Notice of Final Withdrawal. If a Notice of Final Withdrawal has not been given to the Depository on or before July 6, 1998 and there are unwithdrawn Deposits on such date, the Depository shall pay the amount of the Final Withdrawal to the Paying Agent on July 31, 1998.

(c) If the Depository receives a duly completed Notice of Purchase Withdrawal or Notice of Final Withdrawal complying with the provisions of this Agreement, it shall make the payments specified therein in accordance with the provisions of this Agreement.

SECTION 2.4 Other Accounts. On the date of withdrawal of any Deposit, the Escrow Agent, or the Pass Through Trustee on behalf of the Escrow Agent, shall be entitled to re-deposit with the Depository any portion thereof and the Depository shall accept the same for deposit hereunder. Any sums so received for deposit shall be established as a new Deposit and credited to a new Account, all as more fully provided in Section 2.1 hereof, and thereafter the provisions of this Agreement shall apply thereto as fully and with the same force and effect as if such Deposit had been established on the Deposit Date except that (i) such Deposit may not be

withdrawn prior to the date seven days after the establishment thereof and (ii) such Deposit shall mature on July 31, 1998 and bear interest as provided in Section 2.2. The Depository shall promptly give notice to the Escrow Agent of receipt of each such re-deposit and the Account Number assigned thereto.

SECTION 3. Termination. This Agreement shall terminate on the fifth Business Day after the later of the date on which (i) all of the Deposits shall have been withdrawn and paid as provided herein without any re-deposit and (ii) all accrued and unpaid interest on the Deposits shall have been paid as provided herein, but in no event prior to the date on which the Depository shall have performed in full its obligation hereunder.

SECTION 4. Payments. All payments (including, without limitation, those payments made in respect of Taxes (as defined and provided for below)) made by the Depository hereunder shall be paid in United States Dollars and immediately available funds by wire transfer (i) in the case of accrued interest on the Deposits payable under Section 2.2 hereof or any Final Withdrawal, directly to the Paying Agent at Wilmington Trust Company, Wilmington, DE, ABA# 031- 100-092, Account No. 41605-0, Attention: Monica Henry, Reference: Continental 1997-1A, or to such other account as the Paying Agent may direct from time to time in writing to the Depository and the Escrow Agent and (ii) in the case of any withdrawal of one or more Deposits pursuant to a Notice of Purchase Withdrawal, directly to or as directed by the Pass Through Trustee as specified and in the manner provided in such Notice of Purchase Withdrawal. The Depository hereby waives any and all rights of set-off, combination of accounts, right of retention or similar right (whether arising under applicable law, contract or otherwise) it may have against the Deposits howsoever arising. All payments on or in respect of each Deposit shall be made free and clear of and without reduction for or on account of any and all taxes, levies or other impositions or charges (collectively, "Taxes"). However, if the Depository or the Paying Agent (pursuant to Section 2.04 of the Escrow and Paying Agent Agreement) shall be required by law to deduct or withhold any Taxes from or in respect of any sum payable hereunder, the Depository shall (i) make such deductions or withholding, (ii) pay the full amount deducted or withheld (including in respect of such additional amounts) to the competent taxation authority and (iii) if the Taxes required to be deducted or withheld are imposed by Switzerland or any political subdivision thereof, pay such additional amounts as may be necessary in order that the actual amount received by the designated recipient of such sum under this Agreement or the Escrow and Paying Agent Agreement after such deduction or withholding equals the sum it would have received had no such deduction or withholding been required. If the date on which any payment due on any Deposit would otherwise fall on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day, and no additional interest shall accrue in respect of such extension.

SECTION 5. Representation and Warranties. The Depository hereby represents and warrants to Continental, the Escrow Agent, the Pass Through Trustee and the Paying Agent that:

(a) it is a bank duly organized and validly existing in good standing under the laws of its jurisdiction of organization and is duly qualified to conduct banking business in the State of New York through its New York Branch;

(b) it has full power, authority and legal right to conduct its business and operations as currently conducted and to enter into and perform its obligations under this Agreement;

(c) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of it and do not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of it, and such document has been duly executed and delivered by it and constitutes its legal, valid and binding obligations enforceable against it in accordance with the terms hereof;

(d) no authorization, consent or approval of or other action by, and no notice to or filing with, any United States federal or state governmental authority or regulatory body is required for the execution, delivery or performance by it of this Agreement;

(e) neither the execution, delivery or performance by it of this Agreement, nor compliance with the terms and provisions hereof, conflicts or will conflict with or results or will result in a breach or violation of any of the terms, conditions or provisions of, or will require any consent or approval under, any law, governmental rule or regulation or the charter documents, as amended, or bylaws, as amended, of it or any similar instrument binding on it or any order, writ, injunction or decree of any court or governmental authority against it or by which it or any of its properties is bound or any indenture, mortgage or contract or other agreement or instrument to which it is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or results or will result in the imposition of any lien upon any of its properties; and

(f) there are no pending or, to its knowledge, threatened actions, suits, investigations or proceedings (whether or not purportedly on behalf of it) against or affecting it or any of its property before or by any court or administrative agency which, if adversely determined, (i) would adversely affect the ability of it to perform its obligations under this Agreement or (ii) would call into question or challenge the validity of this Agreement or the enforceability hereof in accordance with the terms hereof, nor is the Depository in default with respect to any order of any court, governmental authority, arbitration board or administrative agency so as to adversely affect its ability to perform its obligations under this Agreement.

SECTION 6. Transfer. Neither party hereto shall be entitled to assign or otherwise transfer this Agreement (or any interest herein) other than (in the case of the Escrow Agent) to a successor escrow agent under the Escrow and Paying Agent Agreement, and any purported assignment in violation thereof shall be void. This Agreement shall be binding upon

the parties hereto and their respective successors and (in the case of the Escrow Agent) permitted assigns. Upon the occurrence of the Transfer (as defined below) contemplated by the Assignment and Assumption Agreement (as defined below), the Pass Through Trustee shall (without further act) be deemed to have transferred all of its right, title and interest in and to this Agreement to the trustee of the Successor Trust (as defined below) and, thereafter, the trustee of the Successor Trust shall be deemed to be the "Pass Through Trustee" hereunder with the rights of the "Pass Through Trustee" hereunder, and each reference herein to "Continental Airlines Pass Through Trust 1997-1A-0" shall be a reference to "Continental Airlines Pass Through Trust 1997-1A-S". The Escrow Agent and the Depository hereby acknowledge and consent to the Transfer contemplated by the Assignment and Assumption Agreement. For the purposes of this Section 6, "Transfer" means the transfer contemplated by the Assignment and Assumption Agreement; "Assignment and Assumption Agreement" means the Assignment and Assumption Agreement to be entered into between the Pass Through Trustee and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Pass Through Trust Agreement; and "Successor Trust" means the Continental Airlines Pass Through Trust 1997-1A-S.

SECTION 7. Amendment, Etc. This Agreement may not be amended, waived or otherwise modified except by an instrument in writing signed by the party against whom the amendment, waiver or other modification is sought to be enforced and by the Pass Through Trustee.

SECTION 8. Notices. Unless otherwise expressly provided herein, any notice or other communication under this Agreement shall be in writing (including by facsimile) and shall be deemed to be given and effective upon receipt thereof. All notices shall be sent to (x) in the case of the Depository, Credit Suisse First Boston, 11 Madison Avenue, New York, NY 10010, Attention Robert Finney and Kevin Kappell (Telecopier: (212) 325-8319) or (y) in the case of the Escrow Agent, First Security Bank, National Association, 79 South Main Street, Salt Lake City, UT 84111, Attention: Corporate Trust Services (Telecopier: (801) 246-5053), in each case, with a copy to the Pass Through Trustee, Wilmington Trust Company, 1100 North Market Street, Wilmington, DE 19890, Attention: Corporate Trust Administration (Telecopier: (302) 651-8882) and to Continental, Continental Airlines, Inc., 2929 Allen Parkway, Suite 2010, Houston, TX 77019, Attention: Executive Vice President and Chief Financial Officer (Telecopier: (713) 520-6329) (or at such other address as any such party may specify from time to time in a written notice to the parties hereto). On or prior to the execution of this Agreement, the Escrow Agent has delivered to the Depository a certificate containing specimen signatures of the representatives of the Escrow Agent who are authorized to give notices and instructions with respect to this Agreement. The Depository may conclusively rely on such certificate until the Depository receives written notice from the Escrow Agent to the contrary.

SECTION 9. Obligations Unconditional. The Depository hereby acknowledges and agrees that its obligation to repay each Deposit together with interest thereon as provided herein is absolute, irrevocable and unconditional and constitutes a full recourse obligation of the Depository enforceable against it to the full extent of all of its assets and properties.

SECTION 10. Entire Agreement. This Agreement (including all attachments hereto) sets forth all of the promises, covenants, agreements, conditions and understandings between the Depository and the Escrow Agent with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and undertakings, inducements or conditions, express or implied, oral or written.

SECTION 11. Governing Law. This Agreement, and the rights and obligations of the Depository and the Escrow Agent with respect to the Deposits, shall be governed by, and construed in accordance with, the laws of the State of New York and subject to the provisions of Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

SECTION 12. Waiver of Jury Trial Right. EACH OF THE DEPOSITARY AND THE ESCROW AGENT ACKNOWLEDGES AND ACCEPTS THAT IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT SUCH PARTY IRREVOCABLY WAIVES ITS RIGHT TO A TRIAL BY JURY.

SECTION 13. Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one instrument.

SECTION 14. Head Office Obligation. Credit Suisse First Boston hereby agrees that the obligations of the Depository hereunder are also the obligations of Credit Suisse First Boston's Head Office in Zurich, Switzerland. Accordingly, any beneficiary of this Agreement will be able to proceed directly against Credit Suisse First Boston's Head Office in Zurich, Switzerland if Credit Suisse First Boston's New York Branch defaults in its obligation to such beneficiary under this Agreement.

SECTION 15. Last Deposit. Notwithstanding anything to the contrary in this Agreement, (i) the last Deposit listed on Schedule I hereto ("Last Deposit") shall not bear interest, but otherwise shall be treated as a "Deposit" for all purposes of this Agreement, (ii) the Escrow Agent may not withdraw any Deposit (other than the Last Deposit) unless the Last Deposit shall have been withdrawn prior to or concurrently with such Deposit and (iii) for so long as the Last Deposit shall not have been withdrawn in accordance with Section 2.3 hereof, the other Deposits shall be deemed to bear additional interest from and including the date hereof to but excluding the date of withdrawal of the Last Deposit in an amount equal to \$4,564.72 per day (computed on the basis of a year of twelve 30-day months).



IN WITNESS WHEREOF, the Escrow Agent and the Depositary have caused this Deposit Agreement to be duly executed as of the day and year first above written.

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
as Escrow Agent

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

CREDIT SUISSE FIRST BOSTON, New York Branch,  
as Depositary

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

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

Schedule of Deposits  
(Class A)

Date -----	Deposit Amount -----	Account No. -----	Maturity Date -----
3/21/97	\$22,058,000	4-97	7/31/98
3/21/97	22,127,700	6-97	7/31/98
3/21/97	44,014,670	7-97	7/31/98
3/21/97	54,677,600	8-97	7/31/98
3/21/97	22,820,600	9-97	7/31/98
3/21/97	22,902,600	10-97	7/31/98
3/21/97	22,992,800	11-97	7/31/98
3/21/97	55,342,441	12-97	7/31/98
3/21/97	96,013,776	1-98	7/31/98
3/21/97	52,900,613	2-98	7/31/98
3/21/97	22,025,200	3-97	7/31/98

NOTICE OF PURCHASE WITHDRAWAL

CREDIT SUISSE FIRST BOSTON  
New York Branch  
11 Madison Avenue  
New York, N.Y. 10010  
Attention: Robert Finney and  
Kevin Kappell  
Telecopier: (212) 325-8319

Gentlemen:

Reference is made to (i) the Deposit Agreement (Class A) dated as of March 21, 1997 (the "Deposit Agreement") between First Security Bank, National Association, as Escrow Agent, and Credit Suisse First Boston, New York Branch, as Depository (the "Depository").

In accordance with Section 2.3(a) of the Deposit Agreement, the undersigned hereby requests the withdrawal of the entire amount of the Deposit, \$\_\_\_\_\_, Account No. \_\_\_\_\_.

The undersigned hereby directs the Depository to pay the proceeds of the Deposit to [\_\_\_\_\_, Account No. \_\_\_\_\_, Reference: \_\_\_\_\_] on \_\_\_\_\_, 199\_, upon the telephonic request of a representative of the Pass Through Trustee.

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
as Escrow Agent

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

Dated: \_\_\_\_\_, 199\_

NOTICE OF FINAL WITHDRAWAL

CREDIT SUISSE FIRST BOSTON  
New York Branch  
11 Madison Avenue  
New York, N.Y. 10010  
Attention: Robert Finney and  
Kevin Kappell  
Telecopier: (212) 325-8319

Gentlemen:

Reference is made to (i) the Deposit Agreement (Class A) dated as of March 21, 1997 (the "Deposit Agreement") between First Security Bank, National Association, as Escrow Agent, and Credit Suisse First Boston, New York Branch, as Depository (the "Depository").

In accordance with Section 2.3(b) of the Deposit Agreement, the undersigned hereby requests the withdrawal of the entire amount of all Deposits.

The undersigned hereby directs the Depository to pay the proceeds of the Deposits and accrued interest thereon to the Paying Agent at Wilmington Trust Company, ABA# 031-100-092, Account No. \_\_\_\_\_, Reference: Continental 1997-1.

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
as Escrow Agent

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

Dated: \_\_\_\_\_, 199  
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DEPOSIT AGREEMENT  
(Class B)

Dated as of March 21, 1997

between

FIRST SECURITY BANK, NATIONAL ASSOCIATION

as Escrow Agent

and

CREDIT SUISSE FIRST BOSTON,  
New York Branch

as Depositary

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DEPOSIT AGREEMENT (Class B) dated as of March 21, 1997 (as amended, modified or supplemented from time to time, this "Agreement") between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, as Escrow Agent under the Escrow and Paying Agent Agreement referred to below (in such capacity, together with its successors in such capacity, the "Escrow Agent"), and CREDIT SUISSE FIRST BOSTON, NEW YORK BRANCH, a banking institution organized under the laws of Switzerland acting through its New York Branch, as depository bank (the "Depository").

W I T N E S S E T H

WHEREAS, Continental Airlines, Inc. ("Continental") and Wilmington Trust Company, not in its individual capacity except as otherwise expressly provided therein, but solely as trustee (in such capacity, together with its successors in such capacity, the "Pass Through Trustee") have entered into a Pass Through Trust Agreement dated as of March 21, 1997 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Pass Through Trust Agreement") relating to Continental Airlines Pass Through Trust 1997-1B-0 pursuant to which the Continental Airlines Pass Through Trust, Series 1997-1B-0 Certificates referred to therein (the "Certificates") are being issued;

WHEREAS, Continental and Credit Suisse First Boston Corporation, Morgan Stanley & Co., Incorporated, Chase Securities Inc. and Goldman, Sachs & Co. (collectively, the "Initial Purchasers" and, together with their respective transferees and assigns as registered owners of the Certificates, the "Investors") have entered into a Certificate Purchase Agreement dated as of March 12, 1997 (the "Certificate Purchase Agreement") pursuant to which the Pass Through Trustee will issue and sell the Certificates to the Initial Purchasers;

WHEREAS, Continental, the Pass Through Trustee, certain other pass through trustees and certain other persons concurrently herewith are entering into the Note Purchase Agreement, dated as of the date hereof (the "Note Purchase Agreement"), pursuant to which the Pass Through Trustee has agreed to acquire from time to time on or prior to the Delivery Period Termination Date (as defined in the Note Purchase Agreement) equipment notes (the "Equipment Notes") issued to finance the acquisition of aircraft by Continental, as lessee or as owner, utilizing a portion of the proceeds from the sale of the Certificates (the "Net Proceeds");

WHEREAS, the Escrow Agent, the Initial Purchasers, the Pass Through Trustee and Wilmington Trust Company, as paying agent for the Escrow Agent (in such capacity, together with its successors in such capacity, the "Paying Agent") concurrently herewith are entering into an Escrow and Paying Agent Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Escrow and Paying Agent Agreement"); and

WHEREAS, the Initial Purchasers and the Pass Through Trustee intend that the Net Proceeds be held in escrow by the Escrow Agent on behalf of the Investors pursuant to the Escrow and Paying Agent Agreement, subject to withdrawal upon request of and proper certification by the Pass Through Trustee for the purpose of purchasing Equipment Notes, and

that pending such withdrawal the Net Proceeds be deposited by the Escrow Agent with the Depositary pursuant to this Agreement, which provides for the Depositary to pay interest for distribution to the Investors and to establish accounts from which the Escrow Agent shall make withdrawals upon request of and proper certification by the Pass Through Trustee.

NOW, THEREFORE, in consideration of the obligations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1.1 Acceptance of Depositary. The Depositary hereby agrees to act as depositary bank as provided herein and in connection therewith to accept all amounts to be delivered to or held by the Depositary pursuant to the terms of this Agreement. The Depositary further agrees to hold, maintain and safeguard the Deposits and the Accounts (as defined below) during the term of this Agreement in accordance with the provisions of this Agreement. The Escrow Agent shall not have any right to withdraw, assign or otherwise transfer moneys held in the Accounts except as permitted by this Agreement.

SECTION 1.2 Establishment of Accounts. The Escrow Agent hereby instructs the Depositary, and the Depositary agrees, to establish the separate deposit accounts listed on Schedule I hereto and to establish such additional separate deposit accounts as may be required in connection with the deposits contemplated by Section 2.4 hereof (each, an "Account" and collectively, the "Accounts"), each in the name of the Escrow Agent and all on the terms and conditions set forth in this Agreement.

SECTION 2.1 Deposits. The Escrow Agent shall direct the Initial Purchasers to deposit with the Depositary on the date of this Agreement (the "Deposit Date") in Federal (same day) funds by official check or checks or wire or other transfer to: Credit Suisse First Boston, New York Branch, Reference: Continental 1997-1, and the Depositary shall accept from the Initial Purchasers, on behalf of the Escrow Agent, the sum of US\$148,333,000. Upon acceptance of such sum, the Depositary shall (i) establish each of the deposits specified in Schedule I hereto maturing on the respective dates set forth therein (including any deposit made pursuant to Section 2.4 hereof, individually, a "Deposit" and, collectively, the "Deposits") and (ii) credit each Deposit to the related Account as set forth therein. No amount shall be deposited in any Account other than the related Deposit.

SECTION 2.2 Interest. (a) Each Deposit shall bear interest from and including the date of deposit to but excluding the date of withdrawal at the rate of 7.461% per annum (computed on the basis of a year of twelve 30-day months) payable to the Paying Agent on behalf of the Escrow Agent semi-annually in arrears on each April 1 and October 1, and on the date of the Final Withdrawal (as defined below), commencing on October 1, 1997 (each, an "Interest Payment Date"), all in accordance with the terms of this Agreement (whether or not any such Deposit is withdrawn on an Interest Payment Date). Interest accrued on any Deposit that is withdrawn pursuant to a Notice of Purchase Withdrawal (as defined below) shall be paid on the next Interest Payment Date, notwithstanding any intervening Final Withdrawal (as defined below).



(b) The parties hereto further acknowledge and agree that upon any increase in the rate of interest on the Equipment Notes (as defined in the Pass Through Trust Agreement) (such increase referred to as a "Rate Increase") pursuant to the terms of the Registration Rights Agreement (as defined below), the rate of interest borne by each Deposit in accordance with Section 2.2(a) above shall increase by the amount of such Rate Increase, and upon any subsequent decrease in the rate of interest on the Equipment Notes (such decrease referred to as a "Rate Decrease") pursuant to the terms of the Registration Rights Agreement, the rate of interest borne by such Deposit shall decrease by the amount of such Rate Decrease. For the purposes of this Section 2.2(b), "Registration Rights Agreement" means the Exchange and Registration Rights Agreement dated the date hereof among Continental, the Pass Through Trustee, certain other pass through trustees and the Initial Purchasers.

SECTION 2.3 Withdrawals. (a) On and after the date seven days after the establishment of any Deposit, the Escrow Agent may, by providing at least one Business Day's prior notice of withdrawal to the Depository in the form of Exhibit A hereto (a "Notice of Purchase Withdrawal"), withdraw not less than the entire balance of such Deposit, except that at any time prior to the actual withdrawal of such Deposit, the Escrow Agent or the Pass Through Trustee may, by notice to the Depository, cancel such withdrawal (including on the scheduled date therefor), and thereafter such Deposit shall continue to be maintained by the Depository in accordance with the original terms thereof. Following such withdrawal the balance in the related Account shall be zero and the Depository shall close such Account. As used herein, "Business Day" means any day, other than a Saturday, Sunday or other day on which commercial banks are authorized or required by law to close in New York, New York, Houston, Texas, Wilmington, Delaware or Salt Lake City, Utah.

(b) The Escrow Agent may, by providing at least 20 days' prior notice of withdrawal to the Depository in the form of Exhibit B hereto (a "Notice of Final Withdrawal"), withdraw the entire amount of all of the remaining Deposits together with the payment by the Depository of all accrued and unpaid interest on such Deposits to but excluding the specified date of withdrawal (a "Final Withdrawal"), on such date as shall be specified in such Notice of Final Withdrawal. If a Notice of Final Withdrawal has not been given to the Depository on or before July 6, 1998 and there are unwithdrawn Deposits on such date, the Depository shall pay the amount of the Final Withdrawal to the Paying Agent on July 31, 1998.

(c) If the Depository receives a duly completed Notice of Purchase Withdrawal or Notice of Final Withdrawal complying with the provisions of this Agreement, it shall make the payments specified therein in accordance with the provisions of this Agreement.

SECTION 2.4 Other Accounts. On the date of withdrawal of any Deposit, the Escrow Agent, or the Pass Through Trustee on behalf of the Escrow Agent, shall be entitled to re-deposit with the Depository any portion thereof and the Depository shall accept the same for deposit hereunder. Any sums so received for deposit shall be established as a new Deposit and credited to a new Account, all as more fully provided in Section 2.1 hereof, and thereafter the provisions of this Agreement shall apply thereto as fully and with the same force and effect as if such Deposit had been established on the Deposit Date except that (i) such Deposit may not be

withdrawn prior to the date seven days after the establishment thereof and (ii) such Deposit shall mature on July 31, 1998 and bear interest as provided in Section 2.2. The Depository shall promptly give notice to the Escrow Agent of receipt of each such re-deposit and the Account Number assigned thereto.

SECTION 3. Termination. This Agreement shall terminate on the fifth Business Day after the later of the date on which (i) all of the Deposits shall have been withdrawn and paid as provided herein without any re-deposit and (ii) all accrued and unpaid interest on the Deposits shall have been paid as provided herein, but in no event prior to the date on which the Depository shall have performed in full its obligation hereunder.

SECTION 4. Payments. All payments (including, without limitation, those payments made in respect of Taxes (as defined and provided for below)) made by the Depository hereunder shall be paid in United States Dollars and immediately available funds by wire transfer (i) in the case of accrued interest on the Deposits payable under Section 2.2 hereof or any Final Withdrawal, directly to the Paying Agent at Wilmington Trust Company, Wilmington, DE, ABA# 031- 100-092, Account No. 41606-0, Attention: Monica Henry, Reference: Continental 1997-1B, or to such other account as the Paying Agent may direct from time to time in writing to the Depository and the Escrow Agent and (ii) in the case of any withdrawal of one or more Deposits pursuant to a Notice of Purchase Withdrawal, directly to or as directed by the Pass Through Trustee as specified and in the manner provided in such Notice of Purchase Withdrawal. The Depository hereby waives any and all rights of set-off, combination of accounts, right of retention or similar right (whether arising under applicable law, contract or otherwise) it may have against the Deposits howsoever arising. All payments on or in respect of each Deposit shall be made free and clear of and without reduction for or on account of any and all taxes, levies or other impositions or charges (collectively, "Taxes"). However, if the Depository or the Paying Agent (pursuant to Section 2.04 of the Escrow and Paying Agent Agreement) shall be required by law to deduct or withhold any Taxes from or in respect of any sum payable hereunder, the Depository shall (i) make such deductions or withholding, (ii) pay the full amount deducted or withheld (including in respect of such additional amounts) to the competent taxation authority and (iii) if the Taxes required to be deducted or withheld are imposed by Switzerland or any political subdivision thereof, pay such additional amounts as may be necessary in order that the actual amount received by the designated recipient of such sum under this Agreement or the Escrow and Paying Agent Agreement after such deduction or withholding equals the sum it would have received had no such deduction or withholding been required. If the date on which any payment due on any Deposit would otherwise fall on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day, and no additional interest shall accrue in respect of such extension.

SECTION 5. Representation and Warranties. The Depository hereby represents and warrants to Continental, the Escrow Agent, the Pass Through Trustee and the Paying Agent that:

(a) it is a bank duly organized and validly existing in good standing under the laws of its jurisdiction of organization and is duly qualified to conduct banking business in the State of New York through its New York Branch;

(b) it has full power, authority and legal right to conduct its business and operations as currently conducted and to enter into and perform its obligations under this Agreement;

(c) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of it and do not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of it, and such document has been duly executed and delivered by it and constitutes its legal, valid and binding obligations enforceable against it in accordance with the terms hereof;

(d) no authorization, consent or approval of or other action by, and no notice to or filing with, any United States federal or state governmental authority or regulatory body is required for the execution, delivery or performance by it of this Agreement;

(e) neither the execution, delivery or performance by it of this Agreement, nor compliance with the terms and provisions hereof, conflicts or will conflict with or results or will result in a breach or violation of any of the terms, conditions or provisions of, or will require any consent or approval under, any law, governmental rule or regulation or the charter documents, as amended, or bylaws, as amended, of it or any similar instrument binding on it or any order, writ, injunction or decree of any court or governmental authority against it or by which it or any of its properties is bound or any indenture, mortgage or contract or other agreement or instrument to which it is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or results or will result in the imposition of any lien upon any of its properties; and

(f) there are no pending or, to its knowledge, threatened actions, suits, investigations or proceedings (whether or not purportedly on behalf of it) against or affecting it or any of its property before or by any court or administrative agency which, if adversely determined, (i) would adversely affect the ability of it to perform its obligations under this Agreement or (ii) would call into question or challenge the validity of this Agreement or the enforceability hereof in accordance with the terms hereof, nor is the Depository in default with respect to any order of any court, governmental authority, arbitration board or administrative agency so as to adversely affect its ability to perform its obligations under this Agreement.

SECTION 6. Transfer. Neither party hereto shall be entitled to assign or otherwise transfer this Agreement (or any interest herein) other than (in the case of the Escrow Agent) to a successor escrow agent under the Escrow and Paying Agent Agreement, and any purported assignment in violation thereof shall be void. This Agreement shall be binding upon

the parties hereto and their respective successors and (in the case of the Escrow Agent) permitted assigns. Upon the occurrence of the Transfer (as defined below) contemplated by the Assignment and Assumption Agreement (as defined below), the Pass Through Trustee shall (without further act) be deemed to have transferred all of its right, title and interest in and to this Agreement to the trustee of the Successor Trust (as defined below) and, thereafter, the trustee of the Successor Trust shall be deemed to be the "Pass Through Trustee" hereunder with the rights of the "Pass Through Trustee" hereunder, and each reference herein to "Continental Airlines Pass Through Trust 1997-1B-0" shall be a reference to "Continental Airlines Pass Through Trust 1997-1B-S". The Escrow Agent and the Depository hereby acknowledge and consent to the Transfer contemplated by the Assignment and Assumption Agreement. For the purposes of this Section 6, "Transfer" means the transfer contemplated by the Assignment and Assumption Agreement; "Assignment and Assumption Agreement" means the Assignment and Assumption Agreement to be entered into between the Pass Through Trustee and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Pass Through Trust Agreement; and "Successor Trust" means the Continental Airlines Pass Through Trust 1997-1B-S.

SECTION 7. Amendment, Etc. This Agreement may not be amended, waived or otherwise modified except by an instrument in writing signed by the party against whom the amendment, waiver or other modification is sought to be enforced and by the Pass Through Trustee.

SECTION 8. Notices. Unless otherwise expressly provided herein, any notice or other communication under this Agreement shall be in writing (including by facsimile) and shall be deemed to be given and effective upon receipt thereof. All notices shall be sent to (x) in the case of the Depository, Credit Suisse First Boston, 11 Madison Avenue, New York, NY 10010, Attention Robert Finney and Kevin Kappell (Telecopier: (212) 325-8319) or (y) in the case of the Escrow Agent, First Security Bank, National Association, 79 South Main Street, Salt Lake City, UT 84111, Attention: Corporate Trust Services (Telecopier: (801) 246-5053), in each case, with a copy to the Pass Through Trustee, Wilmington Trust Company, 1100 North Market Street, Wilmington, DE 19890, Attention: Corporate Trust Administration (Telecopier: (302) 651-8882) and to Continental, Continental Airlines, Inc., 2929 Allen Parkway, Suite 2010, Houston, TX 77019, Attention: Executive Vice President and Chief Financial Officer (Telecopier: (713) 520-6329) (or at such other address as any such party may specify from time to time in a written notice to the parties hereto). On or prior to the execution of this Agreement, the Escrow Agent has delivered to the Depository a certificate containing specimen signatures of the representatives of the Escrow Agent who are authorized to give notices and instructions with respect to this Agreement. The Depository may conclusively rely on such certificate until the Depository receives written notice from the Escrow Agent to the contrary.

SECTION 9. Obligations Unconditional. The Depository hereby acknowledges and agrees that its obligation to repay each Deposit together with interest thereon as provided herein is absolute, irrevocable and unconditional and constitutes a full recourse obligation of the Depository enforceable against it to the full extent of all of its assets and properties.

SECTION 10. Entire Agreement. This Agreement (including all attachments hereto) sets forth all of the promises, covenants, agreements, conditions and understandings between the Depositary and the Escrow Agent with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and undertakings, inducements or conditions, express or implied, oral or written.

SECTION 11. Governing Law. This Agreement, and the rights and obligations of the Depositary and the Escrow Agent with respect to the Deposits, shall be governed by, and construed in accordance with, the laws of the State of New York and subject to the provisions of Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

SECTION 12. Waiver of Jury Trial Right. EACH OF THE DEPOSITARY AND THE ESCROW AGENT ACKNOWLEDGES AND ACCEPTS THAT IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT SUCH PARTY IRREVOCABLY WAIVES ITS RIGHT TO A TRIAL BY JURY.

SECTION 13. Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one instrument.

SECTION 14. Head Office Obligation. Credit Suisse First Boston hereby agrees that the obligations of the Depositary hereunder are also the obligations of Credit Suisse First Boston's Head Office in Zurich, Switzerland. Accordingly, any beneficiary of this Agreement will be able to proceed directly against Credit Suisse First Boston's Head Office in Zurich, Switzerland if Credit Suisse First Boston's New York Branch defaults in its obligation to such beneficiary under this Agreement.

SECTION 15. Last Deposit. Notwithstanding anything to the contrary in this Agreement, (i) the last Deposit listed on Schedule I hereto ("Last Deposit") shall not bear interest, but otherwise shall be treated as a "Deposit" for all purposes of this Agreement, (ii) the Escrow Agent may not withdraw any Deposit (other than the Last Deposit) unless the Last Deposit shall have been withdrawn prior to or concurrently with such Deposit and (iii) for so long as the Last Deposit shall not have been withdrawn in accordance with Section 2.3 hereof, the other Deposits shall be deemed to bear additional interest from and including the date hereof to but excluding the date of withdrawal of the Last Deposit in an amount equal to \$1,558.69 per day (computed on the basis of a year of 12 thirty-day months).

IN WITNESS WHEREOF, the Escrow Agent and the Depositary have caused this Deposit Agreement to be duly executed as of the day and year first above written.

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
as Escrow Agent

By -----  
Name:  
Title:

CREDIT SUISSE FIRST BOSTON, New York Branch,  
as Depositary

By -----  
Name:  
Title:

By -----  
Name:  
Title:

## Schedule I

Schedule of Deposits  
(Class B)

Date -----	Deposit Amount -----	Account No. -----	Maturity Date -----
3/21/97	\$7,532,000	4-97	7/31/98
3/21/97	7,555,800	6-97	7/31/98
3/21/97	14,961,800	7-97	7/31/98
3/21/97	18,670,400	8-97	7/31/98
3/21/97	7,665,755	9-97	7/31/98
3/21/97	7,771,288	10-97	7/31/98
3/21/97	7,851,200	11-97	7/31/98
3/21/97	18,857,650	12-97	7/31/98
3/21/97	31,882,284	1-98	7/31/98
3/21/97	18,064,023	2-98	7/31/98
3/21/97	7,520,800	3-97	7/31/98

NOTICE OF PURCHASE WITHDRAWAL

CREDIT SUISSE FIRST BOSTON  
New York Branch  
11 Madison Avenue  
New York, N.Y. 10010  
Attention: Robert Finney and  
Kevin Kappell  
Telecopier: (212) 325-8319

Gentlemen:

Reference is made to (i) the Deposit Agreement (Class B) dated as of March 21, 1997 (the "Deposit Agreement") between First Security Bank, National Association, as Escrow Agent, and Credit Suisse First Boston, New York Branch, as Depository (the "Depository").

In accordance with Section 2.3(a) of the Deposit Agreement, the undersigned hereby requests the withdrawal of the entire amount of the Deposit, \$\_\_\_\_\_, Account No. \_\_\_\_\_.

The undersigned hereby directs the Depository to pay the proceeds of the Deposit to [\_\_\_\_\_, Account No. \_\_\_\_\_, Reference: \_\_\_\_\_] on \_\_\_\_\_, 199\_, upon the telephonic request of a representative of the Pass Through Trustee.

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
as Escrow Agent

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

Dated: \_\_\_\_\_, 199  
\_\_\_\_\_



NOTICE OF FINAL WITHDRAWAL

CREDIT SUISSE FIRST BOSTON  
New York Branch  
11 Madison Avenue  
New York, N.Y. 10010  
Attention: Robert Finney and  
Kevin Kappell  
Telecopier: (212) 325-8319

Gentlemen:

Reference is made to (i) the Deposit Agreement (Class B) dated as of March 21, 1997 (the "Deposit Agreement") between First Security Bank, National Association, as Escrow Agent, and Credit Suisse First Boston, New York Branch, as Depository (the "Depository").

In accordance with Section 2.3(b) of the Deposit Agreement, the undersigned hereby requests the withdrawal of the entire amount of all Deposits.

The undersigned hereby directs the Depository to pay the proceeds of the Deposits and accrued interest thereon to the Paying Agent at Wilmington Trust Company, ABA# 031-100-092, Account No. \_\_\_\_\_, Reference: Continental 1997-1.

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
as Escrow Agent

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

Dated: \_\_\_\_\_, 199  
-----

=====

DEPOSIT AGREEMENT  
(Class C-I)

Dated as of March 21, 1997

between

FIRST SECURITY BANK, NATIONAL ASSOCIATION

as Escrow Agent

and

CREDIT SUISSE FIRST BOSTON,  
New York Branch

as Depositary

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DEPOSIT AGREEMENT (Class C-I) dated as of March 21, 1997 (as amended, modified or supplemented from time to time, this "Agreement") between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, as Escrow Agent under the Escrow and Paying Agent Agreement referred to below (in such capacity, together with its successors in such capacity, the "Escrow Agent"), and CREDIT SUISSE FIRST BOSTON, NEW YORK BRANCH, a banking institution organized under the laws of Switzerland acting through its New York Branch, as depository bank (the "Depository").

W I T N E S S E T H

WHEREAS, Continental Airlines, Inc. ("Continental") and Wilmington Trust Company, not in its individual capacity except as otherwise expressly provided therein, but solely as trustee (in such capacity, together with its successors in such capacity, the "Pass Through Trustee") have entered into a Pass Through Trust Agreement dated as of March 21, 1997 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Pass Through Trust Agreement") relating to Continental Airlines Pass Through Trust 1997-1C-I-0 pursuant to which the Continental Airlines Pass Through Trust, Series 1997-1C-I-0 Certificates referred to therein (the "Certificates") are being issued;

WHEREAS, Continental and Credit Suisse First Boston Corporation, Morgan Stanley & Co., Incorporated, Chase Securities Inc. and Goldman, Sachs & Co. (collectively, the "Initial Purchasers" and, together with their respective transferees and assigns as registered owners of the Certificates, the "Investors") have entered into a Certificate Purchase Agreement dated as of March 12, 1997 (the "Certificate Purchase Agreement") pursuant to which the Pass Through Trustee will issue and sell the Certificates to the Initial Purchasers;

WHEREAS, Continental, the Pass Through Trustee, certain other pass through trustees and certain other persons concurrently herewith are entering into the Note Purchase Agreement, dated as of the date hereof (the "Note Purchase Agreement"), pursuant to which the Pass Through Trustee has agreed to acquire from time to time on or prior to the Delivery Period Termination Date (as defined in the Note Purchase Agreement) equipment notes (the "Equipment Notes") issued to finance the acquisition of aircraft by Continental, as lessee or as owner, utilizing a portion of the proceeds from the sale of the Certificates (the "Net Proceeds");

WHEREAS, the Escrow Agent, the Initial Purchasers, the Pass Through Trustee and Wilmington Trust Company, as paying agent for the Escrow Agent (in such capacity, together with its successors in such capacity, the "Paying Agent") concurrently herewith are entering into an Escrow and Paying Agent Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Escrow and Paying Agent Agreement"); and

WHEREAS, the Initial Purchasers and the Pass Through Trustee intend that the Net Proceeds be held in escrow by the Escrow Agent on behalf of the Investors pursuant to the Escrow and Paying Agent Agreement, subject to withdrawal upon request of and proper certification by the Pass Through Trustee for the purpose of purchasing Equipment Notes, and

that pending such withdrawal the Net Proceeds be deposited by the Escrow Agent with the Depository pursuant to this Agreement, which provides for the Depository to pay interest for distribution to the Investors and to establish accounts from which the Escrow Agent shall make withdrawals upon request of and proper certification by the Pass Through Trustee.

NOW, THEREFORE, in consideration of the obligations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1.1 Acceptance of Depository. The Depository hereby agrees to act as depository bank as provided herein and in connection therewith to accept all amounts to be delivered to or held by the Depository pursuant to the terms of this Agreement. The Depository further agrees to hold, maintain and safeguard the Deposits and the Accounts (as defined below) during the term of this Agreement in accordance with the provisions of this Agreement. The Escrow Agent shall not have any right to withdraw, assign or otherwise transfer moneys held in the Accounts except as permitted by this Agreement.

SECTION 1.2 Establishment of Accounts. The Escrow Agent hereby instructs the Depository, and the Depository agrees, to establish the separate deposit accounts listed on Schedule I hereto and to establish such additional separate deposit accounts as may be required in connection with the deposits contemplated by Section 2.4 hereof (each, an "Account" and collectively, the "Accounts"), each in the name of the Escrow Agent and all on the terms and conditions set forth in this Agreement.

SECTION 2.1 Deposits. The Escrow Agent shall direct the Initial Purchasers to deposit with the Depository on the date of this Agreement (the "Deposit Date") in Federal (same day) funds by official check or checks or wire or other transfer to: Credit Suisse First Boston, New York Branch, Reference: Continental 1997-1, and the Depository shall accept from the Initial Purchasers, on behalf of the Escrow Agent, the sum of US\$111,093,000. Upon acceptance of such sum, the Depository shall (i) establish each of the deposits specified in Schedule I hereto maturing on the respective dates set forth therein (including any deposit made pursuant to Section 2.4 hereof, individually, a "Deposit" and, collectively, the "Deposits") and (ii) credit each Deposit to the related Account as set forth therein. No amount shall be deposited in any Account other than the related Deposit.

SECTION 2.2 Interest. (a) Each Deposit shall bear interest from and including the date of deposit to but excluding the date of withdrawal at the rate of 7.42% per annum (computed on the basis of a year of twelve 30-day months) payable to the Paying Agent on behalf of the Escrow Agent semi-annually in arrears on each April 1 and October 1, and on the date of the Final Withdrawal (as defined below), commencing on October 1, 1997 (each, an "Interest Payment Date"), all in accordance with the terms of this Agreement (whether or not any such Deposit is withdrawn on an Interest Payment Date). Interest accrued on any Deposit that is withdrawn pursuant to a Notice of Purchase Withdrawal (as defined below) shall be paid on the next Interest Payment Date, notwithstanding any intervening Final Withdrawal (as defined below).

(b) The parties hereto further acknowledge and agree that upon any increase in the rate of interest on the Equipment Notes (as defined in the Pass Through Trust Agreement) (such increase referred to as a "Rate Increase") pursuant to the terms of the Registration Rights Agreement (as defined below), the rate of interest borne by each Deposit in accordance with Section 2.2(a) above shall increase by the amount of such Rate Increase, and upon any subsequent decrease in the rate of interest on the Equipment Notes (such decrease referred to as a "Rate Decrease") pursuant to the terms of the Registration Rights Agreement, the rate of interest borne by such Deposit shall decrease by the amount of such Rate Decrease. For the purposes of this Section 2.2(b), "Registration Rights Agreement" means the Exchange and Registration Rights Agreement dated the date hereof among Continental, the Pass Through Trustee, certain other pass through trustees and the Initial Purchasers.

SECTION 2.3 Withdrawals. (a) On and after the date seven days after the establishment of any Deposit, the Escrow Agent may, by providing at least one Business Day's prior notice of withdrawal to the Depository in the form of Exhibit A hereto (a "Notice of Purchase Withdrawal"), withdraw not less than the entire balance of such Deposit, except that at any time prior to the actual withdrawal of such Deposit, the Escrow Agent or the Pass Through Trustee may, by notice to the Depository, cancel such withdrawal (including on the scheduled date therefor), and thereafter such Deposit shall continue to be maintained by the Depository in accordance with the original terms thereof. Following such withdrawal the balance in the related Account shall be zero and the Depository shall close such Account. As used herein, "Business Day" means any day, other than a Saturday, Sunday or other day on which commercial banks are authorized or required by law to close in New York, New York, Houston, Texas, Wilmington, Delaware or Salt Lake City, Utah.

(b) The Escrow Agent may, by providing at least 20 days' prior notice of withdrawal to the Depository in the form of Exhibit B hereto (a "Notice of Final Withdrawal"), withdraw the entire amount of all of the remaining Deposits together with the payment by the Depository of all accrued and unpaid interest on such Deposits to but excluding the specified date of withdrawal (a "Final Withdrawal"), on such date as shall be specified in such Notice of Final Withdrawal. If a Notice of Final Withdrawal has not been given to the Depository on or before July 6, 1998 and there are unwithdrawn Deposits on such date, the Depository shall pay the amount of the Final Withdrawal to the Paying Agent on July 31, 1998.

(c) If the Depository receives a duly completed Notice of Purchase Withdrawal or Notice of Final Withdrawal complying with the provisions of this Agreement, it shall make the payments specified therein in accordance with the provisions of this Agreement.

SECTION 2.4 Other Accounts. On the date of withdrawal of any Deposit, the Escrow Agent, or the Pass Through Trustee on behalf of the Escrow Agent, shall be entitled to re-deposit with the Depository any portion thereof and the Depository shall accept the same for deposit hereunder. Any sums so received for deposit shall be established as a new Deposit and credited to a new Account, all as more fully provided in Section 2.1 hereof, and thereafter the provisions of this Agreement shall apply thereto as fully and with the same force and effect as if such Deposit had been established on the Deposit Date except that (i) such Deposit may not be

withdrawn prior to the date seven days after the establishment thereof and (ii) such Deposit shall mature on July 31, 1998 and bear interest as provided in Section 2.2. The Depository shall promptly give notice to the Escrow Agent of receipt of each such re-deposit and the Account Number assigned thereto.

SECTION 3. Termination. This Agreement shall terminate on the fifth Business Day after the later of the date on which (i) all of the Deposits shall have been withdrawn and paid as provided herein without any re-deposit and (ii) all accrued and unpaid interest on the Deposits shall have been paid as provided herein, but in no event prior to the date on which the Depository shall have performed in full its obligation hereunder.

SECTION 4. Payments. All payments (including, without limitation, those payments made in respect of Taxes (as defined and provided for below)) made by the Depository hereunder shall be paid in United States Dollars and immediately available funds by wire transfer (i) in the case of accrued interest on the Deposits payable under Section 2.2 hereof or any Final Withdrawal, directly to the Paying Agent at Wilmington Trust Company, Wilmington, DE, ABA# 031- 100-092, Account No. 41607-0, Attention: Monica Henry, Reference: Continental 1997-1C-I, or to such other account as the Paying Agent may direct from time to time in writing to the Depository and the Escrow Agent and (ii) in the case of any withdrawal of one or more Deposits pursuant to a Notice of Purchase Withdrawal, directly to or as directed by the Pass Through Trustee as specified and in the manner provided in such Notice of Purchase Withdrawal. The Depository hereby waives any and all rights of set-off, combination of accounts, right of retention or similar right (whether arising under applicable law, contract or otherwise) it may have against the Deposits howsoever arising. All payments on or in respect of each Deposit shall be made free and clear of and without reduction for or on account of any and all taxes, levies or other impositions or charges (collectively, "Taxes"). However, if the Depository or the Paying Agent (pursuant to Section 2.04 of the Escrow and Paying Agent Agreement) shall be required by law to deduct or withhold any Taxes from or in respect of any sum payable hereunder, the Depository shall (i) make such deductions or withholding, (ii) pay the full amount deducted or withheld (including in respect of such additional amounts) to the competent taxation authority and (iii) if the Taxes required to be deducted or withheld are imposed by Switzerland or any political subdivision thereof, pay such additional amounts as may be necessary in order that the actual amount received by the designated recipient of such sum under this Agreement or the Escrow and Paying Agent Agreement after such deduction or withholding equals the sum it would have received had no such deduction or withholding been required. If the date on which any payment due on any Deposit would otherwise fall on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day, and no additional interest shall accrue in respect of such extension.

SECTION 5. Representation and Warranties. The Depository hereby represents and warrants to Continental, the Escrow Agent, the Pass Through Trustee and the Paying Agent that:

(a) it is a bank duly organized and validly existing in good standing under the laws of its jurisdiction of organization and is duly qualified to conduct banking business in the State of New York through its New York Branch;

(b) it has full power, authority and legal right to conduct its business and operations as currently conducted and to enter into and perform its obligations under this Agreement;

(c) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of it and do not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of it, and such document has been duly executed and delivered by it and constitutes its legal, valid and binding obligations enforceable against it in accordance with the terms hereof;

(d) no authorization, consent or approval of or other action by, and no notice to or filing with, any United States federal or state governmental authority or regulatory body is required for the execution, delivery or performance by it of this Agreement;

(e) neither the execution, delivery or performance by it of this Agreement, nor compliance with the terms and provisions hereof, conflicts or will conflict with or results or will result in a breach or violation of any of the terms, conditions or provisions of, or will require any consent or approval under, any law, governmental rule or regulation or the charter documents, as amended, or bylaws, as amended, of it or any similar instrument binding on it or any order, writ, injunction or decree of any court or governmental authority against it or by which it or any of its properties is bound or any indenture, mortgage or contract or other agreement or instrument to which it is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or results or will result in the imposition of any lien upon any of its properties; and

(f) there are no pending or, to its knowledge, threatened actions, suits, investigations or proceedings (whether or not purportedly on behalf of it) against or affecting it or any of its property before or by any court or administrative agency which, if adversely determined, (i) would adversely affect the ability of it to perform its obligations under this Agreement or (ii) would call into question or challenge the validity of this Agreement or the enforceability hereof in accordance with the terms hereof, nor is the Depositary in default with respect to any order of any court, governmental authority, arbitration board or administrative agency so as to adversely affect its ability to perform its obligations under this Agreement.

SECTION 6. Transfer. Neither party hereto shall be entitled to assign or otherwise transfer this Agreement (or any interest herein) other than (in the case of the Escrow Agent) to a successor escrow agent under the Escrow and Paying Agent Agreement, and any purported assignment in violation thereof shall be void. This Agreement shall be binding upon



the parties hereto and their respective successors and (in the case of the Escrow Agent) permitted assigns. Upon the occurrence of the Transfer (as defined below) contemplated by the Assignment and Assumption Agreement (as defined below), the Pass Through Trustee shall (without further act) be deemed to have transferred all of its right, title and interest in and to this Agreement to the trustee of the Successor Trust (as defined below) and, thereafter, the trustee of the Successor Trust shall be deemed to be the "Pass Through Trustee" hereunder with the rights of the "Pass Through Trustee" hereunder, and each reference herein to "Continental Airlines Pass Through Trust 1997-1C-I-0" shall be deemed to be a reference to "Continental Airlines Pass Through Trust 1997-1C-I-S". The Escrow Agent and the Depository hereby acknowledge and consent to the Transfer contemplated by the Assignment and Assumption Agreement. For the purposes of this Section 6, "Transfer" means the transfer contemplated by the Assignment and Assumption Agreement; "Assignment and Assumption Agreement" means the Assignment and Assumption Agreement to be entered into between the Pass Through Trustee and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Pass Through Trust Agreement; and "Successor Trust" means the Continental Airlines Pass Through Trust 1997-1C-I-S.

SECTION 7. Amendment, Etc. This Agreement may not be amended, waived or otherwise modified except by an instrument in writing signed by the party against whom the amendment, waiver or other modification is sought to be enforced and by the Pass Through Trustee.

SECTION 8. Notices. Unless otherwise expressly provided herein, any notice or other communication under this Agreement shall be in writing (including by facsimile) and shall be deemed to be given and effective upon receipt thereof. All notices shall be sent to (x) in the case of the Depository, Credit Suisse First Boston, 11 Madison Avenue, New York, NY 10010, Attention Robert Finney and Kevin Kappell (Telecopier: (212) 325-8319) or (y) in the case of the Escrow Agent, First Security Bank, National Association, 79 South Main Street, Salt Lake City, UT 84111, Attention: Corporate Trust Services (Telecopier: (801) 246-5053), in each case, with a copy to the Pass Through Trustee, Wilmington Trust Company, 1100 North Market Street, Wilmington, DE 19890, Attention: Corporate Trust Administration (Telecopier: (302) 651-8882) and to Continental, Continental Airlines, Inc., 2929 Allen Parkway, Suite 2010, Houston, TX 77019, Attention: Executive Vice President and Chief Financial Officer (Telecopier: (713) 520-6329) (or at such other address as any such party may specify from time to time in a written notice to the parties hereto). On or prior to the execution of this Agreement, the Escrow Agent has delivered to the Depository a certificate containing specimen signatures of the representatives of the Escrow Agent who are authorized to give notices and instructions with respect to this Agreement. The Depository may conclusively rely on such certificate until the Depository receives written notice from the Escrow Agent to the contrary.

SECTION 9. Obligations Unconditional. The Depository hereby acknowledges and agrees that its obligation to repay each Deposit together with interest thereon as provided herein is absolute, irrevocable and unconditional and constitutes a full recourse obligation of the Depository enforceable against it to the full extent of all of its assets and properties.

SECTION 10. Entire Agreement. This Agreement (including all attachments hereto) sets forth all of the promises, covenants, agreements, conditions and understandings between the Depository and the Escrow Agent with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and undertakings, inducements or conditions, express or implied, oral or written.

SECTION 11. Governing Law. This Agreement, and the rights and obligations of the Depository and the Escrow Agent with respect to the Deposits, shall be governed by, and construed in accordance with, the laws of the State of New York and subject to the provisions of Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

SECTION 12. Waiver of Jury Trial Right. EACH OF THE DEPOSITARY AND THE ESCROW AGENT ACKNOWLEDGES AND ACCEPTS THAT IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT SUCH PARTY IRREVOCABLY WAIVES ITS RIGHT TO A TRIAL BY JURY.

SECTION 13. Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one instrument.

SECTION 14. Head Office Obligation. Credit Suisse First Boston hereby agrees that the obligations of the Depository hereunder are also the obligations of Credit Suisse First Boston's Head Office in Zurich, Switzerland. Accordingly, any beneficiary of this Agreement will be able to proceed directly against Credit Suisse First Boston's Head Office in Zurich, Switzerland if Credit Suisse First Boston's New York Branch defaults in its obligation to such beneficiary under this Agreement.

SECTION 15. Last Deposit. Notwithstanding anything to the contrary in this Agreement, (i) the last Deposit listed on Schedule I hereto ("Last Deposit") shall not bear interest, but otherwise shall be treated as a "Deposit" for all purposes of this Agreement, (ii) the Escrow Agent may not withdraw any Deposit (other than the Last Deposit) unless the Last Deposit shall have been withdrawn prior to or concurrently with such Deposit and (iii) for so long as the Last Deposit shall not have been withdrawn in accordance with Section 2.3 hereof, the other Deposits shall be deemed to bear additional interest from and including the date hereof to but excluding the date of withdrawal of the Last Deposit in an amount equal to \$1,577.57 per day (computed on the basis of a year of twelve 30-day months).

IN WITNESS WHEREOF, the Escrow Agent and the Depositary have caused this Deposit Agreement to be duly executed as of the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
as Escrow Agent

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

CREDIT SUISSE FIRST BOSTON,  
New York Branch,  
as Depositary

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

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

## Schedule I

Schedule of Deposits  
(Class C-I)

Date -----	Deposit Amount -----	Account No. -----	Maturity Date -----
3/21/97	\$ 7,610,000	4-97	7/31/98
3/21/97	7,516,500	6-97	7/31/98
3/21/97	12,330,856	7-97	7/31/98
3/21/97	14,485,034	8-97	7/31/98
3/21/97	6,313,645	9-97	7/31/98
3/21/97	6,126,112	10-97	7/31/98
3/21/97	5,956,000	11-97	7/31/98
3/21/97	14,374,549	12-97	7/31/98
3/21/97	26,835,940	1-98	7/31/98
3/21/97	1,890,364	2-98	7/31/98
3/21/97	7,654,000	3-97	7/31/98

NOTICE OF PURCHASE WITHDRAWAL

CREDIT SUISSE FIRST BOSTON  
New York Branch  
11 Madison Avenue  
New York, N.Y. 10010  
Attention: Robert Finney and  
Kevin Kappell  
Telecopier: (212) 325-8319

Gentlemen:

Reference is made to (i) the Deposit Agreement (Class C-I) dated as of March 21, 1997 (the "Deposit Agreement") between First Security Bank, National Association, as Escrow Agent, and Credit Suisse First Boston, New York Branch, as Depository (the "Depository").

In accordance with Section 2.3(a) of the Deposit Agreement, the undersigned hereby requests the withdrawal of the entire amount of the Deposit, \$\_\_\_\_\_, Account No. \_\_\_\_\_.

The undersigned hereby directs the Depository to pay the proceeds of the Deposit to [\_\_\_\_\_, Account No. \_\_\_\_\_, Reference: \_\_\_\_\_] on \_\_\_\_\_, 199\_, upon the telephonic request of a representative of the Pass Through Trustee.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
as Escrow Agent

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

Dated: \_\_\_\_\_, 199\_

NOTICE OF FINAL WITHDRAWAL

CREDIT SUISSE FIRST BOSTON  
New York Branch  
11 Madison Avenue  
New York, N.Y. 10010  
Attention: Robert Finney and  
Kevin Kappell  
Telecopier: (212) 325-8319

Gentlemen:

Reference is made to (i) the Deposit Agreement (Class C-I) dated as of March 21, 1997 (the "Deposit Agreement") between First Security Bank, National Association, as Escrow Agent, and Credit Suisse First Boston, New York Branch, as Depository (the "Depository").

In accordance with Section 2.3(b) of the Deposit Agreement, the undersigned hereby requests the withdrawal of the entire amount of all Deposits.

The undersigned hereby directs the Depository to pay the proceeds of the Deposits and accrued interest thereon to the Paying Agent at Wilmington Trust Company, ABA# 031-100-092, Account No. \_\_\_\_\_, Reference: Continental 1997-1.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
as Escrow Agent

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

Dated: \_\_\_\_\_, 199

=====

DEPOSIT AGREEMENT  
(Class C-II)

Dated as of March 21, 1997

between

FIRST SECURITY BANK, NATIONAL ASSOCIATION  
as Escrow Agent

and

CREDIT SUISSE FIRST BOSTON,  
New York Branch

as Depositary

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DEPOSIT AGREEMENT (Class C-II) dated as of March 21, 1997 (as amended, modified or supplemented from time to time, this "Agreement") between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, as Escrow Agent under the Escrow and Paying Agent Agreement referred to below (in such capacity, together with its successors in such capacity, the "Escrow Agent"), and CREDIT SUISSE FIRST BOSTON, NEW YORK BRANCH, a banking institution organized under the laws of Switzerland acting through its New York Branch, as depository bank (the "Depository").

W I T N E S S E T H

WHEREAS, Continental Airlines, Inc. ("Continental") and Wilmington Trust Company, not in its individual capacity except as otherwise expressly provided therein, but solely as trustee (in such capacity, together with its successors in such capacity, the "Pass Through Trustee") have entered into a Pass Through Trust Agreement dated as of March 21, 1997 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Pass Through Trust Agreement") relating to Continental Airlines Pass Through Trust 1997-1C-II-0 pursuant to which the Continental Airlines Pass Through Trust, Series 1997-1C-II-0 Certificates referred to therein (the "Certificates") are being issued;

WHEREAS, Continental and Credit Suisse First Boston Corporation, Morgan Stanley & Co., Incorporated, Chase Securities Inc. and Goldman, Sachs & Co. (collectively, the "Initial Purchasers" and, together with their respective transferees and assigns as registered owners of the Certificates, the "Investors") have entered into a Certificate Purchase Agreement dated as of March 12, 1997 (the "Certificate Purchase Agreement") pursuant to which the Pass Through Trustee will issue and sell the Certificates to the Initial Purchasers;

WHEREAS, Continental, the Pass Through Trustee, certain other pass through trustees and certain other persons concurrently herewith are entering into the Note Purchase Agreement, dated as of the date hereof (the "Note Purchase Agreement"), pursuant to which the Pass Through Trustee has agreed to acquire from time to time on or prior to the Delivery Period Termination Date (as defined in the Note Purchase Agreement) equipment notes (the "Equipment Notes") issued to finance the acquisition of aircraft by Continental, as lessee or as owner, utilizing a portion of the proceeds from the sale of the Certificates (the "Net Proceeds");

WHEREAS, the Escrow Agent, the Initial Purchasers, the Pass Through Trustee and Wilmington Trust Company, as paying agent for the Escrow Agent (in such capacity, together with its successors in such capacity, the "Paying Agent") concurrently herewith are entering into an Escrow and Paying Agent Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Escrow and Paying Agent Agreement"); and

WHEREAS, the Initial Purchasers and the Pass Through Trustee intend that the Net Proceeds be held in escrow by the Escrow Agent on behalf of the Investors pursuant to the Escrow and Paying Agent Agreement, subject to withdrawal upon request of and proper certification by the Pass Through Trustee for the purpose of purchasing Equipment Notes, and

that pending such withdrawal the Net Proceeds be deposited by the Escrow Agent with the Depositary pursuant to this Agreement, which provides for the Depositary to pay interest for distribution to the Investors and to establish accounts from which the Escrow Agent shall make withdrawals upon request of and proper certification by the Pass Through Trustee.

NOW, THEREFORE, in consideration of the obligations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1.1 Acceptance of Depositary. The Depositary hereby agrees to act as depositary bank as provided herein and in connection therewith to accept all amounts to be delivered to or held by the Depositary pursuant to the terms of this Agreement. The Depositary further agrees to hold, maintain and safeguard the Deposits and the Accounts (as defined below) during the term of this Agreement in accordance with the provisions of this Agreement. The Escrow Agent shall not have any right to withdraw, assign or otherwise transfer moneys held in the Accounts except as permitted by this Agreement.

SECTION 1.2 Establishment of Accounts. The Escrow Agent hereby instructs the Depositary, and the Depositary agrees, to establish the separate deposit accounts listed on Schedule I hereto and to establish such additional separate deposit accounts as may be required in connection with the deposits contemplated by Section 2.4 hereof (each, an "Account" and collectively, the "Accounts"), each in the name of the Escrow Agent and all on the terms and conditions set forth in this Agreement.

SECTION 2.1 Deposits. The Escrow Agent shall direct the Initial Purchasers to deposit with the Depositary on the date of this Agreement (the "Deposit Date") in Federal (same day) funds by official check or checks or wire or other transfer to: Credit Suisse First Boston, New York Branch, Reference: Continental 1997-1, and the Depositary shall accept from the Initial Purchasers, on behalf of the Escrow Agent, the sum of US\$10,000,000. Upon acceptance of such sum, the Depositary shall (i) establish each of the deposits specified in Schedule I hereto maturing on the respective dates set forth therein (including any deposit made pursuant to Section 2.4 hereof, individually, a "Deposit" and, collectively, the "Deposits") and (ii) credit each Deposit to the related Account as set forth therein. No amount shall be deposited in any Account other than the related Deposit.

SECTION 2.2 Interest. (a) Each Deposit shall bear interest from and including the date of deposit to but excluding the date of withdrawal at the rate of 7.42% per annum (computed on the basis of a year of twelve 30-day months) payable to the Paying Agent on behalf of the Escrow Agent semi-annually in arrears on each April 1 and October 1, and on the date of the Final Withdrawal (as defined below), commencing on October 1, 1997 (each, an "Interest Payment Date"), all in accordance with the terms of this Agreement (whether or not any such Deposit is withdrawn on an Interest Payment Date). Interest accrued on any Deposit that is withdrawn pursuant to a Notice of Purchase Withdrawal (as defined below) shall be paid on the next Interest Payment Date, notwithstanding any intervening Final Withdrawal (as defined below).

(b) The parties hereto further acknowledge and agree that upon any increase in the rate of interest on the Equipment Notes (as defined in the Pass Through Trust Agreement) (such increase referred to as a "Rate Increase") pursuant to the terms of the Registration Rights Agreement (as defined below), the rate of interest borne by each Deposit in accordance with Section 2.2(a) above shall increase by the amount of such Rate Increase, and upon any subsequent decrease in the rate of interest on the Equipment Notes (such decrease referred to as a "Rate Decrease") pursuant to the terms of the Registration Rights Agreement, the rate of interest borne by such Deposit shall decrease by the amount of such Rate Decrease. For the purposes of this Section 2.2(b), "Registration Rights Agreement" means the Exchange and Registration Rights Agreement dated the date hereof among Continental, the Pass Through Trustee, certain other pass through trustees and the Initial Purchasers.

SECTION 2.3 Withdrawals. (a) On and after the date seven days after the establishment of any Deposit, the Escrow Agent may, by providing at least one Business Day's prior notice of withdrawal to the Depository in the form of Exhibit A hereto (a "Notice of Purchase Withdrawal"), withdraw not less than the entire balance of such Deposit, except that at any time prior to the actual withdrawal of such Deposit, the Escrow Agent or the Pass Through Trustee may, by notice to the Depository, cancel such withdrawal (including on the scheduled date therefor), and thereafter such Deposit shall continue to be maintained by the Depository in accordance with the original terms thereof. Following such withdrawal the balance in the related Account shall be zero and the Depository shall close such Account. As used herein, "Business Day" means any day, other than a Saturday, Sunday or other day on which commercial banks are authorized or required by law to close in New York, New York, Houston, Texas, Wilmington, Delaware or Salt Lake City, Utah.

(b) The Escrow Agent may, by providing at least 20 days' prior notice of withdrawal to the Depository in the form of Exhibit B hereto (a "Notice of Final Withdrawal"), withdraw the entire amount of all of the remaining Deposits together with the payment by the Depository of all accrued and unpaid interest on such Deposits to but excluding the specified date of withdrawal (a "Final Withdrawal"), on such date as shall be specified in such Notice of Final Withdrawal. If a Notice of Final Withdrawal has not been given to the Depository on or before July 6, 1998 and there are unwithdrawn Deposits on such date, the Depository shall pay the amount of the Final Withdrawal to the Paying Agent on July 31, 1998.

(c) If the Depository receives a duly completed Notice of Purchase Withdrawal or Notice of Final Withdrawal complying with the provisions of this Agreement, it shall make the payments specified therein in accordance with the provisions of this Agreement.

SECTION 2.4 Other Accounts. On the date of withdrawal of any Deposit, the Escrow Agent, or the Pass Through Trustee on behalf of the Escrow Agent, shall be entitled to re-deposit with the Depository any portion thereof and the Depository shall accept the same for deposit hereunder. Any sums so received for deposit shall be established as a new Deposit and credited to a new Account, all as more fully provided in Section 2.1 hereof, and thereafter the provisions of this Agreement shall apply thereto as fully and with the same force and effect as if such Deposit had been established on the Deposit Date except that (i) such Deposit may not be

withdrawn prior to the date seven days after the establishment thereof and (ii) such Deposit shall mature on July 31, 1998 and bear interest as provided in Section 2.2. The Depository shall promptly give notice to the Escrow Agent of receipt of each such re-deposit and the Account Number assigned thereto.

SECTION 3. Termination. This Agreement shall terminate on the fifth Business Day after the later of the date on which (i) all of the Deposits shall have been withdrawn and paid as provided herein without any re-deposit and (ii) all accrued and unpaid interest on the Deposits shall have been paid as provided herein, but in no event prior to the date on which the Depository shall have performed in full its obligation hereunder.

SECTION 4. Payments. All payments (including, without limitation, those payments made in respect of Taxes (as defined and provided for below)) made by the Depository hereunder shall be paid in United States Dollars and immediately available funds by wire transfer (i) in the case of accrued interest on the Deposits payable under Section 2.2 hereof or any Final Withdrawal, directly to the Paying Agent at Wilmington Trust Company, Wilmington, DE, ABA# 031-100-092, Account No. 41608-0, Attention: Monica Henry, Reference: Continental 1997-1C-II, or to such other account as the Paying Agent may direct from time to time in writing to the Depository and the Escrow Agent and (ii) in the case of any withdrawal of one or more Deposits pursuant to a Notice of Purchase Withdrawal, directly to or as directed by the Pass Through Trustee as specified and in the manner provided in such Notice of Purchase Withdrawal. The Depository hereby waives any and all rights of set-off, combination of accounts, right of retention or similar right (whether arising under applicable law, contract or otherwise) it may have against the Deposits howsoever arising. All payments on or in respect of each Deposit shall be made free and clear of and without reduction for or on account of any and all taxes, levies or other impositions or charges (collectively, "Taxes"). However, if the Depository or the Paying Agent (pursuant to Section 2.04 of the Escrow and Paying Agent Agreement) shall be required by law to deduct or withhold any Taxes from or in respect of any sum payable hereunder, the Depository shall (i) make such deductions or withholding, (ii) pay the full amount deducted or withheld (including in respect of such additional amounts) to the competent taxation authority and (iii) if the Taxes required to be deducted or withheld are imposed by Switzerland or any political subdivision thereof, pay such additional amounts as may be necessary in order that the actual amount received by the designated recipient of such sum under this Agreement or the Escrow and Paying Agent Agreement after such deduction or withholding equals the sum it would have received had no such deduction or withholding been required. If the date on which any payment due on any Deposit would otherwise fall on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day, and no additional interest shall accrue in respect of such extension.

SECTION 5. Representation and Warranties. The Depository hereby represents and warrants to Continental, the Escrow Agent, the Pass Through Trustee and the Paying Agent that:

(a) it is a bank duly organized and validly existing in good standing under the laws of its jurisdiction of organization and is duly qualified to conduct banking business in the State of New York through its New York Branch;

(b) it has full power, authority and legal right to conduct its business and operations as currently conducted and to enter into and perform its obligations under this Agreement;

(c) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of it and do not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of it, and such document has been duly executed and delivered by it and constitutes its legal, valid and binding obligations enforceable against it in accordance with the terms hereof;

(d) no authorization, consent or approval of or other action by, and no notice to or filing with, any United States federal or state governmental authority or regulatory body is required for the execution, delivery or performance by it of this Agreement;

(e) neither the execution, delivery or performance by it of this Agreement, nor compliance with the terms and provisions hereof, conflicts or will conflict with or results or will result in a breach or violation of any of the terms, conditions or provisions of, or will require any consent or approval under, any law, governmental rule or regulation or the charter documents, as amended, or bylaws, as amended, of it or any similar instrument binding on it or any order, writ, injunction or decree of any court or governmental authority against it or by which it or any of its properties is bound or any indenture, mortgage or contract or other agreement or instrument to which it is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or results or will result in the imposition of any lien upon any of its properties; and

(f) there are no pending or, to its knowledge, threatened actions, suits, investigations or proceedings (whether or not purportedly on behalf of it) against or affecting it or any of its property before or by any court or administrative agency which, if adversely determined, (i) would adversely affect the ability of it to perform its obligations under this Agreement or (ii) would call into question or challenge the validity of this Agreement or the enforceability hereof in accordance with the terms hereof, nor is the Depositary in default with respect to any order of any court, governmental authority, arbitration board or administrative agency so as to adversely affect its ability to perform its obligations under this Agreement.

SECTION 6. Transfer. Neither party hereto shall be entitled to assign or otherwise transfer this Agreement (or any interest herein) other than (in the case of the Escrow Agent) to a successor escrow agent under the Escrow and Paying Agent Agreement, and any purported assignment in violation thereof shall be void. This Agreement shall be binding upon

the parties hereto and their respective successors and (in the case of the Escrow Agent) permitted assigns. Upon the occurrence of the Transfer (as defined below) contemplated by the Assignment and Assumption Agreement (as defined below), the Pass Through Trustee shall (without further act) be deemed to have transferred all of its right, title and interest in and to this Agreement to the trustee of the Successor Trust (as defined below) and, thereafter, the trustee of the Successor Trust shall be deemed to be the "Pass Through Trustee" hereunder with the rights of the "Pass Through Trustee" hereunder, and each reference herein to "Continental Airlines Pass Through Trust 1997-1C-II-0" shall be deemed to be a reference to "Continental Airlines Pass Through Trust 1997-1C-II-S". The Escrow Agent and the Depositary hereby acknowledge and consent to the Transfer contemplated by the Assignment and Assumption Agreement. For the purposes of this Section 6, "Transfer" means the transfer contemplated by the Assignment and Assumption Agreement; "Assignment and Assumption Agreement" means the Assignment and Assumption Agreement to be entered into between the Pass Through Trustee and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Pass Through Trust Agreement; and "Successor Trust" means the Continental Airlines Pass Through Trust 1997-1C-II-S.

SECTION 7. Amendment, Etc. This Agreement may not be amended, waived or otherwise modified except by an instrument in writing signed by the party against whom the amendment, waiver or other modification is sought to be enforced and by the Pass Through Trustee.

SECTION 8. Notices. Unless otherwise expressly provided herein, any notice or other communication under this Agreement shall be in writing (including by facsimile) and shall be deemed to be given and effective upon receipt thereof. All notices shall be sent to (x) in the case of the Depositary, Credit Suisse First Boston, 11 Madison Avenue, New York, NY 10010, Attention Robert Finney and Kevin Kappell (Telecopier: (212) 325-8319) or (y) in the case of the Escrow Agent, First Security Bank, National Association, 79 South Main Street, Salt Lake City, UT 84111, Attention: Corporate Trust Services (Telecopier: (801) 246-5053), in each case, with a copy to the Pass Through Trustee, Wilmington Trust Company, 1100 North Market Street, Wilmington, DE 19890, Attention: Corporate Trust Administration (Telecopier: (302) 651-8882) and to Continental, Continental Airlines, Inc., 2929 Allen Parkway, Suite 2010, Houston, TX 77019, Attention: Executive Vice President and Chief Financial Officer (Telecopier: (713) 520-6329) (or at such other address as any such party may specify from time to time in a written notice to the parties hereto). On or prior to the execution of this Agreement, the Escrow Agent has delivered to the Depositary a certificate containing specimen signatures of the representatives of the Escrow Agent who are authorized to give notices and instructions with respect to this Agreement. The Depositary may conclusively rely on such certificate until the Depositary receives written notice from the Escrow Agent to the contrary.

SECTION 9. Obligations Unconditional. The Depositary hereby acknowledges and agrees that its obligation to repay each Deposit together with interest thereon as provided herein is absolute, irrevocable and unconditional and constitutes a full recourse obligation of the Depositary enforceable against it to the full extent of all of its assets and properties.

SECTION 10. Entire Agreement. This Agreement (including all attachments hereto) sets forth all of the promises, covenants, agreements, conditions and understandings between the Depository and the Escrow Agent with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and undertakings, inducements or conditions, express or implied, oral or written.

SECTION 11. Governing Law. This Agreement, and the rights and obligations of the Depository and the Escrow Agent with respect to the Deposits, shall be governed by, and construed in accordance with, the laws of the State of New York and subject to the provisions of Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

SECTION 12. Waiver of Jury Trial Right. EACH OF THE DEPOSITARY AND THE ESCROW AGENT ACKNOWLEDGES AND ACCEPTS THAT IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT SUCH PARTY IRREVOCABLY WAIVES ITS RIGHT TO A TRIAL BY JURY.

SECTION 13. Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one instrument.

SECTION 14. Head Office Obligation. Credit Suisse First Boston hereby agrees that the obligations of the Depository hereunder are also the obligations of Credit Suisse First Boston's Head Office in Zurich, Switzerland. Accordingly, any beneficiary of this Agreement will be able to proceed directly against Credit Suisse First Boston's Head Office in Zurich, Switzerland if Credit Suisse First Boston's New York Branch defaults in its obligation to such beneficiary under this Agreement.

IN WITNESS WHEREOF, the Escrow Agent and the Depository have caused this Deposit Agreement to be duly executed as of the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
as Escrow Agent

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

CREDIT SUISSE FIRST BOSTON,  
New York Branch, as Depository

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

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

Schedule of Deposits  
(Class C-II)

Date ----	Deposit Amount -----	Account No. -----	Maturity Date -----
3/21/97	\$10,000,000	2-98	7/31/98



NOTICE OF PURCHASE WITHDRAWAL

CREDIT SUISSE FIRST BOSTON  
New York Branch  
11 Madison Avenue  
New York, N.Y. 10010  
Attention: Robert Finney and  
Kevin Kappell  
Telecopier: (212) 325-8319

Gentlemen:

Reference is made to (i) the Deposit Agreement (Class C-II) dated as of March 21, 1997 (the "Deposit Agreement") between First Security Bank, National Association, as Escrow Agent, and Credit Suisse First Boston, New York Branch, as Depository (the "Depository").

In accordance with Section 2.3(a) of the Deposit Agreement, the undersigned hereby requests the withdrawal of the entire amount of the Deposit, \$\_\_\_\_\_, Account No. \_\_\_\_\_.

The undersigned hereby directs the Depository to pay the proceeds of the Deposit to [\_\_\_\_\_, Account No. \_\_\_\_\_, Reference: \_\_\_\_\_] on \_\_\_\_\_, 199\_, upon the telephonic request of a representative of the Pass Through Trustee.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
as Escrow Agent

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

Dated: \_\_\_\_\_, 199\_

NOTICE OF FINAL WITHDRAWAL

CREDIT SUISSE FIRST BOSTON  
New York Branch  
11 Madison Avenue  
New York, N.Y. 10010  
Attention: Robert Finney and  
Kevin Kappell  
Telecopier: (212) 325-8319

Gentlemen:

Reference is made to (i) the Deposit Agreement (Class C-II) dated as of March 21, 1997 (the "Deposit Agreement") between First Security Bank, National Association, as Escrow Agent, and Credit Suisse First Boston, New York Branch, as Depositary (the "Depositary").

In accordance with Section 2.3(b) of the Deposit Agreement, the undersigned hereby requests the withdrawal of the entire amount of all Deposits.

The undersigned hereby directs the Depositary to pay the proceeds of the Deposits and accrued interest thereon to the Paying Agent at Wilmington Trust Company, ABA# 031-100-092, Account No. \_\_\_\_\_, Reference: Continental 1997-1.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
as Escrow Agent

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

Dated: \_\_\_\_\_, 199  
\_\_\_\_\_

=====

ESCROW AND PAYING AGENT AGREEMENT  
(Class A)

Dated as of March 21, 1997

among

FIRST SECURITY BANK, NATIONAL ASSOCIATION

as Escrow Agent

CREDIT SUISSE FIRST BOSTON CORPORATION  
MORGAN STANLEY & CO. INCORPORATED  
CHASE SECURITIES INC.

and

GOLDMAN, SACHS & CO.

as Initial Purchasers

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
but solely as Pass Through Trustee  
for and on behalf of  
Continental Airlines Pass Through Trust 1997-1A-0

as Pass Through Trustee

and

WILMINGTON TRUST COMPANY

as Paying Agent

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ESCROW AND PAYING AGENT AGREEMENT (Class A) dated as of March 21, 1997 (as amended, modified or supplemented from time to time, this "Agreement") among FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, as Escrow Agent (in such capacity, together with its successors in such capacity, the "Escrow Agent"); CREDIT SUISSE FIRST BOSTON CORPORATION, MORGAN STANLEY & CO. INCORPORATED, CHASE SECURITIES INC. and GOLDMAN, SACHS & CO., as Initial Purchasers of the below referred to Certificates (the "Initial Purchasers" and together with their respective transferees and assigns as registered owners of the Certificates, the "Investors") under the Certificate Purchase Agreement referred to below; WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity except as otherwise expressly provided herein, but solely as trustee (in such capacity, together with its successors in such capacity, the "Pass Through Trustee") under the Pass Through Trust Agreement referred to below; and WILMINGTON TRUST COMPANY, a Delaware banking corporation, as paying agent hereunder (in such capacity, together with its successors in such capacity, the "Paying Agent").

W I T N E S S E T H

WHEREAS, Continental Airlines, Inc. ("Continental") and the Pass Through Trustee have entered into a Pass Through Trust Agreement, dated as of March 21, 1997 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Pass Through Trust Agreement") relating to Continental Airlines Pass Through Trust 1997-1A-0 (the "Pass Through Trust") pursuant to which the Continental Airlines Pass Through Trust, Series 1997-1A-0 Certificates referred to therein (the "Certificates") are being issued;

WHEREAS, Continental and the Initial Purchasers have entered into a Certificate Purchase Agreement dated as of March 12, 1997 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Certificate Purchase Agreement") pursuant to which the Pass Through Trustee will issue and sell the Certificates to the Initial Purchasers;

WHEREAS, Continental, the Pass Through Trustee, certain other pass through trustees and certain other persons concurrently herewith are entering into the Note Purchase Agreement, dated as of the date hereof (the "Note Purchase Agreement"), pursuant to which the Pass Through Trustee has

agreed to acquire from time to time on or prior to the Delivery Period Termination Date (as defined in the Note Purchase Agreement) equipment notes (the "Equipment Notes") issued to finance the acquisition of aircraft by Continental, as lessee or as owner, utilizing a portion of the proceeds from the sale of the Certificates (the "Net Proceeds");

WHEREAS, the Initial Purchasers and the Pass Through Trustee intend that the Net Proceeds be held in escrow by the Escrow Agent on behalf of the Investors, subject to withdrawal upon request by the Pass Through Trustee and satisfaction of the conditions set forth in the Note Purchase Agreement for the purpose of purchasing Equipment Notes, and that pending such withdrawal the Net Proceeds be deposited on behalf of the Escrow Agent with Credit Suisse First Boston, a Swiss bank acting through its New York branch, as Depository (the "Depository") under the Deposit Agreement, dated as of the date hereof between the Depository and the Escrow Agent relating to the Pass Through Trust (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Deposit Agreement") pursuant to which, among other things, the Depository will pay interest for distribution to the Investors and establish accounts from which the Escrow Agent shall make withdrawals upon request of and proper certification by the Pass Through Trustee;

WHEREAS, the Escrow Agent wishes to appoint the Paying Agent to pay amounts required to be distributed to the Investors in accordance with this Agreement; and

WHEREAS, capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Pass Through Trust Agreement.

NOW, THEREFORE, in consideration of the obligations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Escrow Agent.

Section 1.01. Appointment of Escrow Agent. Each of the Initial Purchasers, for and on behalf of each of the Investors, hereby irrevocably appoints, authorizes and directs the Escrow Agent to act as escrow agent and fiduciary hereunder and under the Deposit Agreement for such specific purposes and with such powers as are specifically delegated to the Escrow

Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Any and all money received and held by the Escrow Agent under this Agreement or the Deposit Agreement shall be held in escrow by the Escrow Agent in accordance with the terms of this Agreement. This Agreement is irrevocable and the Investors' rights with respect to any monies received and held in escrow by the Escrow Agent under this Agreement or the Deposit Agreement shall only be as provided under the terms and conditions of this Agreement and the Deposit Agreement. The Escrow Agent (which term as used in this sentence shall include reference to its affiliates and its own and its affiliates' officers, directors, employees and agents): (a) shall have no duties or responsibilities except those expressly set forth in this Agreement; (b) shall not be responsible to the Pass Through Trustee or the Investors for any recitals, statements, representations or warranties of any person other than itself contained in this Agreement or the Deposit Agreement or for the failure by the Pass Through Trustee, Investors or any other person or entity (other than the Escrow Agent) to perform any of its obligations hereunder (whether or not the Escrow Agent shall have any knowledge thereof); and (c) shall not be responsible for any action taken or omitted to be taken by it hereunder or provided for herein or in connection herewith, except for its own willful misconduct or gross negligence (or simple negligence in connection with the handling of funds).

Section 1.02. Instruction; Etc. The Initial Purchasers, for and on behalf of each of the Investors, hereby irrevocably instruct the Escrow Agent, and the Escrow Agent agrees, (a) to enter into the Deposit Agreement, (b) to appoint the Paying Agent as provided in this Agreement, (c) upon receipt at any time and from time to time prior to the Termination Date (as defined below) of a certificate substantially in the form of Exhibit B hereto (a "Withdrawal Certificate") executed by the Pass Through Trustee, together with an attached Notice of Purchase Withdrawal in substantially the form of Exhibit A to the Deposit Agreement duly completed by the Pass Through Trustee (the "Applicable Notice of Purchase Withdrawal" and the withdrawal to which it relates, a "Purchase Withdrawal"), immediately to execute the Applicable Notice of Purchase Withdrawal as Escrow Agent and transmit it to the Depositary by facsimile transmission in accordance with the Deposit Agreement; provided that, upon the request of the Pass Through Trustee after such transmission, the Escrow Agent shall cancel such Applicable Notice of Purchase Withdrawal, and (d) if there are any undrawn Deposits (as defined

in the Deposit Agreement) on the "Termination Date", which shall mean the earlier of (i) July 1, 1998 and (ii) the day on which the Escrow Agent receives notice from the Pass Through Trustee that the Pass Through Trustee's obligation to purchase Equipment Notes under the Note Purchase Agreement has terminated, to give notice to the Depository (with a copy to the Paying Agent) substantially in the form of Exhibit B to the Deposit Agreement requesting a withdrawal of all of the remaining Deposits, together with accrued and unpaid interest on such Deposits to the date of withdrawal, on the 35th day after the date that such notice of withdrawal is given to the Depository (or, if not a Business Day, on the next succeeding Business Day) (a "Final Withdrawal"), provided that if the day scheduled for the Final Withdrawal in accordance with the foregoing is within 10 days before or after a Regular Distribution Date, then the Escrow Agent shall request that such requested Final Withdrawal be made on such Regular Distribution Date (the date of such requested withdrawal, the "Final Withdrawal Date"). If for any reason the Escrow Agent shall have failed to give the Final Withdrawal Notice to the Depository on or before July 6, 1998, and there are unwithdrawn Deposits on such date, the Final Withdrawal Date shall be deemed to be July 31, 1998.

Section 1.03. Initial Escrow Amount; Issuance of Escrow Receipts. The Escrow Agent hereby directs the Initial Purchasers to, and the Initial Purchasers hereby acknowledge that on the date hereof they shall, irrevocably deliver to the Depository on behalf of the Escrow Agent, an amount in U.S. dollars ("Dollars") and immediately available funds equal to \$437,876,000 for deposit on behalf of the Escrow Agent with the Depository in accordance with Section 2.1 of the Deposit Agreement. The Initial Purchasers hereby instruct the Escrow Agent, upon receipt of such sum from the Initial Purchasers, to confirm such receipt by executing and delivering to the Pass Through Trustee an Escrow Receipt in the form of Exhibit A hereto (an "Escrow Receipt"), (a) to be affixed by the Pass Through Trustee to each Certificate and (b) to evidence the same percentage interest (the "Escrow Interest") in the Account Amounts as the Fractional Undivided Interest in the Pass Through Trust evidenced by the Certificate to which it is to be affixed. The Escrow Agent shall provide to the Pass Through Trustee for attachment to each Certificate newly issued under and in accordance with the Pass Through Trust Agreement an executed Escrow Receipt as the Pass Through Trustee may from time to time request of the Escrow Agent. Each Escrow Receipt shall be



registered by the Escrow Agent in a register (the "Register") maintained by the Escrow Agent in the same name and same manner as the Certificate to which it is attached and may not thereafter be detached from such Certificate to which it is to be affixed prior to the distribution of the Final Withdrawal (the "Final Distribution"). After the Final Distribution, no Escrow Receipts shall be issued and the Pass Through Trustee shall request the return to the Escrow Agent for cancellation of all outstanding Escrow Receipts.

Section 1.04. Payments to Receiptholders. All payments and distributions made to holders of an Escrow Receipt (collectively "Receiptholders") in respect of the Escrow Receipt shall be made only from amounts deposited in the Paying Agent Account ("Account Amounts"). Each Receiptholder, by its acceptance of an Escrow Receipt, agrees that (a) it will look solely to the Account Amounts for any payment or distribution due to such Receiptholder pursuant to the terms of the Escrow Receipt and this Agreement and (b) it will have no recourse to Continental, the Pass Through Trustee, the Paying Agent or the Escrow Agent, except as expressly provided herein or in the Pass Through Trust Agreement. No Receiptholder shall have any right to vote or in any manner otherwise control the operation and management of the Paying Agent Account or the obligations of the parties hereto, nor shall anything set forth herein, or contained in the terms of the Escrow Receipt, be construed so as to constitute the Receiptholders from time to time as partners or members of an association.

Section 1.05. Mutilated, Destroyed, Lost or Stolen Escrow Receipt. If (a) any mutilated Escrow Receipt is surrendered to the Escrow Agent or the Escrow Agent receives evidence to its satisfaction of the destruction, loss or theft of any Escrow Receipt and (b) there is delivered to the Escrow Agent and the Pass Through Trustee such security, indemnity or bond, as may be required by them to hold each of them harmless, then, absent notice to the Escrow Agent or the Pass Through Trustee that such destroyed, lost or stolen Escrow Receipt has been acquired by a bona fide purchaser, and provided that the requirements of Section 8-405 of the Uniform Commercial Code in effect in any applicable jurisdiction are met, the Escrow Agent shall execute, authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Escrow Receipt, a new Escrow Receipt or Escrow Receipts and of like Escrow Interest and bearing a number not contemporaneously outstanding.

In connection with the issuance of any new Escrow Receipt under this Section 1.05, the Escrow Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Pass Through Trustee and the Escrow Agent) connected therewith.

Any duplicative Escrow Receipt issued pursuant to this Section 1.05 shall constitute conclusive evidence of the appropriate Escrow Interest in the Account Amounts, as if originally issued, whether or not the lost, stolen or destroyed Escrow Receipt shall be found at any time.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Escrow Receipts.

Section 1.06. Additional Escrow Amounts. On the date of any Purchase Withdrawal, the Pass Through Trustee may re-deposit with the Depository some or all of the amounts so withdrawn in accordance with Section 2.4 of the Deposit Agreement.

Section 1.07. Resignation or Removal of Escrow Agent. Subject to the appointment and acceptance of a successor Escrow Agent as provided below, the Escrow Agent may resign at any time by giving 30 days' prior written notice thereof to the Investors, but may not otherwise be removed except for cause by the written consent of the Investors with respect to Investors representing Escrow Interests aggregating not less than a majority in interest in the Account Amounts (an "Action of Investors"). Upon any such resignation or removal, the Investors, by an Action of Investors, shall have the right to appoint a successor Escrow Agent. If no successor Escrow Agent shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Escrow Agent's giving of notice of resignation or the removal of the retiring Escrow Agent, then the retiring Escrow Agent may appoint a successor Escrow Agent, which shall be a bank which has an office in the United States with a combined capital and surplus of at least \$100,000,000. Upon the acceptance of any appointment as Escrow Agent hereunder by a successor Escrow Agent, such successor Escrow

Agent shall enter into such documents as the Pass Through Trustee shall require and shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Escrow Agent, and the retiring Escrow Agent shall be discharged from its duties and obligations hereunder. No resignation or removal of the Escrow Agent shall be effective unless a written confirmation shall have been obtained from each of Moody's Investors Service, Inc. and Standard & Poor's Rating Group, a division of McGraw-Hill Inc., that the replacement of the Escrow Agent with the successor Escrow Agent will not result in (a) a reduction of the rating for the Certificates below the then current rating for the Certificates or (b) a withdrawal or suspension of the rating of the Certificates.

Section 1.08. Persons Deemed Owners. Prior to due presentment of a Certificate for registration of transfer, the Escrow Agent and the Paying Agent may treat the Person in whose name any Escrow Receipt is registered (as of the day of determination) as the owner of such Escrow Receipt for the purpose of receiving distributions pursuant to this Agreement and for all other purposes whatsoever, and none of the Escrow Agent or the Paying Agent shall be affected by any notice to the contrary.

Section 1.09. Further Assurances. The Escrow Agent agrees to take such actions, and execute such other documents, as may be reasonably requested by the Pass Through Trustee in order to effectuate the purposes of this Agreement and the performance by the Escrow Agent of its obligations hereunder.

## SECTION 2. Paying Agent.

Section 2.01. Appointment of Paying Agent. The Escrow Agent hereby irrevocably appoints and authorizes the Paying Agent to act as its paying agent hereunder, for the benefit of the Investors, for such specific purposes and with such powers as are specifically delegated to the Paying Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Any and all money received and held by the Paying Agent under this Agreement or the Deposit Agreement shall be held in the Paying Agent Account (as defined below) for the benefit of the Investors. The Paying Agent (which term as used in this sentence shall include reference to its affiliates and its own and its affiliates' officers, directors, employees and

agents): (a) shall have no duties or responsibilities except those expressly set forth in this Agreement, and shall not by reason of this Agreement be a trustee for the Escrow Agent; (b) shall not be responsible to the Escrow Agent for any recitals, statements, representations or warranties of any person other than itself contained in this Agreement or for the failure by the Escrow Agent or any other person or entity (other than the Paying Agent) to perform any of its obligations hereunder (whether or not the Paying Agent shall have any knowledge thereof); and (c) shall not be responsible for any action taken or omitted to be taken by it hereunder or provided for herein or in connection herewith, except for its own willful misconduct or gross negligence (or simple negligence in connection with the handling of funds).

Section 2.02. Establishment of Paying Agent Account. The Paying Agent shall establish a deposit account (the "Paying Agent Account") at Wilmington Trust Company in the name of the Escrow Agent. It is expressly understood by the parties hereto that the Paying Agent is acting as the paying agent of the Escrow Agent hereunder and that no amounts on deposit in the Paying Agent Account constitute part of the Trust Property.

Section 2.03. Payments from Paying Agent Account. The Escrow Agent hereby irrevocably instructs the Paying Agent, and the Paying Agent agrees to act, as follows:

(a) on each Interest Payment Date (as defined in the Deposit Agreement) or as soon thereafter as the Paying Agent has confirmed receipt in the Paying Agent Account from the Depository of any amount in respect of accrued interest on the Deposits, the Paying Agent shall distribute out of the Paying Agent Account the entire amount deposited therein by the Depository. There shall be so distributed to each Receiptholder of record on the 15th day (whether or not a Business Day) preceding such Interest Payment Date by check mailed to such Receiptholder, at the address appearing in the Register, such Receiptholder's pro rata share (based on the Escrow Interest in the Account Amounts held by such Receiptholder) of the total amount of interest deposited by the Depository in the Paying Agent Account on such date, except that, with respect to Escrow Receipts registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(b) upon the confirmation by the Paying Agent of receipt in the Paying Agent Account from the Depository of any amount in respect of the Final Withdrawal, the Paying Agent shall forthwith distribute the entire amount of the Final Withdrawal deposited therein by the Depository. There shall be so distributed to each Receiptholder of record on the 15th day (whether or not a Business Day) preceding the Final Withdrawal Date by check mailed to such Receiptholder, at the address appearing in the Register, such Receiptholder's pro rata share (based on the Escrow Interest in the Account Amounts held by such Receiptholder) of the total amount in the Paying Agent Account on account of such Final Withdrawal, except that, with respect to Escrow Receipts registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(c) If any payment of interest or principal in respect of the Final Withdrawal is not received by the Paying Agent within five days of the applicable date when due, then it shall be distributed to Receiptholders after actual receipt by the Paying Agent on the same basis as a Special Payment is distributed under the Pass Through Trust Agreement.

(d) the Paying Agent shall include with any check mailed pursuant to this Section any notice required to be distributed under the Pass Through Trust Agreement that is furnished to the Paying Agent by the Pass Through Trustee.

Section 2.04. Withholding Taxes. The Paying Agent shall exclude and withhold from each distribution of accrued interest on the Deposits and any amount in respect of the Final Withdrawal any and all withholding taxes applicable thereto as required by law. In addition, the Paying Agent shall remit or cause to be remitted such amounts as would be required by Section 1446 of the Internal Revenue Code of 1986, as amended, as if the agreements of the Initial Purchasers set forth in this Agreement were characterized as a partnership engaged in a U.S. trade or business for U.S. federal income tax purposes and shall withhold or cause to be withheld such amounts from amounts distributable to or for the benefit of Receiptholders or beneficial owners of interests in Escrow Receipts that are not United States persons within the meaning of section 7701(a)(30) of the Internal Revenue Code of 1986, as amended ("Non-U.S. Persons"). In this regard, the Paying Agent shall cause the appropriate withholding agent to withhold with respect to such distributions in the manner

contemplated by Section 10.04 of Revenue Procedure 89-31 and Treasury Regulation 1.1445-8(b)(3)) by filing a notice with the National Association of Securities Dealers, Inc. substantially in the form of Exhibits C and D on or before the date 10 days prior to the Record Date. The Paying Agent shall mail such notice to the National Association of Securities Dealers no later than the date 15 days prior to the Record Date. Investors that are not United States Persons agree to furnish a taxpayer identification number ("TIN") to the Paying Agent and the Paying Agent shall provide such TINs to the appropriate U.S. withholding agent. The Paying Agent agrees to act as such withholding agent (except to the extent contemplated above with respect to withholding amounts as if the agreements of the Initial Purchasers as set forth in this Agreement were characterized as a business engaged in a U.S. trade or business for U.S. federal income tax purposes) and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect of the Deposits or the escrow amounts, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Receiptholders, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each such Receiptholder appropriate documentation showing the payment thereof, together with such additional documentary evidence as such Receiptholder may reasonably request from time to time. The Paying Agent agrees to file any other information reports as it may be required to file under United States law. Each Receiptholder or beneficial owner of an interest in an Escrow Receipt that is a Non-U.S. Person, by its acceptance of an Escrow Receipt or a beneficial interest therein, agrees to indemnify and hold harmless the Escrow Agent and the Paying Agent from and against any improper failure to withhold Taxes from amounts payable to it or for its benefit other than an improper failure attributable to the gross negligence or willful misconduct of the Escrow Agent or the Paying Agent, as the case may be.

Section 2.05. Resignation or Removal of Paying Agent.

Subject to the appointment and acceptance of a successor Paying Agent as provided below, the Paying Agent may resign at any time by giving 30 days' prior written notice thereof to the Escrow Agent, but may not otherwise be removed except for cause by the Escrow Agent. Upon any such resignation or removal, the Escrow Agent shall have the right to appoint a successor Paying Agent. If no successor Paying Agent shall have been so appointed and

shall have accepted such appointment within 30 days after the retiring Paying Agent's giving of notice of resignation or the removal of the retiring Paying Agent, then the retiring Paying Agent may appoint a successor Paying Agent, which shall be a bank which has an office in the United States with a combined capital and surplus of at least \$100,000,000. Upon the acceptance of any appointment as Paying Agent hereunder by a successor Paying Agent, such successor Paying Agent shall enter into such documents as the Escrow Agent shall require and shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Paying Agent, and the retiring Paying Agent shall be discharged from its duties and obligations hereunder.

Section 2.06. Notice of Final Withdrawal. Promptly after receipt by the Paying Agent of notice that the Escrow Agent has requested a Final Withdrawal or that a Final Withdrawal will be made, the Paying Agent shall cause notice of the distribution of the Final Withdrawal to be mailed to each of the Receiptholders at its address as it appears in the Register. Such notice shall be mailed not less than 20 days prior to the Final Withdrawal Date. Such notice shall set forth:

- (i) the Final Withdrawal Date and the date for determining Receiptholders of record who shall be entitled to receive distributions in respect of the Final Withdrawal,
- (ii) the amount of the payment in respect of the Final Withdrawal for each \$1,000 face amount Certificate (based on information provided by the Pass Through Trustee) and the amount thereof constituting unused Deposits and interest thereon, and
- (iii) if the Final Withdrawal Date is the same date as a Regular Distribution Date, the total amount to be received on such date for each \$1,000 face amount Certificate (based on information provided by the Pass Through Trustee).

Such mailing may include any notice required to be given to Certificateholders in connection with such distribution pursuant to the Pass Through Trust Agreement.

SECTION 3. Payments. If, notwithstanding the instructions in Section 4 of the Deposit Agreement that all

amounts payable to the Escrow Agent under the Deposit Agreement be paid by the Depository directly to the Paying Agent or the Pass Through Trustee (depending on the circumstances), the Escrow Agent receives any payment thereunder, then the Escrow Agent shall forthwith pay such amount in Dollars and in immediately available funds by wire transfer to (a) in the case of a payment of accrued interest on the Deposits or any Final Withdrawal, directly to the Paying Agent Account and (b) in the case of any Purchase Withdrawal, directly to the Pass Through Trustee or its designee as specified and in the manner provided in the Applicable Notice of Purchase Withdrawal. The Escrow Agent hereby waives any and all rights of set-off, combination of accounts, right of retention or similar right (whether arising under applicable law, contract or otherwise) it may have against amounts payable to the Paying Agent howsoever arising.

SECTION 4. Other Actions. The Escrow Agent shall take such other actions under or in respect of the Deposit Agreement (including, without limitation, the enforcement of the obligations of the Depository thereunder) as the Investors, by an Action of Investors, may from time to time request.

SECTION 5. Representations and Warranties of the Escrow Agent. The Escrow Agent represents and warrants to Continental, the Investors, the Paying Agent and the Pass Through Trustee as follows:

- (i) it is a national banking association duly organized and validly existing in good standing under the laws of the United States of America;
- (ii) it has full power, authority and legal right to conduct its business and operations as currently conducted and to enter into and perform its obligations under this Agreement and the Deposit Agreement;
- (iii) the execution, delivery and performance of each of this Agreement and the Deposit Agreement have been duly authorized by all necessary corporate action on the part of it and do not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of it, and each such document has been duly executed and delivered by



it and constitutes its legal, valid and binding obligations enforceable against it in accordance with the terms hereof or thereof except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles of general application to or affecting the enforcement of creditors' rights generally (regardless of whether such enforceability is considered in a proceeding in equity or at law);

- (iv) no authorization, consent or approval of or other action by, and no notice to or filing with, any United States federal or state governmental authority or regulatory body is required for the execution, delivery or performance by it of this Agreement or the Deposit Agreement;
- (v) neither the execution, delivery or performance by it of this Agreement or the Deposit Agreement, nor compliance with the terms and provisions hereof or thereof, conflicts or will conflict with or results or will result in a breach or violation of any of the terms, conditions or provisions of, or will require any consent or approval under, any law, governmental rule or regulation or the charter documents, as amended, or bylaws, as amended, of it or any similar instrument binding on it or any order, writ, injunction or decree of any court or governmental authority against it or by which it or any of its properties is bound or any indenture, mortgage or contract or other agreement or instrument to which it is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or results or will result in the imposition of any lien upon any of its properties; and
- (vi) there are no pending or, to its knowledge, threatened actions, suits, investigations or proceedings (whether or not purportedly on behalf of it) against or affecting it or any of its property before or by any court or administrative agency which, if adversely determined, (A) would

adversely affect the ability of it to perform its obligations under this Agreement or the Deposit Agreement or (B) would call into question or challenge the validity of this Agreement or the Deposit Agreement or the enforceability hereof or thereof in accordance with the terms hereof or thereof, nor is the Escrow Agent in default with respect to any order of any court, governmental authority, arbitration board or administrative agency so as to adversely affect its ability to perform its obligations under this Agreement or the Deposit Agreement.

SECTION 6. Representations and Warranties of the Paying Agent. The Paying Agent represents and warrants to Continental, the Investors, the Escrow Agent and the Pass Through Trustee as follows:

- (i) it is a Delaware banking company duly organized and validly existing in good standing under the laws of its jurisdiction of incorporation;
- (ii) it has full power, authority and legal right to conduct its business and operations as currently conducted and to enter into and perform its obligations under this Agreement;
- (iii) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action on the part of it and does not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of it, and such document has been duly executed and delivered by it and constitutes its legal, valid and binding obligations enforceable against it in accordance with the terms hereof except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles of general application to or affecting the enforcement of creditors' rights generally (regardless of whether such enforceability is considered in a proceeding in equity or at law);

- (iv) no authorization, consent or approval of or other action by, and no notice to or filing with, any United States federal or state governmental authority or regulatory body is required for the execution, delivery or performance by it of this Agreement;
- (v) neither the execution, delivery or performance by it of this Agreement, nor compliance with the terms and provisions hereof, conflicts or will conflict with or results or will result in a breach or violation of any of the terms, conditions or provisions of, or will require any consent or approval under, any law, governmental rule or regulation or the charter documents, as amended, or bylaws, as amended, of it or any similar instrument binding on it or any order, writ, injunction or decree of any court or governmental authority against it or by which it or any of its properties is bound or any indenture, mortgage or contract or other agreement or instrument to which it is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or results or will result in the imposition of any lien upon any of its properties; and
- (vi) there are no pending or, to its knowledge, threatened actions, suits, investigations or proceedings (whether or not purportedly on behalf of it) against or affecting it or any of its property before or by any court or administrative agency which, if adversely determined, (A) would adversely affect the ability of it to perform its obligations under this Agreement or (B) would call into question or challenge the validity of this Agreement or the enforceability hereof in accordance with the terms hereof, nor is the Paying Agent in default with respect to any order of any court, governmental authority, arbitration board or administrative agency so as to adversely affect its ability to perform its obligations under this Agreement.

SECTION 7. Indemnification. Except for actions expressly required of the Escrow Agent or the Paying Agent hereunder, each of the Escrow Agent and the Paying Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall have been indemnified by the party requesting such action in a manner reasonably satisfactory to it against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. In the event Continental requests any amendment to any Operative Agreement (as defined in the Note Purchase Agreement), the Pass Through Trustee agrees to pay all reasonable fees and expenses (including, without limitation, fees and disbursements of counsel) of the Escrow Agent and the Paying Agent in connection therewith.

SECTION 8. Amendment, Etc. Upon request of the Pass Through Trustee and approval by an Action of Investors, the Escrow Agent shall enter into an amendment to this Agreement, so long as such amendment does not adversely affect the rights or obligations of the Escrow Agent or the Paying Agent, provided that upon request of the Pass Through Trustee and without any consent of the Investors, the Escrow Agent shall enter into an amendment to this Agreement for any of the following purposes:

(1) to correct or supplement any provision in this Agreement which may be defective or inconsistent with any other provision herein or to cure any ambiguity or correct any mistake or to modify any other provision with respect to matters or questions arising under this Agreement, provided that any such action shall not materially adversely affect the interests of the Investors; or

(2) to comply with any requirement of the SEC, applicable law, rules or regulations of any exchange or quotation system on which the Certificates are listed, any regulatory body or the Registration Rights Agreement to effectuate the Exchange Offer; or

(3) to evidence and provide for the acceptance of appointment under this Agreement of a successor Escrow Agent, successor Paying Agent or successor Pass Through Trustee.

SECTION 9. Notices. Unless otherwise expressly provided herein, any notice or other communication under this Agreement shall be in writing (including by facsimile) and shall

be deemed to be given and effective upon receipt thereof. All notices shall be sent to (a) in the case of the Investors, as their respective addresses shall appear in the Register, (b) in the case of the Escrow Agent, First Security Bank, National Association, 79 South Main Street, Salt Lake City, UT 84111, Attention: Corporate Trust Services (Telecopier: (801) 246-5053), (c) in the case of the Pass Through Trustee, Wilmington Trust Company, 1100 North Market Street, Wilmington, DE 19890, Attention: Corporate Trust Administration (Telecopier: (302) 651-8882) or (d) in the case of the Paying Agent, Wilmington Trust Company, 1100 North Market Street, Wilmington, DE 19890, Attention: Corporate Trust Administration (Telecopier: (302) 651-8882), in each case with a copy to Continental, Continental Airlines, Inc., 2929 Allen Parkway, Suite 2010, Houston, TX 77019, Attention: Executive Vice President and Chief Financial Officer (Telecopier: (713) 520-6329) (or at such other address as any such party may specify from time to time in a written notice to the other parties). On or prior to the execution of this Agreement, the Pass Through Trustee has delivered to the Escrow Agent a certificate containing specimen signatures of the representatives of the Pass Through Trustee who are authorized to give notices and instructions with respect to this Agreement. The Escrow Agent may conclusively rely on such certificate until the Escrow Agent receives written notice from the Pass Through Trustee to the contrary.

SECTION 10. Transfer. No party hereto shall be entitled to assign or otherwise transfer this Agreement (or any interest herein) other than (in the case of the Escrow Agent) to a successor escrow agent under Section 1.06 hereof or (in the case of the Paying Agent) to a successor paying agent under Section 2.04 hereof, and any purported assignment in violation thereof shall be void. This Agreement shall be binding upon the parties hereto and their respective successors and (in the case of the Escrow Agent and the Paying Agent) their respective permitted assigns. Upon the occurrence of the Transfer (as defined below) contemplated by the Assignment and Assumption Agreement (as defined below), the Pass Through Trustee shall (without further act) be deemed to have transferred all of its right, title and interest in and to this Agreement to the trustee of the Successor Trust (as defined below) and, thereafter, the trustee of the Successor Trust shall be deemed to be the "Pass Through Trustee" hereunder with the rights and obligations of the "Pass Through Trustee" hereunder and each reference herein to "Continental Airlines Pass Through Trust 1997-1A-0" shall be

deemed to be a reference to "Continental Airlines Pass Through Trust 1997-1A-S". The parties hereto hereby acknowledge and consent to the Transfer contemplated by the Assignment and Assumption Agreement. As used herein, "Transfer" means the transfers of the assets to the Successor Trust contemplated by the Assignment and Assumption Agreement; "Assignment and Assumption Agreement" means the Assignment and Assumption Agreement to be entered into between the Pass Through Trustee and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Pass Through Trust Agreement; "Successor Trust" means the Continental Airlines Pass Through Trust 1997-1A-S.

SECTION 11. Entire Agreement. This Agreement sets forth all of the promises, covenants, agreements, conditions and understandings among the Escrow Agent, the Paying Agent, the Initial Purchasers and the Pass Through Trustee with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and undertakings, inducements or conditions, express or implied, oral or written.

SECTION 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 13. Waiver of Jury Trial Right. EACH OF THE ESCROW AGENT, THE PAYING AGENT, THE INVESTORS AND THE PASS THROUGH TRUSTEE ACKNOWLEDGES AND ACCEPTS THAT IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT SUCH PARTY IRREVOCABLY WAIVES ITS RIGHT TO A TRIAL BY JURY.

SECTION 14. Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one instrument.

IN WITNESS WHEREOF, the Escrow Agent, the Paying Agent, the Initial Purchasers and the Pass Through Trustee have caused this Escrow and Paying Agent Agreement (Class A) to be duly executed as of the day and year first above written.

-----  
FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
as Escrow Agent

By -----  
Name:  
Title:

CREDIT SUISSE FIRST BOSTON CORPORATION;  
MORGAN STANLEY & CO. INCORPORATED;  
CHASE SECURITIES INC.; and  
GOLDMAN, SACHS & CO.,  
as Initial Purchasers

By: CREDIT SUISSE FIRST  
BOSTON CORPORATION

By -----  
Name:  
Title:

WILMINGTON TRUST COMPANY, not in its  
individual capacity, but solely as  
Pass Through Trustee for and on  
behalf of Continental Airlines Pass  
Through Trust 1997-1A-0

By -----  
Name:  
Title:

WILMINGTON TRUST COMPANY,  
as Paying Agent By

By -----  
Name:  
Title:

CONTINENTAL AIRLINES 1997-1A ESCROW RECEIPT  
No. —

This Escrow Receipt evidences a fractional undivided interest in amounts ("Account Amounts") from time to time deposited into a certain paying agent account (the "Paying Agent Account") described in the Escrow and Paying Agent Agreement (Class A) dated as of March 21, 1997 (as amended, modified or supplemented from time to time, the "Escrow and Paying Agent Agreement") among First Security Bank, National Association, as Escrow Agent (in such capacity, together with its successors in such capacity, the "Escrow Agent"), Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co., as Initial Purchasers, Wilmington Trust Company, as Pass Through Trustee (in such capacity, together with its successors in such capacity, the "Pass Through Trustee") and Wilmington Trust Company, as paying agent (in such capacity, together with its successors in such capacity, the "Paying Agent"). Capitalized terms not defined herein shall have the meanings assigned to them in the Escrow and Paying Agent Agreement.

This Escrow Receipt is issued under and is subject to the terms, provisions and conditions of the Escrow and Paying Agent Agreement. By virtue of its acceptance hereof the holder of this Escrow Receipt assents and agrees to be bound by the provisions of the Escrow and Paying Agent Agreement and this Escrow Receipt.

This Escrow Receipt represents a fractional undivided interest in amounts deposited from time to time in the Paying Agent Account, and grants or represents no rights, benefits or interests of any kind in respect of any assets or property other than such amounts. This Escrow Receipt evidences the same percentage interest in the Account Amounts as the Fractional Undivided Interest in the Pass Through Trust evidenced by the Certificate to which this Escrow Receipt is affixed.

All payments and distributions made to Receiptholders in respect of the Escrow Receipt shall be made only from Account Amounts deposited in the Paying Agent Account. The holder of this Escrow Receipt, by its acceptance of this Escrow Receipt, agrees that it will look solely to the Account Amounts for any



payment or distribution due to it pursuant to this Escrow Receipt and that it will not have any recourse to Continental, the Pass Through Trustee, the Paying Agent or the Escrow Agent, except as expressly provided herein or in the Pass Through Trust Agreement. No Receiptholder of this Escrow Receipt shall have any right to vote or in any manner otherwise control the operation and management of the Paying Agent Account, nor shall anything set forth herein, or contained in the terms of this Escrow Receipt, be construed so as to constitute the Receiptholders from time to time as partners or members of an association.

This Escrow Receipt may not be assigned or transferred except in connection with the assignment or transfer of the Certificate to which this Escrow Receipt is affixed. After payment to the holder hereof of its Escrow Interest in the Final Distribution, upon the request of the Pass Through Trustee, the holder hereof will return this Escrow Receipt to the Pass Through Trustee.

The Paying Agent may treat the person in whose name the Certificate to which this Escrow Receipt is attached as the owner hereof for all purposes, and the Paying Agent shall not be affected by any notice to the contrary.

THIS ESCROW RECEIPT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Escrow Agent has caused this Escrow Receipt to be duly executed. Dated: \_\_\_\_\_, 1997

FIRST SECURITY BANK, NATIONAL ASSOCIATION, as Escrow Agent

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

WITHDRAWAL CERTIFICATE  
(Class A)  
First Security Bank, National Association,  
as Escrow Agent

Dear Sirs:

Reference is made to the Escrow and Paying Agent Agreement, dated as of March 21, 1997 (the "Agreement"). We hereby certify to you that the conditions to the obligations of the undersigned to execute a Participation Agreement pursuant to the Note Purchase Agreement have been satisfied. Pursuant to Section 1.02(c) of the Agreement, please execute the attached Notice of Withdrawal and immediately transmit by facsimile to the Depository, at (212) 325-8319, Attention: Robert Finney and Kevin Kappell.

Very truly yours,  
WILMINGTON TRUST COMPANY  
not in its individual capacity by  
solely as Pass Through  
Trustee

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

Date: \_\_\_\_\_, \_\_\_\_\_, 199\_\_\_\_

=====

ESCROW AND PAYING AGENT AGREEMENT  
(Class B)

Dated as of March 21, 1997

among

FIRST SECURITY BANK, NATIONAL ASSOCIATION

as Escrow Agent

CREDIT SUISSE FIRST BOSTON CORPORATION  
MORGAN STANLEY & CO. INCORPORATED  
CHASE SECURITIES INC.

and

GOLDMAN, SACHS & CO.

as Initial Purchasers

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
but solely as Pass Through Trustee  
for and on behalf of  
Continental Airlines Pass Through Trust 1997-1B-0

as Pass Through Trustee

and

WILMINGTON TRUST COMPANY

as Paying Agent

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ESCROW AND PAYING AGENT AGREEMENT (Class B) dated as of March 21, 1997 (as amended, modified or supplemented from time to time, this "Agreement") among FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, as Escrow Agent (in such capacity, together with its successors in such capacity, the "Escrow Agent"); CREDIT SUISSE FIRST BOSTON CORPORATION, MORGAN STANLEY & CO. INCORPORATED, CHASE SECURITIES INC. and GOLDMAN, SACHS & CO., as Initial Purchasers of the below referred to Certificates (the "Initial Purchasers" and together with their respective transferees and assigns as registered owners of the Certificates, the "Investors") under the Certificate Purchase Agreement referred to below; WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity except as otherwise expressly provided herein, but solely as trustee (in such capacity, together with its successors in such capacity, the "Pass Through Trustee") under the Pass Through Trust Agreement referred to below; and WILMINGTON TRUST COMPANY, a Delaware banking corporation, as paying agent hereunder (in such capacity, together with its successors in such capacity, the "Paying Agent").

W I T N E S S E T H

WHEREAS, Continental Airlines, Inc. ("Continental") and the Pass Through Trustee have entered into a Pass Through Trust Agreement, dated as of March 21, 1997 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Pass Through Trust Agreement") relating to Continental Airlines Pass Through Trust 1997-1B-0 (the "Pass Through Trust") pursuant to which the Continental Airlines Pass Through Trust, Series 1997-1B-0 Certificates referred to therein (the "Certificates") are being issued;

WHEREAS, Continental and the Initial Purchasers have entered into a Certificate Purchase Agreement dated as of March 12, 1997 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Certificate Purchase Agreement") pursuant to which the Pass Through Trustee will issue and sell the Certificates to the Initial Purchasers;

WHEREAS, Continental, the Pass Through Trustee, certain other pass through trustees and certain other persons concurrently herewith are entering into the Note Purchase Agreement, dated as of the date hereof (the "Note Purchase

Agreement"), pursuant to which the Pass Through Trustee has agreed to acquire from time to time on or prior to the Delivery Period Termination Date (as defined in the Note Purchase Agreement) equipment notes (the "Equipment Notes") issued to finance the acquisition of aircraft by Continental, as lessee or as owner, utilizing a portion of the proceeds from the sale of the Certificates (the "Net Proceeds");

WHEREAS, the Initial Purchasers and the Pass Through Trustee intend that the Net Proceeds be held in escrow by the Escrow Agent on behalf of the Investors, subject to withdrawal upon request by the Pass Through Trustee and satisfaction of the conditions set forth in the Note Purchase Agreement for the purpose of purchasing Equipment Notes, and that pending such withdrawal the Net Proceeds be deposited on behalf of the Escrow Agent with Credit Suisse First Boston, a Swiss bank acting through its New York branch, as Depositary (the "Depositary") under the Deposit Agreement, dated as of the date hereof between the Depositary and the Escrow Agent relating to the Pass Through Trust (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Deposit Agreement") pursuant to which, among other things, the Depositary will pay interest for distribution to the Investors and establish accounts from which the Escrow Agent shall make withdrawals upon request of and proper certification by the Pass Through Trustee;

WHEREAS, the Escrow Agent wishes to appoint the Paying Agent to pay amounts required to be distributed to the Investors in accordance with this Agreement; and

WHEREAS, capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Pass Through Trust Agreement.

NOW, THEREFORE, in consideration of the obligations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

#### SECTION 1. Escrow Agent.

Section 1.01. Appointment of Escrow Agent. Each of the Initial Purchasers, for and on behalf of each of the Investors, hereby irrevocably appoints, authorizes and directs the Escrow Agent to act as escrow agent and fiduciary hereunder and under the Deposit Agreement for such specific purposes and

with such powers as are specifically delegated to the Escrow Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Any and all money received and held by the Escrow Agent under this Agreement or the Deposit Agreement shall be held in escrow by the Escrow Agent in accordance with the terms of this Agreement. This Agreement is irrevocable and the Investors' rights with respect to any monies received and held in escrow by the Escrow Agent under this Agreement or the Deposit Agreement shall only be as provided under the terms and conditions of this Agreement and the Deposit Agreement. The Escrow Agent (which term as used in this sentence shall include reference to its affiliates and its own and its affiliates' officers, directors, employees and agents): (a) shall have no duties or responsibilities except those expressly set forth in this Agreement; (b) shall not be responsible to the Pass Through Trustee or the Investors for any recitals, statements, representations or warranties of any person other than itself contained in this Agreement or the Deposit Agreement or for the failure by the Pass Through Trustee, Investors or any other person or entity (other than the Escrow Agent) to perform any of its obligations hereunder (whether or not the Escrow Agent shall have any knowledge thereof); and (c) shall not be responsible for any action taken or omitted to be taken by it hereunder or provided for herein or in connection herewith, except for its own willful misconduct or gross negligence (or simple negligence in connection with the handling of funds).

Section 1.02. Instruction; Etc. The Initial Purchasers, for and on behalf of each of the Investors, hereby irrevocably instruct the Escrow Agent, and the Escrow Agent agrees, (a) to enter into the Deposit Agreement, (b) to appoint the Paying Agent as provided in this Agreement, (c) upon receipt at any time and from time to time prior to the Termination Date (as defined below) of a certificate substantially in the form of Exhibit B hereto (a "Withdrawal Certificate") executed by the Pass Through Trustee, together with an attached Notice of Purchase Withdrawal in substantially the form of Exhibit A to the Deposit Agreement duly completed by the Pass Through Trustee (the "Applicable Notice of Purchase Withdrawal" and the withdrawal to which it relates, a "Purchase Withdrawal"), immediately to execute the Applicable Notice of Purchase Withdrawal as Escrow Agent and transmit it to the Depository by facsimile transmission in accordance with the Deposit Agreement; provided that, upon the request of the Pass Through Trustee after such transmission, the Escrow Agent shall cancel such Applicable Notice of Purchase



Withdrawal, and (d) if there are any undrawn Deposits (as defined in the Deposit Agreement) on the "Termination Date", which shall mean the earlier of (i) July 1, 1998 and (ii) the day on which the Escrow Agent receives notice from the Pass Through Trustee that the Pass Through Trustee's obligation to purchase Equipment Notes under the Note Purchase Agreement has terminated, to give notice to the Depository (with a copy to the Paying Agent) substantially in the form of Exhibit B to the Deposit Agreement requesting a withdrawal of all of the remaining Deposits, together with accrued and unpaid interest on such Deposits to the date of withdrawal, on the 35th day after the date that such notice of withdrawal is given to the Depository (or, if not a Business Day, on the next succeeding Business Day) (a "Final Withdrawal"), provided that if the day scheduled for the Final Withdrawal in accordance with the foregoing is within 10 days before or after a Regular Distribution Date, then the Escrow Agent shall request that such requested Final Withdrawal be made on such Regular Distribution Date (the date of such requested withdrawal, the "Final Withdrawal Date"). If for any reason the Escrow Agent shall have failed to give the Final Withdrawal Notice to the Depository on or before July 6, 1998, and there are unwithdrawn Deposits on such date, the Final Withdrawal Date shall be deemed to be July 31, 1998.

Section 1.03. Initial Escrow Amount; Issuance of Escrow Receipts. The Escrow Agent hereby directs the Initial Purchasers to, and the Initial Purchasers hereby acknowledge that on the date hereof they shall, irrevocably deliver to the Depository on behalf of the Escrow Agent, an amount in U.S. dollars ("Dollars") and immediately available funds equal to \$148,333,000 for deposit on behalf of the Escrow Agent with the Depository in accordance with Section 2.1 of the Deposit Agreement. The Initial Purchasers hereby instruct the Escrow Agent, upon receipt of such sum from the Initial Purchasers, to confirm such receipt by executing and delivering to the Pass Through Trustee an Escrow Receipt in the form of Exhibit A hereto (an "Escrow Receipt"), (a) to be affixed by the Pass Through Trustee to each Certificate and (b) to evidence the same percentage interest (the "Escrow Interest") in the Account Amounts as the Fractional Undivided Interest in the Pass Through Trust evidenced by the Certificate to which it is to be affixed. The Escrow Agent shall provide to the Pass Through Trustee for attachment to each Certificate newly issued under and in accordance with the Pass Through Trust Agreement an executed Escrow Receipt as the Pass Through Trustee may from time to time

request of the Escrow Agent. Each Escrow Receipt shall be registered by the Escrow Agent in a register (the "Register") maintained by the Escrow Agent in the same name and same manner as the Certificate to which it is attached and may not thereafter be detached from such Certificate to which it is to be affixed prior to the distribution of the Final Withdrawal (the "Final Distribution"). After the Final Distribution, no Escrow Receipts shall be issued and the Pass Through Trustee shall request the return to the Escrow Agent for cancellation of all outstanding Escrow Receipts.

Section 1.04. Payments to Receiptholders. All payments and distributions made to holders of an Escrow Receipt (collectively "Receiptholders") in respect of the Escrow Receipt shall be made only from amounts deposited in the Paying Agent Account ("Account Amounts"). Each Receiptholder, by its acceptance of an Escrow Receipt, agrees that (a) it will look solely to the Account Amounts for any payment or distribution due to such Receiptholder pursuant to the terms of the Escrow Receipt and this Agreement and (b) it will have no recourse to Continental, the Pass Through Trustee, the Paying Agent or the Escrow Agent, except as expressly provided herein or in the Pass Through Trust Agreement. No Receiptholder shall have any right to vote or in any manner otherwise control the operation and management of the Paying Agent Account or the obligations of the parties hereto, nor shall anything set forth herein, or contained in the terms of the Escrow Receipt, be construed so as to constitute the Receiptholders from time to time as partners or members of an association.

Section 1.05. Mutilated, Destroyed, Lost or Stolen Escrow Receipt. If (a) any mutilated Escrow Receipt is surrendered to the Escrow Agent or the Escrow Agent receives evidence to its satisfaction of the destruction, loss or theft of any Escrow Receipt and (b) there is delivered to the Escrow Agent and the Pass Through Trustee such security, indemnity or bond, as may be required by them to hold each of them harmless, then, absent notice to the Escrow Agent or the Pass Through Trustee that such destroyed, lost or stolen Escrow Receipt has been acquired by a bona fide purchaser, and provided that the requirements of Section 8-405 of the Uniform Commercial Code in effect in any applicable jurisdiction are met, the Escrow Agent shall execute, authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Escrow Receipt, a new Escrow Receipt or Escrow Receipts and of like

Escrow Interest and bearing a number not contemporaneously outstanding.

In connection with the issuance of any new Escrow Receipt under this Section 1.05, the Escrow Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Pass Through Trustee and the Escrow Agent) connected therewith.

Any duplicative Escrow Receipt issued pursuant to this Section 1.05 shall constitute conclusive evidence of the appropriate Escrow Interest in the Account Amounts, as if originally issued, whether or not the lost, stolen or destroyed Escrow Receipt shall be found at any time.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Escrow Receipts.

Section 1.06. Additional Escrow Amounts. On the date of any Purchase Withdrawal, the Pass Through Trustee may re-deposit with the Depositary some or all of the amounts so withdrawn in accordance with Section 2.4 of the Deposit Agreement.

Section 1.07. Resignation or Removal of Escrow Agent. Subject to the appointment and acceptance of a successor Escrow Agent as provided below, the Escrow Agent may resign at any time by giving 30 days' prior written notice thereof to the Investors, but may not otherwise be removed except for cause by the written consent of the Investors with respect to Investors representing Escrow Interests aggregating not less than a majority in interest in the Account Amounts (an "Action of Investors"). Upon any such resignation or removal, the Investors, by an Action of Investors, shall have the right to appoint a successor Escrow Agent. If no successor Escrow Agent shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Escrow Agent's giving of notice of resignation or the removal of the retiring Escrow Agent, then the retiring Escrow Agent may appoint a successor Escrow Agent, which shall be a bank which has an office in the United States with a combined capital and surplus of at least \$100,000,000. Upon the acceptance of any appointment as Escrow Agent hereunder by a successor Escrow

Agent, such successor Escrow Agent shall enter into such documents as the Pass Through Trustee shall require and shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Escrow Agent, and the retiring Escrow Agent shall be discharged from its duties and obligations hereunder. No resignation or removal of the Escrow Agent shall be effective unless a written confirmation shall have been obtained from each of Moody's Investors Service, Inc. and Standard & Poor's Rating Group, a division of McGraw-Hill Inc., that the replacement of the Escrow Agent with the successor Escrow Agent will not result in (a) a reduction of the rating for the Certificates below the then current rating for the Certificates or (b) a withdrawal or suspension of the rating of the Certificates.

Section 1.08. Persons Deemed Owners. Prior to due presentment of a Certificate for registration of transfer, the Escrow Agent and the Paying Agent may treat the Person in whose name any Escrow Receipt is registered (as of the day of determination) as the owner of such Escrow Receipt for the purpose of receiving distributions pursuant to this Agreement and for all other purposes whatsoever, and none of the Escrow Agent or the Paying Agent shall be affected by any notice to the contrary.

Section 1.09. Further Assurances. The Escrow Agent agrees to take such actions, and execute such other documents, as may be reasonably requested by the Pass Through Trustee in order to effectuate the purposes of this Agreement and the performance by the Escrow Agent of its obligations hereunder.

## SECTION 2. Paying Agent.

Section 2.01. Appointment of Paying Agent. The Escrow Agent hereby irrevocably appoints and authorizes the Paying Agent to act as its paying agent hereunder, for the benefit of the Investors, for such specific purposes and with such powers as are specifically delegated to the Paying Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Any and all money received and held by the Paying Agent under this Agreement or the Deposit Agreement shall be held in the Paying Agent Account (as defined below) for the benefit of the Investors. The Paying Agent (which term as used in this sentence shall include reference to its affiliates and its own and its affiliates' officers, directors, employees and

agents): (a) shall have no duties or responsibilities except those expressly set forth in this Agreement, and shall not by reason of this Agreement be a trustee for the Escrow Agent; (b) shall not be responsible to the Escrow Agent for any recitals, statements, representations or warranties of any person other than itself contained in this Agreement or for the failure by the Escrow Agent or any other person or entity (other than the Paying Agent) to perform any of its obligations hereunder (whether or not the Paying Agent shall have any knowledge thereof); and (c) shall not be responsible for any action taken or omitted to be taken by it hereunder or provided for herein or in connection herewith, except for its own willful misconduct or gross negligence (or simple negligence in connection with the handling of funds).

Section 2.02. Establishment of Paying Agent Account. The Paying Agent shall establish a deposit account (the "Paying Agent Account") at Wilmington Trust Company in the name of the Escrow Agent. It is expressly understood by the parties hereto that the Paying Agent is acting as the paying agent of the Escrow Agent hereunder and that no amounts on deposit in the Paying Agent Account constitute part of the Trust Property.

Section 2.03. Payments from Paying Agent Account. The Escrow Agent hereby irrevocably instructs the Paying Agent, and the Paying Agent agrees to act, as follows:

(a) on each Interest Payment Date (as defined in the Deposit Agreement) or as soon thereafter as the Paying Agent has confirmed receipt in the Paying Agent Account from the Depository of any amount in respect of accrued interest on the Deposits, the Paying Agent shall distribute out of the Paying Agent Account the entire amount deposited therein by the Depository. There shall be so distributed to each Receiptholder of record on the 15th day (whether or not a Business Day) preceding such Interest Payment Date by check mailed to such Receiptholder, at the address appearing in the Register, such Receiptholder's pro rata share (based on the Escrow Interest in the Account Amounts held by such Receiptholder) of the total amount of interest deposited by the Depository in the Paying Agent Account on such date, except that, with respect to Escrow Receipts registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(b) upon the confirmation by the Paying Agent of receipt in the Paying Agent Account from the Depository of any amount in respect of the Final Withdrawal, the Paying Agent shall forthwith distribute the entire amount of the Final Withdrawal deposited therein by the Depository. There shall be so distributed to each Receiptholder of record on the 15th day (whether or not a Business Day) preceding the Final Withdrawal Date by check mailed to such Receiptholder, at the address appearing in the Register, such Receiptholder's pro rata share (based on the Escrow Interest in the Account Amounts held by such Receiptholder) of the total amount in the Paying Agent Account on account of such Final Withdrawal, except that, with respect to Escrow Receipts registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(c) If any payment of interest or principal in respect of the Final Withdrawal is not received by the Paying Agent within five days of the applicable date when due, then it shall be distributed to Receiptholders after actual receipt by the Paying Agent on the same basis as a Special Payment is distributed under the Pass Through Trust Agreement.

(d) the Paying Agent shall include with any check mailed pursuant to this Section any notice required to be distributed under the Pass Through Trust Agreement that is furnished to the Paying Agent by the Pass Through Trustee.

Section 2.04. Withholding Taxes. The Paying Agent shall exclude and withhold from each distribution of accrued interest on the Deposits and any amount in respect of the Final Withdrawal any and all withholding taxes applicable thereto as required by law. In addition, the Paying Agent shall remit or cause to be remitted such amounts as would be required by Section 1446 of the Internal Revenue Code of 1986, as amended, as if the agreements of the Initial Purchasers set forth in this Agreement were characterized as a partnership engaged in a U.S. trade or business for U.S. federal income tax purposes and shall withhold or cause to be withheld such amounts from amounts distributable to or for the benefit of Receiptholders or beneficial owners of interests in Escrow Receipts that are not United States persons within the meaning of section 7701(a)(30) of the Internal Revenue Code of 1986, as amended ("Non-U.S. Persons"). In this regard, the Paying Agent shall cause the appropriate withholding agent to withhold with respect to such distributions in the manner

contemplated by Section 10.04 of Revenue Procedure 89-31 and Treasury Regulation 1.1445-8(b)(3)) by filing a notice with the National Association of Securities Dealers, Inc. substantially in the form of Exhibits C and D on or before the date 10 days prior to the Record Date. The Paying Agent shall mail such notice to the National Association of Securities Dealers no later than the date 15 days prior to the Record Date. Investors that are not United States Persons agree to furnish a taxpayer identification number ("TIN") to the Paying Agent and the Paying Agent shall provide such TINs to the appropriate U.S. withholding agent. The Paying Agent agrees to act as such withholding agent (except to the extent contemplated above with respect to withholding amounts as if the agreements of the Initial Purchasers as set forth in this Agreement were characterized as a business engaged in a U.S. trade or business for U.S. federal income tax purposes) and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect of the Deposits or the escrow amounts, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Receiptholders, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each such Receiptholder appropriate documentation showing the payment thereof, together with such additional documentary evidence as such Receiptholder may reasonably request from time to time. The Paying Agent agrees to file any other information reports as it may be required to file under United States law. Each Receiptholder or beneficial owner of an interest in an Escrow Receipt that is a Non-U.S. Person, by its acceptance of an Escrow Receipt or a beneficial interest therein, agrees to indemnify and hold harmless the Escrow Agent and the Paying Agent from and against any improper failure to withhold Taxes from amounts payable to it or for its benefit other than an improper failure attributable to the gross negligence or willful misconduct of the Escrow Agent or the Paying Agent, as the case may be.

Section 2.05. Resignation or Removal of Paying Agent. Subject to the appointment and acceptance of a successor Paying Agent as provided below, the Paying Agent may resign at any time by giving 30 days' prior written notice thereof to the Escrow Agent, but may not otherwise be removed except for cause by the Escrow Agent. Upon any such resignation or removal, the Escrow Agent shall have the right to appoint a successor Paying Agent. If no successor Paying Agent shall have been so appointed and

shall have accepted such appointment within 30 days after the retiring Paying Agent's giving of notice of resignation or the removal of the retiring Paying Agent, then the retiring Paying Agent may appoint a successor Paying Agent, which shall be a bank which has an office in the United States with a combined capital and surplus of at least \$100,000,000. Upon the acceptance of any appointment as Paying Agent hereunder by a successor Paying Agent, such successor Paying Agent shall enter into such documents as the Escrow Agent shall require and shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Paying Agent, and the retiring Paying Agent shall be discharged from its duties and obligations hereunder.

Section 2.06. Notice of Final Withdrawal. Promptly after receipt by the Paying Agent of notice that the Escrow Agent has requested a Final Withdrawal or that a Final Withdrawal will be made, the Paying Agent shall cause notice of the distribution of the Final Withdrawal to be mailed to each of the Receiptholders at its address as it appears in the Register. Such notice shall be mailed not less than 20 days prior to the Final Withdrawal Date. Such notice shall set forth:

(i) the Final Withdrawal Date and the date for determining Receiptholders of record who shall be entitled to receive distributions in respect of the Final Withdrawal,

(ii) the amount of the payment in respect of the Final Withdrawal for each \$1,000 face amount Certificate (based on information provided by the Pass Through Trustee) and the amount thereof constituting unused Deposits and interest thereon, and

(iii) if the Final Withdrawal Date is the same date as a Regular Distribution Date, the total amount to be received on such date for each \$1,000 face amount Certificate (based on information provided by the Pass Through Trustee).

Such mailing may include any notice required to be given to Certificateholders in connection with such distribution pursuant to the Pass Through Trust Agreement.

SECTION 3. Payments. If, notwithstanding the instructions in Section 4 of the Deposit Agreement that all



amounts payable to the Escrow Agent under the Deposit Agreement be paid by the Depository directly to the Paying Agent or the Pass Through Trustee (depending on the circumstances), the Escrow Agent receives any payment thereunder, then the Escrow Agent shall forthwith pay such amount in Dollars and in immediately available funds by wire transfer to (a) in the case of a payment of accrued interest on the Deposits or any Final Withdrawal, directly to the Paying Agent Account and (b) in the case of any Purchase Withdrawal, directly to the Pass Through Trustee or its designee as specified and in the manner provided in the Applicable Notice of Purchase Withdrawal. The Escrow Agent hereby waives any and all rights of set-off, combination of accounts, right of retention or similar right (whether arising under applicable law, contract or otherwise) it may have against amounts payable to the Paying Agent howsoever arising.

SECTION 4. Other Actions. The Escrow Agent shall take such other actions under or in respect of the Deposit Agreement (including, without limitation, the enforcement of the obligations of the Depository thereunder) as the Investors, by an Action of Investors, may from time to time request.

SECTION 5. Representations and Warranties of the Escrow Agent. The Escrow Agent represents and warrants to Continental, the Investors, the Paying Agent and the Pass Through Trustee as follows:

(i) it is a national banking association duly organized and validly existing in good standing under the laws of the United States of America;

(ii) it has full power, authority and legal right to conduct its business and operations as currently conducted and to enter into and perform its obligations under this Agreement and the Deposit Agreement;

(iii) the execution, delivery and performance of each of this Agreement and the Deposit Agreement have been duly authorized by all necessary corporate action on the part of it and do not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of it, and each such document has been duly executed and delivered by it and constitutes its legal, valid and binding obligations enforceable against it in

accordance with the terms hereof or thereof except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles of general application to or affecting the enforcement of creditors' rights generally (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(iv) no authorization, consent or approval of or other action by, and no notice to or filing with, any United States federal or state governmental authority or regulatory body is required for the execution, delivery or performance by it of this Agreement or the Deposit Agreement;

(v) neither the execution, delivery or performance by it of this Agreement or the Deposit Agreement, nor compliance with the terms and provisions hereof or thereof, conflicts or will conflict with or results or will result in a breach or violation of any of the terms, conditions or provisions of, or will require any consent or approval under, any law, governmental rule or regulation or the charter documents, as amended, or bylaws, as amended, of it or any similar instrument binding on it or any order, writ, injunction or decree of any court or governmental authority against it or by which it or any of its properties is bound or any indenture, mortgage or contract or other agreement or instrument to which it is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or results or will result in the imposition of any lien upon any of its properties; and

(vi) there are no pending or, to its knowledge, threatened actions, suits, investigations or proceedings (whether or not purportedly on behalf of it) against or affecting it or any of its property before or by any court or administrative agency which, if adversely determined, (A) would adversely affect the ability of it to perform its obligations under this Agreement or the Deposit Agreement or (B) would call into question or challenge the validity of this Agreement or the Deposit Agreement or the enforceability hereof or thereof in accordance with the

terms hereof or thereof, nor is the Escrow Agent in default with respect to any order of any court, governmental authority, arbitration board or administrative agency so as to adversely affect its ability to perform its obligations under this Agreement or the Deposit Agreement.

SECTION 6. Representations and Warranties of the Paying Agent. The Paying Agent represents and warrants to Continental, the Investors, the Escrow Agent and the Pass Through Trustee as follows:

(i) it is a Delaware banking company duly organized and validly existing in good standing under the laws of its jurisdiction of incorporation;

(ii) it has full power, authority and legal right to conduct its business and operations as currently conducted and to enter into and perform its obligations under this Agreement;

(iii) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action on the part of it and does not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of it, and such document has been duly executed and delivered by it and constitutes its legal, valid and binding obligations enforceable against it in accordance with the terms hereof except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles of general application to or affecting the enforcement of creditors' rights generally (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(iv) no authorization, consent or approval of or other action by, and no notice to or filing with, any United States federal or state governmental authority or regulatory body is required for the execution, delivery or performance by it of this Agreement;

(v) neither the execution, delivery or performance by it of this Agreement, nor compliance with the terms and provisions hereof, conflicts or will

conflict with or results or will result in a breach or violation of any of the terms, conditions or provisions of, or will require any consent or approval under, any law, governmental rule or regulation or the charter documents, as amended, or bylaws, as amended, of it or any similar instrument binding on it or any order, writ, injunction or decree of any court or governmental authority against it or by which it or any of its properties is bound or any indenture, mortgage or contract or other agreement or instrument to which it is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or results or will result in the imposition of any lien upon any of its properties; and

(vi) there are no pending or, to its knowledge, threatened actions, suits, investigations or proceedings (whether or not purportedly on behalf of it) against or affecting it or any of its property before or by any court or administrative agency which, if adversely determined, (A) would adversely affect the ability of it to perform its obligations under this Agreement or (B) would call into question or challenge the validity of this Agreement or the enforceability hereof in accordance with the terms hereof, nor is the Paying Agent in default with respect to any order of any court, governmental authority, arbitration board or administrative agency so as to adversely affect its ability to perform its obligations under this Agreement.

SECTION 7. Indemnification. Except for actions expressly required of the Escrow Agent or the Paying Agent hereunder, each of the Escrow Agent and the Paying Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall have been indemnified by the party requesting such action in a manner reasonably satisfactory to it against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. In the event Continental requests any amendment to any Operative Agreement (as defined in the Note Purchase Agreement), the Pass Through Trustee agrees to pay all reasonable fees and expenses (including, without limitation, fees and disbursements of counsel) of the Escrow Agent and the Paying Agent in connection therewith.

SECTION 8. Amendment, Etc. Upon request of the Pass Through Trustee and approval by an Action of Investors, the Escrow Agent shall enter into an amendment to this Agreement, so long as such amendment does not adversely affect the rights or obligations of the Escrow Agent or the Paying Agent, provided that upon request of the Pass Through Trustee and without any consent of the Investors, the Escrow Agent shall enter into an amendment to this Agreement for any of the following purposes:

(1) to correct or supplement any provision in this Agreement which may be defective or inconsistent with any other provision herein or to cure any ambiguity or correct any mistake or to modify any other provision with respect to matters or questions arising under this Agreement, provided that any such action shall not materially adversely affect the interests of the Investors; or

(2) to comply with any requirement of the SEC, applicable law, rules or regulations of any exchange or quotation system on which the Certificates are listed, any regulatory body or the Registration Rights Agreement to effectuate the Exchange Offer; or

(3) to evidence and provide for the acceptance of appointment under this Agreement of a successor Escrow Agent, successor Paying Agent or successor Pass Through Trustee.

SECTION 9. Notices. Unless otherwise expressly provided herein, any notice or other communication under this Agreement shall be in writing (including by facsimile) and shall be deemed to be given and effective upon receipt thereof. All notices shall be sent to (a) in the case of the Investors, as their respective addresses shall appear in the Register, (b) in the case of the Escrow Agent, First Security Bank, National Association, 79 South Main Street, Salt Lake City, UT 84111, Attention: Corporate Trust Services (Telecopier: (801) 246-5053), (c) in the case of the Pass Through Trustee, Wilmington Trust Company, 1100 North Market Street, Wilmington, DE 19890, Attention: Corporate Trust Administration (Telecopier: (302) 651-8882) or (d) in the case of the Paying Agent, Wilmington Trust Company, 1100 North Market Street, Wilmington, DE 19890, Attention: Corporate Trust Administration (Telecopier: (302) 651-8882), in each case with a copy to Continental, Continental Airlines, Inc., 2929 Allen Parkway, Suite 2010, Houston, TX

77019, Attention: Executive Vice President and Chief Financial Officer (Telecopier: (713) 520-6329) (or at such other address as any such party may specify from time to time in a written notice to the other parties). On or prior to the execution of this Agreement, the Pass Through Trustee has delivered to the Escrow Agent a certificate containing specimen signatures of the representatives of the Pass Through Trustee who are authorized to give notices and instructions with respect to this Agreement. The Escrow Agent may conclusively rely on such certificate until the Escrow Agent receives written notice from the Pass Through Trustee to the contrary.

SECTION 10. Transfer. No party hereto shall be entitled to assign or otherwise transfer this Agreement (or any interest herein) other than (in the case of the Escrow Agent) to a successor escrow agent under Section 1.06 hereof or (in the case of the Paying Agent) to a successor paying agent under Section 2.04 hereof, and any purported assignment in violation thereof shall be void. This Agreement shall be binding upon the parties hereto and their respective successors and (in the case of the Escrow Agent and the Paying Agent) their respective permitted assigns. Upon the occurrence of the Transfer (as defined below) contemplated by the Assignment and Assumption Agreement (as defined below), the Pass Through Trustee shall (without further act) be deemed to have transferred all of its right, title and interest in and to this Agreement to the trustee of the Successor Trust (as defined below) and, thereafter, the trustee of the Successor Trust shall be deemed to be the "Pass Through Trustee" hereunder with the rights and obligations of the "Pass Through Trustee" hereunder and each reference herein to "Continental Airlines Pass Through Trust 1997-1B-0" shall be deemed to be a reference to "Continental Airlines Pass Through Trust 1997-1B-S". The parties hereto hereby acknowledge and consent to the Transfer contemplated by the Assignment and Assumption Agreement. As used herein, "Transfer" means the transfers of the assets to the Successor Trust contemplated by the Assignment and Assumption Agreement; "Assignment and Assumption Agreement" means the Assignment and Assumption Agreement to be entered into between the Pass Through Trustee and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Pass Through Trust Agreement; "Successor Trust" means the Continental Airlines Pass Through Trust 1997-1B-S.

SECTION 11. Entire Agreement. This Agreement sets forth all of the promises, covenants, agreements, conditions and

understandings among the Escrow Agent, the Paying Agent, the Initial Purchasers and the Pass Through Trustee with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and undertakings, inducements or conditions, express or implied, oral or written.

SECTION 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 13. Waiver of Jury Trial Right. EACH OF THE ESCROW AGENT, THE PAYING AGENT, THE INVESTORS AND THE PASS THROUGH TRUSTEE ACKNOWLEDGES AND ACCEPTS THAT IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT SUCH PARTY IRREVOCABLY WAIVES ITS RIGHT TO A TRIAL BY JURY.

SECTION 14. Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one instrument.

IN WITNESS WHEREOF, the Escrow Agent, the Paying Agent, the Initial Purchasers and the Pass Through Trustee have caused this Escrow and Paying Agent Agreement (Class B) to be duly executed as of the day and year first above written.

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FIRST SECURITY BANK, NATIONAL  
ASSOCIATION, as Escrow Agent

By  
-----  
Name:  
Title:

CREDIT SUISSE FIRST BOSTON  
CORPORATION;  
  
MORGAN STANLEY & CO. INCORPORATED;  
  
CHASE SECURITIES INC.; and  
  
GOLDMAN, SACHS & CO.,  
as Initial Purchasers

By: CREDIT SUISSE FIRST BOSTON  
CORPORATION

By  
-----  
Name:  
Title:

WILMINGTON TRUST COMPANY, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of Continental Airlines Pass Through Trust 1997-1B-0

By

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Name:  
Title:

WILMINGTON TRUST COMPANY,  
as Paying Agent

By

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Name:  
Title:



## CONTINENTAL AIRLINES 1997-1B ESCROW RECEIPT

No. —

This Escrow Receipt evidences a fractional undivided interest in amounts ("Account Amounts") from time to time deposited into a certain paying agent account (the "Paying Agent Account") described in the Escrow and Paying Agent Agreement (Class B) dated as of March 21, 1997 (as amended, modified or supplemented from time to time, the "Escrow and Paying Agent Agreement") among First Security Bank, National Association, as Escrow Agent (in such capacity, together with its successors in such capacity, the "Escrow Agent"), Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co., as Initial Purchasers, Wilmington Trust Company, as Pass Through Trustee (in such capacity, together with its successors in such capacity, the "Pass Through Trustee") and Wilmington Trust Company, as paying agent (in such capacity, together with its successors in such capacity, the "Paying Agent"). Capitalized terms not defined herein shall have the meanings assigned to them in the Escrow and Paying Agent Agreement.

This Escrow Receipt is issued under and is subject to the terms, provisions and conditions of the Escrow and Paying Agent Agreement. By virtue of its acceptance hereof the holder of this Escrow Receipt assents and agrees to be bound by the provisions of the Escrow and Paying Agent Agreement and this Escrow Receipt.

This Escrow Receipt represents a fractional undivided interest in amounts deposited from time to time in the Paying Agent Account, and grants or represents no rights, benefits or interests of any kind in respect of any assets or property other than such amounts. This Escrow Receipt evidences the same percentage interest in the Account Amounts as the Fractional Undivided Interest in the Pass Through Trust evidenced by the Certificate to which this Escrow Receipt is affixed.

All payments and distributions made to Receiptholders in respect of the Escrow Receipt shall be made only from Account Amounts deposited in the Paying Agent Account. The holder of this Escrow Receipt, by its acceptance of this Escrow Receipt, agrees that it will look solely to the Account Amounts for any

payment or distribution due to it pursuant to this Escrow Receipt and that it will not have any recourse to Continental, the Pass Through Trustee, the Paying Agent or the Escrow Agent, except as expressly provided herein or in the Pass Through Trust Agreement. No Receiptholder of this Escrow Receipt shall have any right to vote or in any manner otherwise control the operation and management of the Paying Agent Account, nor shall anything set forth herein, or contained in the terms of this Escrow Receipt, be construed so as to constitute the Receiptholders from time to time as partners or members of an association.

This Escrow Receipt may not be assigned or transferred except in connection with the assignment or transfer of the Certificate to which this Escrow Receipt is affixed. After payment to the holder hereof of its Escrow Interest in the Final Distribution, upon the request of the Pass Through Trustee, the holder hereof will return this Escrow Receipt to the Pass Through Trustee.

The Paying Agent may treat the person in whose name the Certificate to which this Escrow Receipt is attached as the owner hereof for all purposes, and the Paying Agent shall not be affected by any notice to the contrary.

THIS ESCROW RECEIPT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Escrow Agent has caused this Escrow Receipt to be duly executed.

Dated: \_\_\_\_\_, 1997

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION  
as Escrow Agent

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

WITHDRAWAL CERTIFICATE  
(Class B)

First Security Bank, National Association,  
as Escrow Agent

Dear Sirs:

Reference is made to the Escrow and Paying Agent Agreement, dated as of March 21, 1997 (the "Agreement"). We hereby certify to you that the conditions to the obligations of the undersigned to execute a Participation Agreement pursuant to the Note Purchase Agreement have been satisfied. Pursuant to Section 1.02(c) of the Agreement, please execute the attached Notice of Withdrawal and immediately transmit by facsimile to the Depository, at (212) 325-8319, Attention: Robert Finney and Kevin Kappell.

Very truly yours,

WILMINGTON TRUST COMPANY

not in its individual capacity by  
Solely as Pass Through Trustee

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

Dated: \_\_\_\_\_, 199\_

=====

ESCROW AND PAYING AGENT AGREEMENT  
(Class C-I)

Dated as of March 21, 1997

among

FIRST SECURITY BANK, NATIONAL ASSOCIATION  
as Escrow Agent

CREDIT SUISSE FIRST BOSTON CORPORATION  
MORGAN STANLEY & CO. INCORPORATED  
CHASE SECURITIES INC.

and

GOLDMAN, SACHS & CO.  
as Initial Purchasers

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
but solely as Pass Through Trustee  
for and on behalf of  
Continental Airlines Pass Through Trust 1997-LC-I-0

as Pass Through Trustee

and

WILMINGTON TRUST COMPANY

as Paying Agent

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ESCROW AND PAYING AGENT AGREEMENT (Class C-1) dated as of March 21, 1997 (as amended, modified or supplemented from time to time, this "Agreement") among FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, as Escrow Agent (in such capacity, together with its successors in such capacity, the "Escrow Agent"); CREDIT SUISSE FIRST BOSTON CORPORATION, MORGAN STANLEY & CO. INCORPORATED, CHASE SECURITIES INC. and GOLDMAN, SACHS & CO., as Initial Purchasers of the below referred to Certificates (the "Initial Purchasers" and together with their respective transferees and assigns as registered owners of the Certificates, the "Investors") under the Certificate Purchase Agreement referred to below; WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity except as otherwise expressly provided herein, but solely as trustee (in such capacity, together with its successors in such capacity, the "Pass Through Trustee") under the Pass Through Trust Agreement referred to below; and WILMINGTON TRUST COMPANY, a Delaware banking corporation, as paying agent hereunder (in such capacity, together with its successors in such capacity, the "Paying Agent").

W I T N E S S E T H

WHEREAS, Continental Airlines, Inc. ("Continental") and the Pass Through Trustee have entered into a Pass Through Trust Agreement, dated as of March 21, 1997 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Pass Through Trust Agreement") relating to Continental Airlines Pass Through Trust 1997-1C-I-0 (the "Pass Through Trust") pursuant to which the Continental Airlines Pass Through Trust, Series 1997-1C-I-0 Certificates referred to therein (the "Certificates") are being issued;

WHEREAS, Continental and the Initial Purchasers have entered into a Certificate Purchase Agreement dated as of March 12, 1997 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Certificate Purchase Agreement") pursuant to which the Pass Through Trustee will issue and sell the Certificates to the Initial Purchasers;

WHEREAS, Continental, the Pass Through Trustee, certain other pass through trustees and certain other persons concurrently herewith are entering into the Note Purchase Agreement, dated as of the date hereof (the "Note Purchase Agreement"), pursuant to which the Pass Through Trustee has agreed to acquire from time to time on or prior to the Delivery Period Termination Date (as defined in the Note Purchase Agreement) equipment notes (the "Equipment Notes") issued to finance the acquisition of aircraft by Continental, as lessee or as owner, utilizing a portion of the proceeds from the sale of the Certificates (the "Net Proceeds");

WHEREAS, the Initial Purchasers and the Pass Through Trustee intend that the Net Proceeds be held in escrow by the Escrow Agent on behalf of the Investors, subject to withdrawal upon request by the Pass Through Trustee and satisfaction of the conditions set forth in the Note Purchase Agreement for the purpose of purchasing Equipment Notes, and that pending such withdrawal the Net Proceeds be deposited on behalf of the Escrow Agent with

Credit Suisse First Boston, a Swiss bank acting through its New York branch, as Depositary (the "Depositary") under the Deposit Agreement, dated as of the date hereof between the Depositary and the Escrow Agent relating to the Pass Through Trust (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Deposit Agreement") pursuant to which, among other things, the Depositary will pay interest for distribution to the Investors and establish accounts from which the Escrow Agent shall make withdrawals upon request of and proper certification by the Pass Through Trustee;

WHEREAS, the Escrow Agent wishes to appoint the Paying Agent to pay amounts required to be distributed to the Investors in accordance with this Agreement; and

WHEREAS, capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Pass Through Trust Agreement.

NOW, THEREFORE, in consideration of the obligations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

#### SECTION 1. Escrow Agent.

Section 1.01. Appointment of Escrow Agent. Each of the Initial Purchasers, for and on behalf of each of the Investors, hereby irrevocably appoints, authorizes and directs the Escrow Agent to act as escrow agent and fiduciary hereunder and under the Deposit Agreement for such specific purposes and with such powers as are specifically delegated to the Escrow Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Any and all money received and held by the Escrow Agent under this Agreement or the Deposit Agreement shall be held in escrow by the Escrow Agent in accordance with the terms of this Agreement. This Agreement is irrevocable and the Investors' rights with respect to any monies received and held in escrow by the Escrow Agent under this Agreement or the Deposit Agreement shall only be as provided under the terms and conditions of this Agreement and the Deposit Agreement. The Escrow Agent (which term as used in this sentence shall include reference to its affiliates and its own and its affiliates' officers, directors, employees and agents): (a) shall have no duties or responsibilities except those expressly set forth in this Agreement; (b) shall not be responsible to the Pass Through Trustee or the Investors for any recitals, statements, representations or warranties of any person other than itself contained in this Agreement or the Deposit Agreement or for the failure by the Pass Through Trustee, Investors or any other person or entity (other than the Escrow Agent) to perform any of its obligations hereunder (whether or not the Escrow Agent shall have any knowledge thereof); and (c) shall not be responsible for any action taken or omitted to be taken by it hereunder or provided for herein or in connection herewith, except for its own willful misconduct or gross negligence (or simple negligence in connection with the handling of funds).

Section 1.02. Instruction: Etc. The Initial Purchasers, for and on behalf of each of the Investors, hereby irrevocably instruct the Escrow Agent, and the Escrow Agent agrees, (a) to enter into the Deposit Agreement, (b) to appoint the Paying Agent as provided in this Agreement, (c) upon receipt at any time and from time to time prior to the Termination Date (as

defined below) of a certificate substantially in the form of Exhibit B hereto (a "Withdrawal Certificate") executed by the Pass Through Trustee, together with an attached Notice of Purchase Withdrawal in substantially the form of Exhibit A to the Deposit Agreement duly completed by the Pass Through Trustee (the "Applicable Notice of Purchase Withdrawal" and the withdrawal to which it relates, a "Purchase Withdrawal"), immediately to execute the Applicable Notice of Purchase Withdrawal as Escrow Agent and transmit it to the Depository by facsimile transmission in accordance with the Deposit Agreement; provided that, upon the request of the Pass Through Trustee after such transmission, the Escrow Agent shall cancel such Applicable Notice of Purchase Withdrawal, and (d) if there are any undrawn Deposits (as defined in the Deposit Agreement) on the "Termination Date", which shall mean the earlier of (i) July 1, 1998 and (ii) the day on which the Escrow Agent receives notice from the Pass Through Trustee that the Pass Through Trustee's obligation to purchase Equipment Notes under the Note Purchase Agreement has terminated, to give notice to the Depository (with a copy to the Paying Agent) substantially in the form of Exhibit B to the Deposit Agreement requesting a withdrawal of all of the remaining Deposits, together with accrued and unpaid interest on such Deposits to the date of withdrawal, on the 35th day after the date that such notice of withdrawal is given to the Depository (or, if not a Business Day, on the next succeeding Business Day) (a "Final Withdrawal"), provided that if the day scheduled for the Final Withdrawal in accordance with the foregoing is within 10 days before or after a Regular Distribution Date, then the Escrow Agent shall request that such requested Final Withdrawal be made on such Regular Distribution Date (the date of such requested withdrawal, the "Final Withdrawal Date"). If for any reason the Escrow Agent shall have failed to give the Final Withdrawal Notice to the Depository on or before July 6, 1998, and there are unwithdrawn Deposits on such date, the Final Withdrawal Date shall be deemed to be July 31, 1998.

Section 1.03. Initial Escrow Amount; Issuance of Escrow Receipts. The Escrow Agent hereby directs the Initial Purchasers to, and the Initial Purchasers hereby acknowledge that on the date hereof they shall, irrevocably deliver to the Depository on behalf of the Escrow Agent, an amount in U.S. dollars ("Dollars") and immediately available funds equal to \$111,093,000 for deposit on behalf of the Escrow Agent with the Depository in accordance with Section 2.1 of the Deposit Agreement. The Initial Purchasers hereby instruct the Escrow Agent, upon receipt of such sum from the Initial Purchasers, to confirm such receipt by executing and delivering to the Pass Through Trustee an Escrow Receipt in the form of Exhibit A hereto (an "Escrow Receipt"), (a) to be affixed by the Pass Through Trustee to each Certificate and (b) to evidence the same percentage interest (the "Escrow Interest") in the Account Amounts as the Fractional Undivided Interest in the Pass Through Trust evidenced by the Certificate to which it is to be affixed. The Escrow Agent shall provide to the Pass Through Trustee for attachment to each Certificate newly issued under and in accordance with the Pass Through Trust Agreement an executed Escrow Receipt as the Pass Through Trustee may from time to time request of the Escrow Agent. Each Escrow Receipt shall be registered by the Escrow Agent in a register (the "Register") maintained by the Escrow Agent in the same name and same manner as the Certificate to which it is attached and may not thereafter be detached from such Certificate to which it is to be affixed prior to the distribution of the Final Withdrawal (the "Final Distribution"). After the Final Distribution, no Escrow Receipts shall be issued and the Pass



Through Trustee shall request the return to the Escrow Agent for cancellation of all outstanding Escrow Receipts.

Section 1.04. Payments to Receiptholders. All payments and distributions made to holders of an Escrow Receipt (collectively "Receiptholders") in respect of the Escrow Receipt shall be made only from amounts deposited in the Paying Agent Account ("Account Amounts"). Each Receiptholder, by its acceptance of an Escrow Receipt, agrees that (a) it will look solely to the Account Amounts for any payment or distribution due to such Receiptholder pursuant to the terms of the Escrow Receipt and this Agreement and (b) it will have no recourse to Continental, the Pass Through Trustee, the Paying Agent or the Escrow Agent, except as expressly provided herein or in the Pass Through Trust Agreement. No Receiptholder shall have any right to vote or in any manner otherwise control the operation and management of the Paying Agent Account or the obligations of the parties hereto, nor shall anything set forth herein, or contained in the terms of the Escrow Receipt, be construed so as to constitute the Receiptholders from time to time as partners or members of an association.

Section 1.05. Mutilated, Destroyed, Lost or Stolen Escrow Receipt. If (a) any mutilated Escrow Receipt is surrendered to the Escrow Agent or the Escrow Agent receives evidence to its satisfaction of the destruction, loss or theft of any Escrow Receipt and (b) there is delivered to the Escrow Agent and the Pass Through Trustee such security, indemnity or bond, as may be required by them to hold each of them harmless, then, absent notice to the Escrow Agent or the Pass Through Trustee that such destroyed, lost or stolen Escrow Receipt has been acquired by a bona fide purchaser, and provided that the requirements of Section 8-405 of the Uniform Commercial Code in effect in any applicable jurisdiction are met, the Escrow Agent shall execute, authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Escrow Receipt, a new Escrow Receipt or Escrow Receipts and of like Escrow Interest and bearing a number not contemporaneously outstanding.

In connection with the issuance of any new Escrow Receipt under this Section 1.05, the Escrow Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Pass Through Trustee and the Escrow Agent) connected therewith.

Any duplicative Escrow Receipt issued pursuant to this Section 1.05 shall constitute conclusive evidence of the appropriate Escrow Interest in the Account Amounts, as if originally issued, whether or not the lost, stolen or destroyed Escrow Receipt shall be found at any time.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Escrow Receipts.

Section 1.06. Additional Escrow Amounts. On the date of any Purchase Withdrawal, the Pass Through Trustee may re-deposit with the Depositary some or all of the amounts so withdrawn in accordance with Section 2.4 of the Deposit Agreement.

Section 1.07. Resignation or Removal of Escrow Agent. Subject to the appointment and acceptance of a successor Escrow Agent as provided below, the Escrow Agent may resign at any time by giving 30 days' prior written notice thereof to the Investors, but may not otherwise be removed except for cause by the written consent of the Investors with respect to Investors representing Escrow Interests aggregating not less than a majority in interest in the Account Amounts (an "Action of Investors"). Upon any such resignation or removal, the Investors, by an Action of Investors, shall have the right to appoint a successor Escrow Agent. If no successor Escrow Agent shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Escrow Agent's giving of notice of resignation or the removal of the retiring Escrow Agent, then the retiring Escrow Agent may appoint a successor Escrow Agent, which shall be a bank which has an office in the United States with a combined capital and surplus of at least \$100,000,000. Upon the acceptance of any appointment as Escrow Agent hereunder by a successor Escrow Agent, such successor Escrow Agent shall enter into such documents as the Pass Through Trustee shall require and shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Escrow Agent, and the retiring Escrow Agent shall be discharged from its duties and obligations hereunder. No resignation or removal of the Escrow Agent shall be effective unless a written confirmation shall have been obtained from each of Moody's Investors Service, Inc. and Standard & Poor's Rating Group, a division of McGraw-Hill Inc., that the replacement of the Escrow Agent with the successor Escrow Agent will not result in (a) a reduction of the rating for the Certificates below the then current rating for the Certificates or (b) a withdrawal or suspension of the rating of the Certificates.

Section 1.08. Persons Deemed Owners. Prior to due presentment of a Certificate for registration of transfer, the Escrow Agent and the Paying Agent may treat the Person in whose name any Escrow Receipt is registered (as of the day of determination) as the owner of such Escrow Receipt for the purpose of receiving distributions pursuant to this Agreement and for all other purposes whatsoever, and none of the Escrow Agent or the Paying Agent shall be affected by any notice to the contrary.

Section 1.09. Further Assurances. The Escrow Agent agrees to take such actions, and execute such other documents, as may be reasonably requested by the Pass Through Trustee in order to effectuate the purposes of this Agreement and the performance by the Escrow Agent of its obligations hereunder.

## SECTION 2. Paying Agent.

Section 2.01. Appointment of Paying Agent. The Escrow Agent hereby irrevocably appoints and authorizes the Paying Agent to act as its paying agent hereunder, for the benefit of the Investors, for such specific purposes and with such powers as are specifically delegated to the Paying Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Any and all money received and held by the Paying Agent under this Agreement or the Deposit Agreement shall be held in the Paying Agent Account (as defined below) for the benefit of the Investors. The Paying Agent (which term as used in this sentence shall include reference to its affiliates and its own and its affiliates' officers, directors,

employees and agents): (a) shall have no duties or responsibilities except those expressly set forth in this Agreement, and shall not by reason of this Agreement be a trustee for the Escrow Agent; (b) shall not be responsible to the Escrow Agent for any recitals, statements, representations or warranties of any person other than itself contained in this Agreement or for the failure by the Escrow Agent or any other person or entity (other than the Paying Agent) to perform any of its obligations hereunder (whether or not the Paying Agent shall have any knowledge thereof); and (c) shall not be responsible for any action taken or omitted to be taken by it hereunder or provided for herein or in connection herewith, except for its own willful misconduct or gross negligence (or simple negligence in connection with the handling of funds).

Section 2.02. Establishment of Paying Agent Account. The Paying Agent shall establish a deposit account (the "Paying Agent Account") at Wilmington Trust Company in the name of the Escrow Agent. It is expressly understood by the parties hereto that the Paying Agent is acting as the paying agent of the Escrow Agent hereunder and that no amounts on deposit in the Paying Agent Account constitute part of the Trust Property.

Section 2.03. Payments from Paying Agent Account. The Escrow Agent hereby irrevocably instructs the Paying Agent, and the Paying Agent agrees to act, as follows:

(a) on each Interest Payment Date (as defined in the Deposit Agreement) or as soon thereafter as the Paying Agent has confirmed receipt in the Paying Agent Account from the Depository of any amount in respect of accrued interest on the Deposits, the Paying Agent shall distribute out of the Paying Agent Account the entire amount deposited therein by the Depository. There shall be so distributed to each Receiptholder of record on the 15th day (whether or not a Business Day) preceding such Interest Payment Date by check mailed to such Receiptholder, at the address appearing in the Register, such Receiptholder's pro rata share (based on the Escrow Interest in the Account Amounts held by such Receiptholder) of the total amount of interest deposited by the Depository in the Paying Agent Account on such date, except that, with respect to Escrow Receipts registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(b) upon the confirmation by the Paying Agent of receipt in the Paying Agent Account from the Depository of any amount in respect of the Final Withdrawal, the Paying Agent shall forthwith distribute the entire amount of the Final Withdrawal deposited therein by the Depository. There shall be so distributed to each Receiptholder of record on the 15th day (whether or not a Business Day) preceding the Final Withdrawal Date by check mailed to such Receiptholder, at the address appearing in the Register, such Receiptholder's pro rata share (based on the Escrow Interest in the Account Amounts held by such Receiptholder) of the total amount in the Paying Agent Account on account of such Final Withdrawal, except that, with respect to Escrow Receipts registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(c) If any payment of interest or principal in respect of the Final Withdrawal is not received by the Paying Agent within five days of the applicable date when due, then it shall be distributed to Receiptholders after actual receipt by the Paying Agent on the same basis as a Special Payment is distributed under the Pass Through Trust Agreement.

(d) the Paying Agent shall include with any check mailed pursuant to this Section any notice required to be distributed under the Pass Through Trust Agreement that is furnished to the Paying Agent by the Pass Through Trustee.

Section 2.04. Withholding Taxes. The Paying Agent shall exclude and withhold from each distribution of accrued interest on the Deposits and any amount in respect of the Final Withdrawal any and all withholding taxes applicable thereto as required by law. In addition, the Paying Agent shall remit or cause to be remitted such amounts as would be required by Section 1446 of the Internal Revenue Code of 1986, as amended, as if the agreements of the Initial Purchasers set forth in this Agreement were characterized as a partnership engaged in a U.S. trade or business for U.S. federal income tax purposes and shall withhold or cause to be withheld such amounts from amounts distributable to or for the benefit of Receiptholders or beneficial owners of interests in Escrow Receipts that are not United States persons within the meaning of section 7701 (a)(30) of the Internal Revenue Code of 1986, as amended ("Non-U.S. Persons"). In this regard, the Paying Agent shall cause the appropriate withholding agent to withhold with respect to such distributions in the manner contemplated by Section 10.04 of Revenue Procedure 89-31 and Treasury Regulation 1.1445-8(b)(3)) by filing a notice with the National Association of Securities Dealers, Inc. substantially in the form of Exhibits C and D on or before the date 10 days prior to the Record Date. The Paying Agent shall mail such notice to the National Association of Securities Dealers no later than the date 15 days prior to the Record Date. Investors that are not United States Persons agree to furnish a taxpayer identification number ("TIN") to the Paying Agent and the Paying Agent shall provide such TINs to the appropriate U.S. withholding agent. The Paying Agent agrees to act as such withholding agent (except to the extent contemplated above with respect to withholding amounts as if the agreements of the Initial Purchasers as set forth in this Agreement were characterized as a business engaged in a U.S. trade or business for U.S. federal income tax purposes) and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect of the Deposits or the escrow amounts, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Receiptholders, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each such Receiptholder appropriate documentation showing the payment thereof, together with such additional documentary evidence as such Receiptholder may reasonably request from time to time. The Paying Agent agrees to file any other information reports as it may be required to file under United States law. Each Receiptholder or beneficial owner of an interest in an Escrow Receipt that is a Non-U.S. Person, by its acceptance of an Escrow Receipt or a beneficial interest therein, agrees to indemnify and hold harmless the Escrow Agent and the Paying Agent from and against any improper failure to withhold Taxes from amounts payable to it or for its benefit other

than an improper failure attributable to the gross negligence or willful misconduct of the Escrow Agent or the Paying Agent, as the case may be.

Section 2.05. Resignation or Removal of Paying Agent. Subject to the appointment and acceptance of a successor Paying Agent as provided below, the Paying Agent may resign at any time by giving 30 days' prior written notice thereof to the Escrow Agent, but may not otherwise be removed except for cause by the Escrow Agent. Upon any such resignation or removal, the Escrow Agent shall have the right to appoint a successor Paying Agent. If no successor Paying Agent shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Paying Agent's giving of notice of resignation or the removal of the retiring Paying Agent, then the retiring Paying Agent may appoint a successor Paying Agent, which shall be a bank which has an office in the United States with a combined capital and surplus of at least \$ 100,000,000. Upon the acceptance of any appointment as Paying Agent hereunder by a successor Paying Agent, such successor Paying Agent shall enter into such documents as the Escrow Agent shall require and shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Paying Agent, and the retiring Paying Agent shall be discharged from its duties and obligations hereunder.

Section 2.06. Notice of Final Withdrawal. Promptly after receipt by the Paying Agent of notice that the Escrow Agent has requested a Final Withdrawal or that a Final Withdrawal will be made, the Paying Agent shall cause notice of the distribution of the Final Withdrawal to be mailed to each of the Receiptholders at its address as it appears in the Register. Such notice shall be mailed not less than 20 days prior to the Final Withdrawal Date. Such notice shall set forth

(i) the Final Withdrawal Date and the date for determining Receiptholders of record who shall be entitled to receive distributions in respect of the Final Withdrawal,

(ii) the amount of the payment in respect of the Final Withdrawal for each \$ 1,000 face amount Certificate (based on information provided by the Pass Through Trustee) and the amount thereof constituting unused Deposits and interest thereon, and

(iii) if the Final Withdrawal Date is the same date as a Regular Distribution Date, the total amount to be received on such date for each \$ 1,000 face amount Certificate (based on information provided by the Pass Through Trustee).

Such mailing may include any notice required to be given to Certificateholders in connection with such distribution pursuant to the Pass Through Trust Agreement.

SECTION 3. Payments. If, notwithstanding the instructions in Section 4 of the Deposit Agreement that all amounts payable to the Escrow Agent under the Deposit Agreement be paid by the Depository directly to the Paying Agent or the Pass Through Trustee (depending on the circumstances), the Escrow

Agent receives any payment thereunder, then the Escrow Agent shall forthwith pay such amount in Dollars and in immediately available funds by wire transfer to (a) in the case of a payment of accrued interest on the Deposits or any Final Withdrawal, directly to the Paying Agent Account and (b) in the case of any Purchase Withdrawal, directly to the Pass Through Trustee or its designee as specified and in the manner provided in the Applicable Notice of Purchase Withdrawal. The Escrow Agent hereby waives any and all rights of set-off, combination of accounts, right of retention or similar right (whether arising under applicable law, contract or otherwise) it may have against amounts payable to the Paying Agent howsoever arising.

SECTION 4. Other Actions. The Escrow Agent shall take such other actions under or in respect of the Deposit Agreement (including, without limitation, the enforcement of the obligations of the Depositary thereunder) as the Investors, by an Action of Investors, may from time to time request.

SECTION 5. Representations and Warranties of the Escrow Agent. The Escrow Agent represents and warrants to Continental, the Investors, the Paying Agent and the Pass Through Trustee as follows:

(i) it is a national banking association duly organized and validly existing in good standing under the laws of the United States of America;

(ii) it has full power, authority and legal right to conduct its business and operations as currently conducted and to enter into and perform its obligations under this Agreement and the Deposit Agreement;

(iii) the execution, delivery and performance of each of this Agreement and the Deposit Agreement have been duly authorized by all necessary corporate action on the part of it and do not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of it, and each such document has been duly executed and delivered by it and constitutes its legal, valid and binding obligations enforceable against it in accordance with the terms hereof or thereof except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles of general application to or affecting the enforcement of creditors' rights generally (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(iv) no authorization, consent or approval of or other action by, and no notice to or filing with, any United States federal or state governmental authority or regulatory body is required for the execution, delivery or performance by it of this Agreement or the Deposit Agreement;

(v) neither the execution, delivery or performance by it of this Agreement or the Deposit Agreement, nor compliance with the terms and provisions hereof or thereof, conflicts or will conflict with or results or will result in a breach or violation of any of the terms, conditions or provisions of, or will

require any consent or approval under, any law, governmental rule or regulation or the charter documents, as amended, or bylaws, as amended, of it or any similar instrument binding on it or any order, writ, injunction or decree of any court or governmental authority against it or by which it or any of its properties is bound or any indenture, mortgage contract or other agreement or instrument to which it is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or results or will result in the imposition of any lien upon any of its properties; and

(vi) there are no pending or, to its knowledge, threatened actions, suits, investigations or proceedings (whether or not purportedly on behalf of it) against or affecting it or any of its property before or by any court or administrative agency which, if adversely determined, (A) would adversely affect the ability of it to perform its obligations under this Agreement or the Deposit Agreement or (B) would call into question or challenge the validity of this Agreement or the Deposit Agreement or the enforceability hereof or thereof in accordance with the terms hereof or thereof, nor is the Escrow Agent in default with respect to any order of any court, governmental authority, arbitration board or administrative agency so as to adversely affect its ability to perform its obligations under this Agreement or the Deposit Agreement.

SECTION 6. Representations and Warranties of the Paying Agent. The Paying Agent represents and warrants to Continental, the Investors, the Escrow Agent and the Pass Through Trustee as follows:

(i) it is a Delaware banking company duly organized and validly existing in good standing under the laws of its jurisdiction of incorporation;

(ii) it has full power, authority and legal right to conduct its business and operations as currently conducted and to enter into and perform its obligations under this Agreement;

(iii) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action on the part of it and does not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of it, and such document has been duly executed and delivered by it and constitutes its legal, valid and binding obligations enforceable against it in accordance with the terms hereof except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles of general application to or affecting the enforcement of creditors' rights generally (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(iv) no authorization, consent or approval of or other action by, and no notice to or filing with, any United States federal or state governmental authority

or regulatory body is required for the execution, delivery or performance by it of this Agreement;

(v) neither the execution, delivery or performance by it of this Agreement, nor compliance with the terms and provisions hereof, conflicts or will conflict with or results or will result in a breach or violation of any of the terms, conditions or provisions of, or will require any consent or approval under, any law, governmental rule or regulation or the charter documents, as amended, or bylaws, as amended, of it or any similar instrument binding on it or any order, writ, injunction or decree of any court or governmental authority against it or by which it or any of its properties is bound or any indenture, mortgage or contract or other agreement or instrument to which it is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or results or will result in the imposition of any lien upon any of its properties; and

(vi) there are no pending or, to its knowledge, threatened actions, suits, investigations or proceedings (whether or not purportedly on behalf of it) against or affecting it or any of its property before or by any court or administrative agency which, if adversely determined, (A) would adversely affect the ability of it to perform its obligations under this Agreement or (B) would call into question or challenge the validity of this Agreement or the enforceability hereof in accordance with the terms hereof, nor is the Paying Agent in default with respect to any order of any court, governmental authority, arbitration board or administrative agency so as to adversely affect its ability to perform its obligations under this Agreement.

SECTION 7. Indemnification. Except for actions expressly required of the Escrow Agent or the Paying Agent hereunder, each of the Escrow Agent and the Paying Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall have been indemnified by the party requesting such action in a manner reasonably satisfactory to it against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. In the event Continental requests any amendment to any Operative Agreement (as defined in the Note Purchase Agreement), the Pass Through Trustee agrees to pay all reasonable fees and expenses (including, without limitation, fees and disbursements of counsel) of the Escrow Agent and the Paying Agent in connection therewith.

SECTION 8. Amendment, Etc. Upon request of the Pass Through Trustee and approval by an Action of Investors, the Escrow Agent shall enter into an amendment to this Agreement, so long as such amendment does not adversely affect the rights or obligations of the Escrow Agent or the Paying Agent, provided that upon request of the Pass Through Trustee and without any consent of the Investors, the Escrow Agent shall enter into an amendment to this Agreement for any of the following purposes:

(1) to correct or supplement any provision in this Agreement which may be defective or inconsistent with any other provision herein or to cure any ambiguity or



correct any mistake or to modify any other provision with respect to matters or questions arising under this Agreement, provided that any such action shall not materially adversely affect the interests of the Investors; or

(2) to comply with any requirement of the SEC, applicable law, rules or regulations of any exchange or quotation system on which the Certificates are listed, any regulatory body or the Registration Rights Agreement to effectuate the Exchange Offer; or

(3) to evidence and provide for the acceptance of appointment under this Agreement of a successor Escrow Agent, successor Paying Agent or successor Pass Through Trustee.

SECTION 9. Notices. Unless otherwise expressly provided herein, any notice or other communication under this Agreement shall be in writing (including by facsimile) and shall be deemed to be given and effective upon receipt thereof. All notices shall be sent to (a) in the case of the Investors, as their respective addresses shall appear in the Register, (b) in the case of the Escrow Agent, First Security Bank, National Association, 79 South Main Street, Salt Lake City, UT 84111, Attention: Corporate Trust Services (Telecopier: (801) 246-5053), (c) in the case of the Pass Through Trustee, Wilmington Trust Company, 1100 North Market Street, Wilmington, DE 19890, Attention: Corporate Trust Administration (Telecopier: (302) 651-8882) or (d) in the case of the Paying Agent, Wilmington Trust Company, 1100 North Market Street, Wilmington, DE 19890, Attention: Corporate Trust Administration (Telecopier: (302) 651-8882), in each case with a copy to Continental, Continental Airlines, Inc., 2929 Allen Parkway, Suite 2010, Houston, TX 77019, Attention: Executive Vice President and Chief Financial Officer (Telecopier: (713) 520-6329) (or at such other address as any such party may specify from time to time in a written notice to the other parties). On or prior to the execution of this Agreement, the Pass Through Trustee has delivered to the Escrow Agent a certificate containing specimen signatures of the representatives of the Pass Through Trustee who are authorized to give notices and instructions with respect to this Agreement. The Escrow Agent may conclusively rely on such certificate until the Escrow Agent receives written notice from the Pass Through Trustee to the contrary.

SECTION 10. Transfer. No party hereto shall be entitled to assign or otherwise transfer this Agreement (or any interest herein) other than (in the case of the Escrow Agent) to a successor escrow agent under Section 1.06 hereof or (in the case of the Paying Agent) to a successor paying agent under Section 2.04 hereof, and any purported assignment in violation thereof shall be void. This Agreement shall be binding upon the parties hereto and their respective successors and (in the case of the Escrow Agent and the Paying Agent) their respective permitted assigns. Upon the occurrence of the Transfer (as defined below) contemplated by the Assignment and Assumption Agreement (as defined below), the Pass Through Trustee shall (without further act) be deemed to have transferred all of its right, title and interest in and to this Agreement to the trustee of the Successor Trust (as defined below) and, thereafter, the trustee of the Successor Trust shall be deemed to be the "Pass Through Trustee" hereunder with the rights and obligations of the "Pass Through Trustee" hereunder and each reference herein to "Continental Airlines Pass Through Trust 1997- 1 C-I-0" shall be deemed to

be a reference to "Continental Airlines Pass Through Trust 1997-1C-I-S". The parties hereto hereby acknowledge and consent to the Transfer contemplated by the Assignment and Assumption Agreement. As used herein, "Transfer" means the transfers of the assets to the Successor Trust contemplated by the Assignment and Assumption Agreement; "Assignment and Assumption Agreement" means the Assignment and Assumption Agreement to be entered into between the Pass Through Trustee and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Pass Through Trust Agreement; "Successor Trust" means the Continental Airlines Pass Through Trust 1997-1C-I-S.

SECTION 11. Entire Agreement. This Agreement sets forth all of the promises, covenants, agreements, conditions and understandings among the Escrow Agent, the Paying Agent, the Initial Purchasers and the Pass Through Trustee with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and undertakings, inducements or conditions, express or implied, oral or written.

SECTION 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 13. Waiver of Jury Trial Right. EACH OF THE ESCROW AGENT, THE PAYING AGENT, THE INVESTORS AND THE PASS THROUGH TRUSTEE ACKNOWLEDGES AND ACCEPTS THAT IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT SUCH PARTY IRREVOCABLY WAIVES ITS RIGHT TO A TRIAL BY JURY.

SECTION 14. Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one instrument.

IN WITNESS WHEREOF, the Escrow Agent, the Paying Agent, the Initial Purchasers and the Pass Through Trustee have caused this Escrow and Paying Agent Agreement (Class C-1) to be duly executed as of the day and year first above written.

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
as Escrow Agent

By -----  
Name:  
Title

CREDIT SUISSE FIRST BOSTON CORPORATION;  
MORGAN STANLEY & CO. INCORPORATED;  
CHASE SECURITIES INC.; and  
GOLDMAN, SACHS & CO.,  
as Initial Purchasers

By: CREDIT SUISSE FIRST BOSTON CORPORATION

By -----  
Name:  
Title:

WILMINGTON TRUST COMPANY, not in its  
individual capacity, but solely as Pass  
Through Trustee for and on behalf of  
Continental Airlines Pass Through  
Trust 1997-1C-I-0

By -----  
Name:  
Title:

WILMINGTON TRUST COMPANY,  
as Paying Agent

By -----  
Name:  
Title:

## EXHIBIT A

## CONTINENTAL AIRLINES 1997- I C-1 ESCROW RECEIPT

No. \_\_\_\_

This Escrow Receipt evidences a fractional undivided interest in amounts ("Account Amounts") from time to time deposited into a certain paying agent account (the "Paying Agent Account") described in the Escrow and Paying Agent Agreement (Class C-1) dated as of March 21, 1997 (as amended, modified or supplemented from time to time, the "Escrow and Paying Agent Agreement") among First Security Bank, National Association, as Escrow Agent (in such capacity, together with its successors in such capacity, the "Escrow Agent"), Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co., as Initial Purchasers, Wilmington Trust Company, as Pass Through Trustee (in such capacity, together with its successors in such capacity, the "Pass Through Trustee") and Wilmington Trust Company, as paying agent (in such capacity, together with its successors in such capacity, the "Paying Agent"). Capitalized terms not defined herein shall have the meanings assigned to them in the Escrow and Paying Agent Agreement.

This Escrow Receipt is issued under and is subject to the terms, provisions and conditions of the Escrow and Paying Agent Agreement. By virtue of its acceptance hereof the holder of this Escrow Receipt assents and agrees to be bound by the provisions of the Escrow and Paying Agent Agreement and this Escrow Receipt.

This Escrow Receipt represents a fractional undivided interest in amounts deposited from time to time in the Paying Agent Account, and grants or represents no rights, benefits or interests of any kind in respect of any assets or property other than such amounts. This Escrow Receipt evidences the same percentage interest in the Account Amounts as the Fractional Undivided Interest in the Pass Through Trust evidenced by the Certificate to which this Escrow Receipt is affixed.

All payments and distributions made to Receiptholders in respect of the Escrow Receipt shall be made only from Account Amounts deposited in the Paying Agent Account. The holder of this Escrow Receipt, by its acceptance of this Escrow Receipt, agrees that it will look solely to the Account Amounts for any payment or distribution due to it pursuant to this Escrow Receipt and that it will not have any recourse to Continental, the Pass Through Trustee, the Paying Agent or the Escrow Agent, except as expressly provided herein or in the Pass Through Trust Agreement. No Receiptholder of this Escrow Receipt shall have any right to vote or in any manner otherwise control the operation and management of the Paying Agent Account, nor shall anything set forth herein, or contained in the terms of this Escrow Receipt, be construed so as to constitute the Receiptholders from time to time as partners or members of an association.

This Escrow Receipt may not be assigned or transferred except in connection with the assignment or transfer of the Certificate to which this Escrow Receipt is affixed. After payment to the holder hereof of its Escrow Interest in the Final Distribution, upon the request of

the Pass Through Trustee, the holder hereof will return this Escrow Receipt to the Pass Through Trustee.

The Paying Agent may treat the person in whose name the Certificate to which this Escrow Receipt is attached as the owner hereof for all purposes, and the Paying Agent shall not be affected by any notice to the contrary.

THIS ESCROW RECEIPT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK

IN WITNESS WHEREOF, the Escrow Agent has caused this Escrow Receipt to be duly executed.

Dated: \_\_\_\_\_, 1997

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
as Escrow Agent

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

EXHIBIT B  
WITHDRAWAL CERTIFICATE  
(Class C-I)

First Security Bank, National Association, as Escrow Agent

Dear Sirs:

Reference is made to the Escrow and Paying Agent Agreement, dated as of March 21, 1997 (the "Agreement"). We hereby certify to you that the conditions to the obligations of the undersigned to execute a Participation Agreement pursuant to the Note Purchase Agreement have been satisfied. Pursuant to Section 1.02(c) of the Agreement, please execute the attached Notice of Withdrawal and immediately transmit by facsimile to the Depositary, at (212) 325-8319, Attention: Robert Finney and Kevin Kappell.

Very truly yours,

WILMINGTON TRUST COMPANY  
not in its individual capacity by  
solely as Pass Through Trustee

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

Dated: \_\_\_\_\_, 199\_

=====

ESCROW AND PAYING AGENT AGREEMENT  
(Class C-II)

Dated as of March 21, 1997

among

FIRST SECURITY BANK, NATIONAL ASSOCIATION

as Escrow Agent

CREDIT SUISSE FIRST BOSTON CORPORATION  
MORGAN STANLEY & CO. INCORPORATED  
CHASE SECURITIES INC.

and

GOLDMAN, SACHS & CO.

as Initial Purchasers

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
but solely as Pass Through Trustee  
for and on behalf of  
Continental Airlines Pass Through Trust 1997-1C-II-0

as Pass Through Trustee

and

WILMINGTON TRUST COMPANY

as Paying Agent

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ESCROW AND PAYING AGENT AGREEMENT (Class C-II) dated as of March 21, 1997 (as amended, modified or supplemented from time to time, this "Agreement") among FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, as Escrow Agent (in such capacity, together with its successors in such capacity, the "Escrow Agent"); CREDIT SUISSE FIRST BOSTON CORPORATION, MORGAN STANLEY & CO. INCORPORATED, CHASE SECURITIES INC. and GOLDMAN, SACHS & CO., as Initial Purchasers of the below referred to Certificates (the "Initial Purchasers" and together with their respective transferees and assigns as registered owners of the Certificates, the "Investors") under the Certificate Purchase Agreement referred to below; WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity except as otherwise expressly provided herein, but solely as trustee (in such capacity, together with its successors in such capacity, the "Pass Through Trustee") under the Pass Through Trust Agreement referred to below; and WILMINGTON TRUST COMPANY, a Delaware banking corporation, as paying agent hereunder (in such capacity, together with its successors in such capacity, the "Paying Agent").

W I T N E S S E T H

WHEREAS, Continental Airlines, Inc. ("Continental") and the Pass Through Trustee have entered into a Pass Through Trust Agreement, dated as of March 21, 1997 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Pass Through Trust Agreement") relating to Continental Airlines Pass Through Trust 1997-1C-II-0 (the "Pass Through Trust") pursuant to which the Continental Airlines Pass Through Trust, Series 1997-1C-II-0 Certificates referred to therein (the "Certificates") are being issued;

WHEREAS, Continental and the Initial Purchasers have entered into a Certificate Purchase Agreement dated as of March 12, 1997 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Certificate Purchase Agreement") pursuant to which the Pass Through Trustee will issue and sell the Certificates to the Initial Purchasers;

WHEREAS, Continental, the Pass Through Trustee, certain other pass through trustees and certain other persons concurrently herewith are entering into the Note Purchase Agreement, dated as of the date hereof (the "Note Purchase

Agreement"), pursuant to which the Pass Through Trustee has agreed to acquire from time to time on or prior to the Delivery Period Termination Date (as defined in the Note Purchase Agreement) equipment notes (the "Equipment Notes") issued to finance the acquisition of aircraft by Continental, as lessee or as owner, utilizing a portion of the proceeds from the sale of the Certificates (the "Net Proceeds");

WHEREAS, the Initial Purchasers and the Pass Through Trustee intend that the Net Proceeds be held in escrow by the Escrow Agent on behalf of the Investors, subject to withdrawal upon request by the Pass Through Trustee and satisfaction of the conditions set forth in the Note Purchase Agreement for the purpose of purchasing Equipment Notes, and that pending such withdrawal the Net Proceeds be deposited on behalf of the Escrow Agent with Credit Suisse First Boston, a Swiss bank acting through its New York branch, as Depositary (the "Depositary") under the Deposit Agreement, dated as of the date hereof between the Depositary and the Escrow Agent relating to the Pass Through Trust (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Deposit Agreement") pursuant to which, among other things, the Depositary will pay interest for distribution to the Investors and establish accounts from which the Escrow Agent shall make withdrawals upon request of and proper certification by the Pass Through Trustee;

WHEREAS, the Escrow Agent wishes to appoint the Paying Agent to pay amounts required to be distributed to the Investors in accordance with this Agreement; and

WHEREAS, capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Pass Through Trust Agreement.

NOW, THEREFORE, in consideration of the obligations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

#### SECTION 1. Escrow Agent.

Section 1.01. Appointment of Escrow Agent. Each of the Initial Purchasers, for and on behalf of each of the Investors, hereby irrevocably appoints, authorizes and directs the Escrow Agent to act as escrow agent and fiduciary hereunder and under the Deposit Agreement for such specific purposes and

with such powers as are specifically delegated to the Escrow Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Any and all money received and held by the Escrow Agent under this Agreement or the Deposit Agreement shall be held in escrow by the Escrow Agent in accordance with the terms of this Agreement. This Agreement is irrevocable and the Investors' rights with respect to any monies received and held in escrow by the Escrow Agent under this Agreement or the Deposit Agreement shall only be as provided under the terms and conditions of this Agreement and the Deposit Agreement. The Escrow Agent (which term as used in this sentence shall include reference to its affiliates and its own and its affiliates' officers, directors, employees and agents): (a) shall have no duties or responsibilities except those expressly set forth in this Agreement; (b) shall not be responsible to the Pass Through Trustee or the Investors for any recitals, statements, representations or warranties of any person other than itself contained in this Agreement or the Deposit Agreement or for the failure by the Pass Through Trustee, Investors or any other person or entity (other than the Escrow Agent) to perform any of its obligations hereunder (whether or not the Escrow Agent shall have any knowledge thereof); and (c) shall not be responsible for any action taken or omitted to be taken by it hereunder or provided for herein or in connection herewith, except for its own willful misconduct or gross negligence (or simple negligence in connection with the handling of funds).

Section 1.02. Instruction; Etc. The Initial Purchasers, for and on behalf of each of the Investors, hereby irrevocably instruct the Escrow Agent, and the Escrow Agent agrees, (a) to enter into the Deposit Agreement, (b) to appoint the Paying Agent as provided in this Agreement, (c) upon receipt at any time and from time to time prior to the Termination Date (as defined below) of a certificate substantially in the form of Exhibit B hereto (a "Withdrawal Certificate") executed by the Pass Through Trustee, together with an attached Notice of Purchase Withdrawal in substantially the form of Exhibit A to the Deposit Agreement duly completed by the Pass Through Trustee (the "Applicable Notice of Purchase Withdrawal" and the withdrawal to which it relates, a "Purchase Withdrawal"), immediately to execute the Applicable Notice of Purchase Withdrawal as Escrow Agent and transmit it to the Depository by facsimile transmission in accordance with the Deposit Agreement; provided that, upon the request of the Pass Through Trustee after such transmission, the Escrow Agent shall cancel such Applicable Notice of Purchase

Withdrawal, and (d) if there are any undrawn Deposits (as defined in the Deposit Agreement) on the "Termination Date", which shall mean the earlier of (i) July 1, 1998 and (ii) the day on which the Escrow Agent receives notice from the Pass Through Trustee that the Pass Through Trustee's obligation to purchase Equipment Notes under the Note Purchase Agreement has terminated, to give notice to the Depository (with a copy to the Paying Agent) substantially in the form of Exhibit B to the Deposit Agreement requesting a withdrawal of all of the remaining Deposits, together with accrued and unpaid interest on such Deposits to the date of withdrawal, on the 35th day after the date that such notice of withdrawal is given to the Depository (or, if not a Business Day, on the next succeeding Business Day) (a "Final Withdrawal"), provided that if the day scheduled for the Final Withdrawal in accordance with the foregoing is within 10 days before or after a Regular Distribution Date, then the Escrow Agent shall request that such requested Final Withdrawal be made on such Regular Distribution Date (the date of such requested withdrawal, the "Final Withdrawal Date"). If for any reason the Escrow Agent shall have failed to give the Final Withdrawal Notice to the Depository on or before July 6, 1998, and there are unwithdrawn Deposits on such date, the Final Withdrawal Date shall be deemed to be July 31, 1998.

Section 1.03. Initial Escrow Amount; Issuance of Escrow Receipts. The Escrow Agent hereby directs the Initial Purchasers to, and the Initial Purchasers hereby acknowledge that on the date hereof they shall, irrevocably deliver to the Depository on behalf of the Escrow Agent, an amount in U.S. dollars ("Dollars") and immediately available funds equal to \$10,000,000.00 for deposit on behalf of the Escrow Agent with the Depository in accordance with Section 2.1 of the Deposit Agreement. The Initial Purchasers hereby instruct the Escrow Agent, upon receipt of such sum from the Initial Purchasers, to confirm such receipt by executing and delivering to the Pass Through Trustee an Escrow Receipt in the form of Exhibit A hereto (an "Escrow Receipt"), (a) to be affixed by the Pass Through Trustee to each Certificate and (b) to evidence the same percentage interest (the "Escrow Interest") in the Account Amounts as the Fractional Undivided Interest in the Pass Through Trust evidenced by the Certificate to which it is to be affixed. The Escrow Agent shall provide to the Pass Through Trustee for attachment to each Certificate newly issued under and in accordance with the Pass Through Trust Agreement an executed Escrow Receipt as the Pass Through Trustee may from time to time

request of the Escrow Agent. Each Escrow Receipt shall be registered by the Escrow Agent in a register (the "Register") maintained by the Escrow Agent in the same name and same manner as the Certificate to which it is attached and may not thereafter be detached from such Certificate to which it is to be affixed prior to the distribution of the Final Withdrawal (the "Final Distribution"). After the Final Distribution, no Escrow Receipts shall be issued and the Pass Through Trustee shall request the return to the Escrow Agent for cancellation of all outstanding Escrow Receipts.

Section 1.04. Payments to Receiptholders. All payments and distributions made to holders of an Escrow Receipt (collectively "Receiptholders") in respect of the Escrow Receipt shall be made only from amounts deposited in the Paying Agent Account ("Account Amounts"). Each Receiptholder, by its acceptance of an Escrow Receipt, agrees that (a) it will look solely to the Account Amounts for any payment or distribution due to such Receiptholder pursuant to the terms of the Escrow Receipt and this Agreement and (b) it will have no recourse to Continental, the Pass Through Trustee, the Paying Agent or the Escrow Agent, except as expressly provided herein or in the Pass Through Trust Agreement. No Receiptholder shall have any right to vote or in any manner otherwise control the operation and management of the Paying Agent Account or the obligations of the parties hereto, nor shall anything set forth herein, or contained in the terms of the Escrow Receipt, be construed so as to constitute the Receiptholders from time to time as partners or members of an association.

Section 1.05. Mutilated, Destroyed, Lost or Stolen Escrow Receipt. If (a) any mutilated Escrow Receipt is surrendered to the Escrow Agent or the Escrow Agent receives evidence to its satisfaction of the destruction, loss or theft of any Escrow Receipt and (b) there is delivered to the Escrow Agent and the Pass Through Trustee such security, indemnity or bond, as may be required by them to hold each of them harmless, then, absent notice to the Escrow Agent or the Pass Through Trustee that such destroyed, lost or stolen Escrow Receipt has been acquired by a bona fide purchaser, and provided that the requirements of Section 8-405 of the Uniform Commercial Code in effect in any applicable jurisdiction are met, the Escrow Agent shall execute, authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Escrow Receipt, a new Escrow Receipt or Escrow Receipts and of like

Escrow Interest and bearing a number not contemporaneously outstanding.

In connection with the issuance of any new Escrow Receipt under this Section 1.05, the Escrow Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Pass Through Trustee and the Escrow Agent) connected therewith.

Any duplicative Escrow Receipt issued pursuant to this Section 1.05 shall constitute conclusive evidence of the appropriate Escrow Interest in the Account Amounts, as if originally issued, whether or not the lost, stolen or destroyed Escrow Receipt shall be found at any time.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Escrow Receipts.

Section 1.06. Additional Escrow Amounts. On the date of any Purchase Withdrawal, the Pass Through Trustee may re-deposit with the Depositary some or all of the amounts so withdrawn in accordance with Section 2.4 of the Deposit Agreement.

Section 1.07. Resignation or Removal of Escrow Agent. Subject to the appointment and acceptance of a successor Escrow Agent as provided below, the Escrow Agent may resign at any time by giving 30 days' prior written notice thereof to the Investors, but may not otherwise be removed except for cause by the written consent of the Investors with respect to Investors representing Escrow Interests aggregating not less than a majority in interest in the Account Amounts (an "Action of Investors"). Upon any such resignation or removal, the Investors, by an Action of Investors, shall have the right to appoint a successor Escrow Agent. If no successor Escrow Agent shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Escrow Agent's giving of notice of resignation or the removal of the retiring Escrow Agent, then the retiring Escrow Agent may appoint a successor Escrow Agent, which shall be a bank which has an office in the United States with a combined capital and surplus of at least \$100,000,000. Upon the acceptance of any appointment as Escrow Agent hereunder by a successor Escrow

Agent, such successor Escrow Agent shall enter into such documents as the Pass Through Trustee shall require and shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Escrow Agent, and the retiring Escrow Agent shall be discharged from its duties and obligations hereunder. No resignation or removal of the Escrow Agent shall be effective unless a written confirmation shall have been obtained from each of Moody's Investors Service, Inc. and Standard & Poor's Rating Group, a division of McGraw-Hill Inc., that the replacement of the Escrow Agent with the successor Escrow Agent will not result in (a) a reduction of the rating for the Certificates below the then current rating for the Certificates or (b) a withdrawal or suspension of the rating of the Certificates.

Section 1.08. Persons Deemed Owners. Prior to due presentment of a Certificate for registration of transfer, the Escrow Agent and the Paying Agent may treat the Person in whose name any Escrow Receipt is registered (as of the day of determination) as the owner of such Escrow Receipt for the purpose of receiving distributions pursuant to this Agreement and for all other purposes whatsoever, and none of the Escrow Agent or the Paying Agent shall be affected by any notice to the contrary.

Section 1.09. Further Assurances. The Escrow Agent agrees to take such actions, and execute such other documents, as may be reasonably requested by the Pass Through Trustee in order to effectuate the purposes of this Agreement and the performance by the Escrow Agent of its obligations hereunder.

## SECTION 2. Paying Agent.

Section 2.01. Appointment of Paying Agent. The Escrow Agent hereby irrevocably appoints and authorizes the Paying Agent to act as its paying agent hereunder, for the benefit of the Investors, for such specific purposes and with such powers as are specifically delegated to the Paying Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Any and all money received and held by the Paying Agent under this Agreement or the Deposit Agreement shall be held in the Paying Agent Account (as defined below) for the benefit of the Investors. The Paying Agent (which term as used in this sentence shall include reference to its affiliates and its own and its affiliates' officers, directors, employees and



agents): (a) shall have no duties or responsibilities except those expressly set forth in this Agreement, and shall not by reason of this Agreement be a trustee for the Escrow Agent; (b) shall not be responsible to the Escrow Agent for any recitals, statements, representations or warranties of any person other than itself contained in this Agreement or for the failure by the Escrow Agent or any other person or entity (other than the Paying Agent) to perform any of its obligations hereunder (whether or not the Paying Agent shall have any knowledge thereof); and (c) shall not be responsible for any action taken or omitted to be taken by it hereunder or provided for herein or in connection herewith, except for its own willful misconduct or gross negligence (or simple negligence in connection with the handling of funds).

Section 2.02. Establishment of Paying Agent Account. The Paying Agent shall establish a deposit account (the "Paying Agent Account") at Wilmington Trust Company in the name of the Escrow Agent. It is expressly understood by the parties hereto that the Paying Agent is acting as the paying agent of the Escrow Agent hereunder and that no amounts on deposit in the Paying Agent Account constitute part of the Trust Property.

Section 2.03. Payments from Paying Agent Account. The Escrow Agent hereby irrevocably instructs the Paying Agent, and the Paying Agent agrees to act, as follows:

(a) on each Interest Payment Date (as defined in the Deposit Agreement) or as soon thereafter as the Paying Agent has confirmed receipt in the Paying Agent Account from the Depository of any amount in respect of accrued interest on the Deposits, the Paying Agent shall distribute out of the Paying Agent Account the entire amount deposited therein by the Depository. There shall be so distributed to each Receiptholder of record on the 15th day (whether or not a Business Day) preceding such Interest Payment Date by check mailed to such Receiptholder, at the address appearing in the Register, such Receiptholder's pro rata share (based on the Escrow Interest in the Account Amounts held by such Receiptholder) of the total amount of interest deposited by the Depository in the Paying Agent Account on such date, except that, with respect to Escrow Receipts registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(b) upon the confirmation by the Paying Agent of receipt in the Paying Agent Account from the Depository of any amount in respect of the Final Withdrawal, the Paying Agent shall forthwith distribute the entire amount of the Final Withdrawal deposited therein by the Depository. There shall be so distributed to each Receiptholder of record on the 15th day (whether or not a Business Day) preceding the Final Withdrawal Date by check mailed to such Receiptholder, at the address appearing in the Register, such Receiptholder's pro rata share (based on the Escrow Interest in the Account Amounts held by such Receiptholder) of the total amount in the Paying Agent Account on account of such Final Withdrawal, except that, with respect to Escrow Receipts registered on the Record Date in the name of DTC, such distribution shall be made by wire transfer in immediately available funds to the account designated by DTC.

(c) If any payment of interest or principal in respect of the Final Withdrawal is not received by the Paying Agent within five days of the applicable date when due, then it shall be distributed to Receiptholders after actual receipt by the Paying Agent on the same basis as a Special Payment is distributed under the Pass Through Trust Agreement.

(d) the Paying Agent shall include with any check mailed pursuant to this Section any notice required to be distributed under the Pass Through Trust Agreement that is furnished to the Paying Agent by the Pass Through Trustee.

Section 2.04. Withholding Taxes. The Paying Agent shall exclude and withhold from each distribution of accrued interest on the Deposits and any amount in respect of the Final Withdrawal any and all withholding taxes applicable thereto as required by law. In addition, the Paying Agent shall remit or cause to be remitted such amounts as would be required by Section 1446 of the Internal Revenue Code of 1986, as amended, as if the agreements of the Initial Purchasers set forth in this Agreement were characterized as a partnership engaged in a U.S. trade or business for U.S. federal income tax purposes and shall withhold or cause to be withheld such amounts from amounts distributable to or for the benefit of Receiptholders or beneficial owners of interests in Escrow Receipts that are not United States persons within the meaning of section 7701(a)(30) of the Internal Revenue Code of 1986, as amended ("Non-U.S. Persons"). In this regard, the Paying Agent shall cause the appropriate withholding agent to withhold with respect to such distributions in the manner

contemplated by Section 10.04 of Revenue Procedure 89-31 and Treasury Regulation 1.1445-8(b)(3)) by filing a notice with the National Association of Securities Dealers, Inc. substantially in the form of Exhibits C and D on or before the date 10 days prior to the Record Date. The Paying Agent shall mail such notice to the National Association of Securities Dealers no later than the date 15 days prior to the Record Date. Investors that are not United States Persons agree to furnish a taxpayer identification number ("TIN") to the Paying Agent and the Paying Agent shall provide such TINs to the appropriate U.S. withholding agent. The Paying Agent agrees to act as such withholding agent (except to the extent contemplated above with respect to withholding amounts as if the agreements of the Initial Purchasers as set forth in this Agreement were characterized as a business engaged in a U.S. trade or business for U.S. federal income tax purposes) and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect of the Deposits or the escrow amounts, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Receiptholders, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each such Receiptholder appropriate documentation showing the payment thereof, together with such additional documentary evidence as such Receiptholder may reasonably request from time to time. The Paying Agent agrees to file any other information reports as it may be required to file under United States law. Each Receiptholder or beneficial owner of an interest in an Escrow Receipt that is a Non-U.S. Person, by its acceptance of an Escrow Receipt or a beneficial interest therein, agrees to indemnify and hold harmless the Escrow Agent and the Paying Agent from and against any improper failure to withhold Taxes from amounts payable to it or for its benefit other than an improper failure attributable to the gross negligence or willful misconduct of the Escrow Agent or the Paying Agent, as the case may be.

Section 2.05. Resignation or Removal of Paying Agent. Subject to the appointment and acceptance of a successor Paying Agent as provided below, the Paying Agent may resign at any time by giving 30 days' prior written notice thereof to the Escrow Agent, but may not otherwise be removed except for cause by the Escrow Agent. Upon any such resignation or removal, the Escrow Agent shall have the right to appoint a successor Paying Agent. If no successor Paying Agent shall have been so appointed and

shall have accepted such appointment within 30 days after the retiring Paying Agent's giving of notice of resignation or the removal of the retiring Paying Agent, then the retiring Paying Agent may appoint a successor Paying Agent, which shall be a bank which has an office in the United States with a combined capital and surplus of at least \$100,000,000. Upon the acceptance of any appointment as Paying Agent hereunder by a successor Paying Agent, such successor Paying Agent shall enter into such documents as the Escrow Agent shall require and shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Paying Agent, and the retiring Paying Agent shall be discharged from its duties and obligations hereunder.

Section 2.06. Notice of Final Withdrawal. Promptly after receipt by the Paying Agent of notice that the Escrow Agent has requested a Final Withdrawal or that a Final Withdrawal will be made, the Paying Agent shall cause notice of the distribution of the Final Withdrawal to be mailed to each of the Receiptholders at its address as it appears in the Register. Such notice shall be mailed not less than 20 days prior to the Final Withdrawal Date. Such notice shall set forth:

(i) the Final Withdrawal Date and the date for determining Receiptholders of record who shall be entitled to receive distributions in respect of the Final Withdrawal,

(ii) the amount of the payment in respect of the Final Withdrawal for each \$1,000 face amount Certificate (based on information provided by the Pass Through Trustee) and the amount thereof constituting unused Deposits and interest thereon, and

(iii) if the Final Withdrawal Date is the same date as a Regular Distribution Date, the total amount to be received on such date for each \$1,000 face amount Certificate (based on information provided by the Pass Through Trustee).

Such mailing may include any notice required to be given to Certificateholders in connection with such distribution pursuant to the Pass Through Trust Agreement.

SECTION 3. Payments. If, notwithstanding the instructions in Section 4 of the Deposit Agreement that all amounts payable to the Escrow Agent under the Deposit Agreement

be paid by the Depository directly to the Paying Agent or the Pass Through Trustee (depending on the circumstances), the Escrow Agent receives any payment thereunder, then the Escrow Agent shall forthwith pay such amount in Dollars and in immediately available funds by wire transfer to (a) in the case of a payment of accrued interest on the Deposits or any Final Withdrawal, directly to the Paying Agent Account and (b) in the case of any Purchase Withdrawal, directly to the Pass Through Trustee or its designee as specified and in the manner provided in the Applicable Notice of Purchase Withdrawal. The Escrow Agent hereby waives any and all rights of set-off, combination of accounts, right of retention or similar right (whether arising under applicable law, contract or otherwise) it may have against amounts payable to the Paying Agent howsoever arising.

SECTION 4. Other Actions. The Escrow Agent shall take such other actions under or in respect of the Deposit Agreement (including, without limitation, the enforcement of the obligations of the Depository thereunder) as the Investors, by an Action of Investors, may from time to time request.

SECTION 5. Representations and Warranties of the Escrow Agent. The Escrow Agent represents and warrants to Continental, the Investors, the Paying Agent and the Pass Through Trustee as follows:

(i) it is a national banking association duly organized and validly existing in good standing under the laws of the United States of America;

(ii) it has full power, authority and legal right to conduct its business and operations as currently conducted and to enter into and perform its obligations under this Agreement and the Deposit Agreement;

(iii) the execution, delivery and performance of each of this Agreement and the Deposit Agreement have been duly authorized by all necessary corporate action on the part of it and do not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of it, and each such document has been duly executed and delivered by it and constitutes its legal, valid and binding obligations enforceable against it in accordance with the terms hereof or thereof except as such enforceability may be limited by bankruptcy,

insolvency, moratorium, reorganization or other similar laws or equitable principles of general application to or affecting the enforcement of creditors' rights generally (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(iv) no authorization, consent or approval of or other action by, and no notice to or filing with, any United States federal or state governmental authority or regulatory body is required for the execution, delivery or performance by it of this Agreement or the Deposit Agreement;

(v) neither the execution, delivery or performance by it of this Agreement or the Deposit Agreement, nor compliance with the terms and provisions hereof or thereof, conflicts or will conflict with or results or will result in a breach or violation of any of the terms, conditions or provisions of, or will require any consent or approval under, any law, governmental rule or regulation or the charter documents, as amended, or bylaws, as amended, of it or any similar instrument binding on it or any order, writ, injunction or decree of any court or governmental authority against it or by which it or any of its properties is bound or any indenture, mortgage or contract or other agreement or instrument to which it is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or results or will result in the imposition of any lien upon any of its properties; and

(vi) there are no pending or, to its knowledge, threatened actions, suits, investigations or proceedings (whether or not purportedly on behalf of it) against or affecting it or any of its property before or by any court or administrative agency which, if adversely determined, (A) would adversely affect the ability of it to perform its obligations under this Agreement or the Deposit Agreement or (B) would call into question or challenge the validity of this Agreement or the Deposit Agreement or the enforceability hereof or thereof in accordance with the terms hereof or thereof, nor is the Escrow Agent in default with respect to any order of any court, governmental authority, arbitration board or administrative agency so as to adversely affect its ability to perform its obligations under this Agreement or the Deposit Agreement.

SECTION 6. Representations and Warranties of the Paying Agent. The Paying Agent represents and warrants to Continental, the Investors, the Escrow Agent and the Pass Through Trustee as follows:

(i) it is a Delaware banking company duly organized and validly existing in good standing under the laws of its jurisdiction of incorporation;

(ii) it has full power, authority and legal right to conduct its business and operations as currently conducted and to enter into and perform its obligations under this Agreement;

(iii) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action on the part of it and does not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of it, and such document has been duly executed and delivered by it and constitutes its legal, valid and binding obligations enforceable against it in accordance with the terms hereof except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles of general application to or affecting the enforcement of creditors' rights generally (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(iv) no authorization, consent or approval of or other action by, and no notice to or filing with, any United States federal or state governmental authority or regulatory body is required for the execution, delivery or performance by it of this Agreement;

(v) neither the execution, delivery or performance by it of this Agreement, nor compliance with the terms and provisions hereof, conflicts or will conflict with or results or will result in a breach or violation of any of the terms, conditions or provisions of, or will require any consent or approval under, any law, governmental rule or regulation or the charter documents, as amended, or bylaws, as amended, of it or any similar instrument binding on it or any order, writ, injunction or decree of any court or governmental authority against it or by which it or any of

its properties is bound or any indenture, mortgage or contract or other agreement or instrument to which it is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or results or will result in the imposition of any lien upon any of its properties; and

(vi) there are no pending or, to its knowledge, threatened actions, suits, investigations or proceedings (whether or not purportedly on behalf of it) against or affecting it or any of its property before or by any court or administrative agency which, if adversely determined, (A) would adversely affect the ability of it to perform its obligations under this Agreement or (B) would call into question or challenge the validity of this Agreement or the enforceability hereof in accordance with the terms hereof, nor is the Paying Agent in default with respect to any order of any court, governmental authority, arbitration board or administrative agency so as to adversely affect its ability to perform its obligations under this Agreement.

SECTION 7. Indemnification. Except for actions expressly required of the Escrow Agent or the Paying Agent hereunder, each of the Escrow Agent and the Paying Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall have been indemnified by the party requesting such action in a manner reasonably satisfactory to it against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. In the event Continental requests any amendment to any Operative Agreement (as defined in the Note Purchase Agreement), the Pass Through Trustee agrees to pay all reasonable fees and expenses (including, without limitation, fees and disbursements of counsel) of the Escrow Agent and the Paying Agent in connection therewith.

SECTION 8. Amendment, Etc. Upon request of the Pass Through Trustee and approval by an Action of Investors, the Escrow Agent shall enter into an amendment to this Agreement, so long as such amendment does not adversely affect the rights or obligations of the Escrow Agent or the Paying Agent, provided that upon request of the Pass Through Trustee and without any consent of the Investors, the Escrow Agent shall enter into an amendment to this Agreement for any of the following purposes:



(1) to correct or supplement any provision in this Agreement which may be defective or inconsistent with any other provision herein or to cure any ambiguity or correct any mistake or to modify any other provision with respect to matters or questions arising under this Agreement, provided that any such action shall not materially adversely affect the interests of the Investors; or

(2) to comply with any requirement of the SEC, applicable law, rules or regulations of any exchange or quotation system on which the Certificates are listed, any regulatory body or the Registration Rights Agreement to effectuate the Exchange Offer; or

(3) to evidence and provide for the acceptance of appointment under this Agreement of a successor Escrow Agent, successor Paying Agent or successor Pass Through Trustee.

SECTION 9. Notices. Unless otherwise expressly provided herein, any notice or other communication under this Agreement shall be in writing (including by facsimile) and shall be deemed to be given and effective upon receipt thereof. All notices shall be sent to (a) in the case of the Investors, as their respective addresses shall appear in the Register, (b) in the case of the Escrow Agent, First Security Bank, National Association, 79 South Main Street, Salt Lake City, UT 84111, Attention: Corporate Trust Services (Telecopier: (801) 246-5053), (c) in the case of the Pass Through Trustee, Wilmington Trust Company, 1100 North Market Street, Wilmington, DE 19890, Attention: Corporate Trust Administration (Telecopier: (302) 651-8882) or (d) in the case of the Paying Agent, Wilmington Trust Company, 1100 North Market Street, Wilmington, DE 19890, Attention: Corporate Trust Administration (Telecopier: (302) 651-8882), in each case with a copy to Continental, Continental Airlines, Inc., 2929 Allen Parkway, Suite 2010, Houston, TX 77019, Attention: Executive Vice President and Chief Financial Officer (Telecopier: (713) 520-6329) (or at such other address as any such party may specify from time to time in a written notice to the other parties). On or prior to the execution of this Agreement, the Pass Through Trustee has delivered to the Escrow Agent a certificate containing specimen signatures of the representatives of the Pass Through Trustee who are authorized to give notices and instructions with respect to this Agreement. The Escrow Agent may conclusively rely on such certificate until

the Escrow Agent receives written notice from the Pass Through Trustee to the contrary.

SECTION 10. Transfer. No party hereto shall be entitled to assign or otherwise transfer this Agreement (or any interest herein) other than (in the case of the Escrow Agent) to a successor escrow agent under Section 1.06 hereof or (in the case of the Paying Agent) to a successor paying agent under Section 2.04 hereof, and any purported assignment in violation thereof shall be void. This Agreement shall be binding upon the parties hereto and their respective successors and (in the case of the Escrow Agent and the Paying Agent) their respective permitted assigns. Upon the occurrence of the Transfer (as defined below) contemplated by the Assignment and Assumption Agreement (as defined below), the Pass Through Trustee shall (without further act) be deemed to have transferred all of its right, title and interest in and to this Agreement to the trustee of the Successor Trust (as defined below) and, thereafter, the trustee of the Successor Trust shall be deemed to be the "Pass Through Trustee" hereunder with the rights and obligations of the "Pass Through Trustee" hereunder and each reference herein to "Continental Airlines Pass Through Trust 1997-1C-II-0" shall be deemed to be a reference to "Continental Airlines Pass Through Trust 1997-1C-II-S". The parties hereto hereby acknowledge and consent to the Transfer contemplated by the Assignment and Assumption Agreement. As used herein, "Transfer" means the transfers of the assets to the Successor Trust contemplated by the Assignment and Assumption Agreement; "Assignment and Assumption Agreement" means the Assignment and Assumption Agreement to be entered into between the Pass Through Trustee and the trustee of the Successor Trust, substantially in the form of Exhibit D to the Pass Through Trust Agreement; "Successor Trust" means the Continental Airlines Pass Through Trust 1997-1C-II-S.

SECTION 11. Entire Agreement. This Agreement sets forth all of the promises, covenants, agreements, conditions and understandings among the Escrow Agent, the Paying Agent, the Initial Purchasers and the Pass Through Trustee with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and undertakings, inducements or conditions, express or implied, oral or written.

SECTION 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 13. Waiver of Jury Trial Right. EACH OF THE ESCROW AGENT, THE PAYING AGENT, THE INVESTORS AND THE PASS THROUGH TRUSTEE ACKNOWLEDGES AND ACCEPTS THAT IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT SUCH PARTY IRREVOCABLY WAIVES ITS RIGHT TO A TRIAL BY JURY.

SECTION 14. Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one instrument.

IN WITNESS WHEREOF, the Escrow Agent, the Paying Agent, the Initial Purchasers and the Pass Through Trustee have caused this Escrow and Paying Agent Agreement (Class C-II) to be duly executed as of the day and year first above written.

FIRST SECURITY BANK, NATIONAL ASSOCIATION, as Escrow Agent

By -----  
Name:  
Title:

CREDIT SUISSE FIRST BOSTON CORPORATION; MORGAN STANLEY & CO. INCORPORATED; CHASE SECURITIES INC.; and GOLDMAN, SACHS & CO., as Initial Purchasers

By: CREDIT SUISSE FIRST BOSTON CORPORATION

By -----  
Name:  
Title:

WILMINGTON TRUST COMPANY, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of Continental Airlines Pass Through Trust 1997-1C-II-0

By -----  
Name:  
Title:

WILMINGTON TRUST COMPANY, as Paying Agent

By -----  
Name:  
Title:

## CONTINENTAL AIRLINES 1997-1C-II ESCROW RECEIPT

No. \_\_\_

This Escrow Receipt evidences a fractional undivided interest in amounts ("Account Amounts") from time to time deposited into a certain paying agent account (the "Paying Agent Account") described in the Escrow and Paying Agent Agreement (Class C-II) dated as of March 21, 1997 (as amended, modified or supplemented from time to time, the "Escrow and Paying Agent Agreement") among First Security Bank, National Association, as Escrow Agent (in such capacity, together with its successors in such capacity, the "Escrow Agent"), Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co., as Initial Purchasers, Wilmington Trust Company, as Pass Through Trustee (in such capacity, together with its successors in such capacity, the "Pass Through Trustee") and Wilmington Trust Company, as paying agent (in such capacity, together with its successors in such capacity, the "Paying Agent"). Capitalized terms not defined herein shall have the meanings assigned to them in the Escrow and Paying Agent Agreement.

This Escrow Receipt is issued under and is subject to the terms, provisions and conditions of the Escrow and Paying Agent Agreement. By virtue of its acceptance hereof the holder of this Escrow Receipt assents and agrees to be bound by the provisions of the Escrow and Paying Agent Agreement and this Escrow Receipt.

This Escrow Receipt represents a fractional undivided interest in amounts deposited from time to time in the Paying Agent Account, and grants or represents no rights, benefits or interests of any kind in respect of any assets or property other than such amounts. This Escrow Receipt evidences the same percentage interest in the Account Amounts as the Fractional Undivided Interest in the Pass Through Trust evidenced by the Certificate to which this Escrow Receipt is affixed.

All payments and distributions made to Receiptholders in respect of the Escrow Receipt shall be made only from Account Amounts deposited in the Paying Agent Account. The holder of this Escrow Receipt, by its acceptance of this Escrow Receipt, agrees that it will look solely to the Account Amounts for any payment or distribution due to it pursuant to this Escrow Receipt

and that it will not have any recourse to Continental, the Pass Through Trustee, the Paying Agent or the Escrow Agent, except as expressly provided herein or in the Pass Through Trust Agreement. No Receiptholder of this Escrow Receipt shall have any right to vote or in any manner otherwise control the operation and management of the Paying Agent Account, nor shall anything set forth herein, or contained in the terms of this Escrow Receipt, be construed so as to constitute the Receiptholders from time to time as partners or members of an association.

This Escrow Receipt may not be assigned or transferred except in connection with the assignment or transfer of the Certificate to which this Escrow Receipt is affixed. After payment to the holder hereof of its Escrow Interest in the Final Distribution, upon the request of the Pass Through Trustee, the holder hereof will return this Escrow Receipt to the Pass Through Trustee.

The Paying Agent may treat the person in whose name the Certificate to which this Escrow Receipt is attached as the owner hereof for all purposes, and the Paying Agent shall not be affected by any notice to the contrary.

THIS ESCROW RECEIPT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Escrow Agent has caused this Escrow Receipt to be duly executed.

Dated: \_\_\_\_\_, 1997

FIRST SECURITY BANK, NATIONAL ASSOCIATION as Escrow Agent

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

WITHDRAWAL CERTIFICATE  
(Class C-II)

First Security Bank, National Association,  
as Escrow Agent

Dear Sirs:

Reference is made to the Escrow and Paying Agent Agreement, dated as of March 21, 1997 (the "Agreement"). We hereby certify to you that the conditions to the obligations of the undersigned to execute a Participation Agreement pursuant to the Note Purchase Agreement have been satisfied. Pursuant to Section 1.02(c) of the Agreement, please execute the attached Notice of Withdrawal and immediately transmit by facsimile to the Depositary, at (212) 325-8319, Attention: Robert Finney and Kevin Kappell.

Very truly yours,

WILMINGTON TRUST COMPANY not in its  
individual capacity by solely as  
Pass Through Trustee

By

-----  
Name:  
Title:

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NOTE PURCHASE AGREEMENT

Dated as of March 21, 1997

Among

CONTINENTAL AIRLINES, INC.,

WILMINGTON TRUST COMPANY,  
as Pass Through Trustee under each of the  
Pass Through Trust Agreements

WILMINGTON TRUST COMPANY,  
as Subordination Agent

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
as Escrow Agent

and

WILMINGTON TRUST COMPANY,  
as Paying Agent

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## Schedules

Schedule I	New Aircraft and Scheduled Delivery Months
Schedule II	Pass Through Trust Agreements
Schedule III	Deposit Agreements
Schedule IV	Escrow and Paying Agent Agreements
Schedule V	Mandatory Document Terms
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## Annex

Annex A	Definitions
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## Exhibits

Exhibit A-1	Form of Leased Aircraft Participation Agreement
Exhibit A-2	Form of Lease
Exhibit A-3	Form of Leased Aircraft Indenture
Exhibit A-4	Form of Aircraft Purchase Agreement Assignment
Exhibit A-5	Form of Leased Aircraft Trust Agreement
Exhibit B	Form of Delivery Notice
Exhibit C-1	Form of Owned Aircraft Participation Agreement
Exhibit C-2	Form of Owned Aircraft Indenture
Exhibit D-1	Form of Special Participation Agreement
Exhibit D-2	Form of Special Lease
Exhibit D-3	Form of Special Indenture
Exhibit D-4	Form of Special Trust Agreement



## NOTE PURCHASE AGREEMENT

This NOTE PURCHASE AGREEMENT, dated as of March 21, 1997, among (i)CONTINENTAL AIRLINES, INC., a Delaware corporation (the "Company"), (ii)WILMINGTON TRUST COMPANY ("WTC"), a Delaware banking corporation, not in its individual capacity except as otherwise expressly provided herein, but solely as trustee (in such capacity together with its successors in such capacity, the "Pass Through Trustee") under each of the four separate Pass Through Trust Agreements (as defined below), (iii)WILMINGTON TRUST COMPANY, a Delaware banking corporation, as subordination agent and trustee (in such capacity together with its successors in such capacity, the "Subordination Agent") under the Intercreditor Agreement (as defined below), (iv)FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, as Escrow Agent (in such capacity together with its successors in such capacity, the "Escrow Agent"), under each of the Escrow and Paying Agent Agreements (as defined below) and (v) WILMINGTON TRUST COMPANY, a Delaware banking corporation, as Paying Agent (in such capacity together with its successors in such capacity, the "Paying Agent") under each of the Escrow and Paying Agent Agreements.

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

WHEREAS, capitalized terms used but not defined herein shall have the meanings ascribed to such terms in Annex A hereto;

WHEREAS, the Company has obtained commitments from the Manufacturer pursuant to the Aircraft Purchase Agreement for the delivery of the 30 aircraft listed in Schedule I hereto (together with any aircraft substituted therefor in accordance with the Aircraft Purchase Agreement upon a total loss of an aircraft prior to the delivery thereof, the "New Aircraft");

WHEREAS, pursuant to each of the Pass Through Trust Agreements set forth in Schedule II hereto (the "Pass Through Trust Agreements"), and concurrently with the execution and delivery of this Agreement, separate grantor trusts (collectively, the "Pass Through Trusts" and, individually, a "Pass Through Trust") have been created to facilitate certain of the transactions contemplated hereby, including, without limitation, the issuance and sale of pass through certificates

pursuant thereto (collectively, the "Certificates") to provide for a portion of the financing of the New Aircraft;

WHEREAS, the Company has entered into the Certificate Purchase Agreement dated as of March 12, 1997 (the "Certificate Purchase Agreement") with the several purchasers (the "Initial Purchasers") named therein, which provides that each Pass Through Trustee will issue and sell the Certificates to the Initial Purchasers;

WHEREAS, concurrently with the execution and delivery of this Agreement, (i) the Escrow Agents and the Depository entered into the Deposit Agreements set forth in Schedule III hereto (the "Deposit Agreements") whereby the applicable Escrow Agent agreed to direct the Initial Purchasers to make certain deposits referred to therein on the Issuance Date (as defined in the Certificate Purchase Agreement) (the "Initial Deposits") and to permit the applicable Pass Through Trustee to make additional deposits from time to time thereafter (the Initial Deposits together with such additional deposits are collectively referred to as the "Deposits") and (ii) the Pass Through Trustees, the Initial Purchasers, the Paying Agents and the Escrow Agents entered into the Escrow and Paying Agent Agreements set forth in Schedule IV hereto (the "Escrow and Paying Agent Agreements") whereby, among other things, (a) the Initial Purchasers agreed to deliver an amount equal to the amount of the Initial Deposits to the Depository on behalf of the applicable Escrow Agent and (b) the applicable Escrow Agent, upon the Depository receiving such amount, has agreed to deliver escrow receipts to be affixed to each Certificate;

WHEREAS, prior to the delivery of each New Aircraft, the Company will determine whether to enter into a leveraged lease transaction as lessee with respect to such New Aircraft (a "Leased Aircraft") or to purchase as owner such New Aircraft (an "Owned Aircraft") and will give to the Pass Through Trustee a Delivery Notice (as defined below) specifying its election;

WHEREAS, upon receipt of a Delivery Notice with respect to a New Aircraft, subject to the terms and conditions of this Agreement, the applicable Pass Through Trustees will enter into the applicable Financing Agreements relating to such New Aircraft;

WHEREAS, upon the delivery of each New Aircraft, each Pass Through Trustee will fund its purchase of Equipment Notes with the proceeds of one or more Deposits withdrawn by the applicable Escrow Agent under the related Deposit Agreement bearing the same interest rate as the Certificates issued by such Pass Through Trust; and

WHEREAS, concurrently with the execution and delivery of this Agreement, (i) ABN AMRO Bank N.V., a bank organized under the laws of The Netherlands acting through its Chicago Branch and ING Bank N.V., a bank organized under the laws of The Netherlands (collectively, the "Liquidity Providers"), each has entered into four revolving credit agreements (each, a "Liquidity Facility"), one each for the benefit of the Certificateholders of each Pass Through Trust, with the Subordination Agent, as agent for the Pass Through Trustee on behalf of each such Pass Through Trust and (ii) the Pass Through Trustee, the Liquidity Providers and the Subordination Agent have entered into the Intercreditor Agreement, dated as of the date hereof (the "Intercreditor Agreement");

NOW, THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Financing of New Aircraft. (a) The Company confirms that it has entered into the Aircraft Purchase Agreements with the Manufacturer pursuant to which the Company has agreed to purchase, and the Manufacturer has agreed to deliver, the New Aircraft in the months specified in Schedule I hereto, all on and subject to terms and conditions specified in the applicable Aircraft Purchase Agreement. The Company agrees to finance the New Aircraft in the manner provided herein, all on and subject to the terms and conditions hereof and of the relevant Financing Agreements.

(b) In furtherance of the foregoing, the Company agrees to give the parties hereto, the Depositary and each of the Rating Agencies not less than two Business Days' prior notice (a "Delivery Notice") of the scheduled delivery date (the "Scheduled Delivery Date") (or, in the case of a substitute Delivery Notice under Section 1(e) or (f) hereof, one Business Day's prior

notice) in respect of each New Aircraft under the Aircraft Purchase Agreement, which notice shall:

(i) specify whether the Company has elected to treat such New Aircraft as a Leased Aircraft or an Owned Aircraft;

(ii) specify the Scheduled Delivery Date of such New Aircraft (which shall be a Business Day before the Cut-off Date and, except as provided in Section 1(f) hereof, the date (the "Funding Date") on which the financing therefore in the manner provided herein shall be consummated);

(iii) instruct the Pass Through Trustee to instruct the Escrow Agent to provide a Notice of Purchase Withdrawal to the Depository with respect to the Equipment Notes to be issued in connection with the financing of such New Aircraft;

(iv) instruct the Pass Through Trustee to enter into the Participation Agreement included in the Financing Agreements with respect to such Aircraft in such form and at such a time on or before the Funding Date specified in such Delivery Notice and to perform its obligations thereunder;

(v) specify the aggregate principal amount of each series of Equipment Notes to be issued, and purchased by the Pass Through Trustees, in connection with the financing of such New Aircraft scheduled to be delivered on such Funding Date (which shall in all respects comply with the Mandatory Economic Terms); and

(vi) if such New Aircraft is to be a Leased Aircraft, certify that the related Owner Participant is (A) not an Affiliate of the Company and (B) either (1) a Qualified Owner Participant or (2) any other person the obligations of which under the Owner Participant Agreements (as defined in the applicable Participation Agreement) are guaranteed by a Qualified Owner Participant.

Notwithstanding the foregoing, in the event the date of issuance of the Certificates coincides with the Scheduled Delivery Date of the first Aircraft to be financed pursuant to the terms hereof, the Delivery Notice therefor may be delivered to the parties hereto on such Scheduled Delivery Date.

(c) Upon receipt of a Delivery Notice, the Pass Through Trustees (subject to Section 1(d)) shall, and shall cause the Subordination Agent to, enter into and perform their obligations under the Participation Agreement specified in such Delivery Notice, provided that such Participation Agreement and the other Lease Financing Agreements, Special Financing Agreements or Owner Financing Agreements to be entered into pursuant to such Participation Agreement shall be in the forms thereof annexed hereto in all material respects with such changes therein as shall have been requested by the related Owner Participant, agreed to by the Company and, if modified in any material respect, as to which Rating Agency Confirmation shall have been obtained from each Rating Agency by the Company (to be delivered by the Company to the applicable Pass Through Trustee on or before the relevant Delivery Date, it being understood that if Rating Agency Confirmation shall have been received with respect to any Financing Agreements and such Financing Agreements are utilized for subsequent New Aircraft (or Substitute Aircraft) without material modifications, no additional Rating Agency Confirmation shall be required); provided, however, that the relevant Financing Agreements as executed and delivered shall not vary the Mandatory Economic Terms and shall contain the Mandatory Document Terms. Notwithstanding the foregoing, (i) if The Boeing Company or any of its Affiliates is the Owner Participant with respect to any Leased Aircraft, the Lease Financing Agreements to be entered into pursuant to the Delivery Notice with respect to such Leased Aircraft may be modified from the forms annexed hereto to exclude from amounts secured under the applicable Indenture the "Additional Excluded Amounts," as such term was defined in the Lease Agreement 116, between the Company, as Lessee and First Security Bank of Utah, National Association, Owner Trustee, as Lessor, dated as of March 15, 1996, as amended by Lease Agreement 116 Amendment No. 1, dated as of May 20, 1996, and such Lease Financing Agreements, as so modified, shall be deemed (A) to be substantially in forms thereof annexed hereto and (B) by virtue of such modification not to be inconsistent with the Mandatory Document Terms and (ii) if any Financing Document annexed hereto shall not have been reviewed by either Rating Agency prior to the Issuance Date, then, prior to the use thereof in connection with the financing of any Aircraft hereunder, the Company shall obtain from each Rating Agency a confirmation that the use of such Financing Documents would not result in (i) a reduction of the rating for any Class of

Certificates below the then current rating for such Class of Certificates or (ii) a withdrawal or suspension of the rating of any Class of Certificates. With respect to each New Aircraft, the Company shall cause WTC (or such other person that meets the eligibility requirements to act as loan trustee under the Leased Aircraft Indenture, Owned Aircraft Indenture or Special Indenture) to execute as Loan Trustee the Financing Agreements relating to such Aircraft to which such Loan Trustee is intended to be a party, and shall concurrently therewith execute such Financing Agreements to which the Company is intended to be a party and perform its respective obligations thereunder. Upon the request of either Rating Agency, the Company shall deliver or cause to be delivered to each Rating Agency a true and complete copy of each Financing Agreement relating to the financing of each New Aircraft together with a true and complete set of the closing documentation (including legal opinions) delivered to the related Loan Trustee, Subordination Agent and Pass Through Trustee under the related Participation Agreement.

(d) Notwithstanding the provisions of Section 2.01 of each of the C-I Pass Through Trust Agreement and C-II Pass Through Trust Agreement, the parties hereto agree that the C-II Trustee shall not use (and the Company will not request the C-II Trustee to use) the proceeds of any of the C-II Deposits to purchase any Series C Equipment Notes in connection with the financing hereunder of a New Aircraft unless and until the C-I Trustee has used (or, simultaneously therewith, will use) the proceeds of all C-I Deposits to purchase Series C Equipment Notes.

(e) If after giving any Delivery Notice, there shall be a delay in the delivery of a New Aircraft, or if on the Scheduled Delivery Date of a New Aircraft the financing thereof in the manner contemplated hereby shall not be consummated for whatever reason, the Company shall give the parties hereto prompt notice thereof. The Company shall, concurrently with the giving of such notice of postponement or subsequently, give the parties hereto a substitute Delivery Notice specifying the date to which such delivery and related financing shall have been re-scheduled (which shall be a Business Day before the Cut-off Date on which the Escrow Agents shall be entitled to withdraw one or more Deposits under each of the applicable Deposit Agreements to enable each applicable Pass Through Trustee to fund its purchase of the related Equipment Notes). Upon receipt of any such notice of postponement, each applicable Pass Through Trustee shall comply with its obligations under Section 2.01(b) of each of the Pass Through Trust Agreements and thereafter the financing of the

relevant New Aircraft shall take place on the re-scheduled Delivery Date therefor (all on and subject to the terms and conditions of the relevant Financing Agreements) unless further postponed as provided herein.

(f) Anything in this Section 1 to the contrary notwithstanding, the Company shall have the right at any time on or before the Scheduled Delivery Date of any New Aircraft, and subsequent to its giving a Delivery Notice therefor, to postpone the Scheduled Delivery Date of such New Aircraft so as to enable the Company to change its election to treat such New Aircraft as a Leased Aircraft or an Owned Aircraft by written notice of such postponement to the other parties hereto. The Company shall subsequently give the parties hereto a substitute Delivery Notice complying with the provisions of Section 1(b) hereof and specifying the new Funding Date therefor (which shall be a Business Day occurring before the Cut-off Date and on which the Escrow Agents shall be entitled to withdraw Deposits under each of the applicable Deposit Agreements sufficient to enable each applicable Pass Through Trustee to fund its purchase of the related Equipment Notes). In addition, the Company shall have the further right, anything in this Section 1 to the contrary notwithstanding, to accept delivery of a New Aircraft under the applicable Aircraft Purchase Agreement on the Delivery Date thereof by utilization of bridge financing of such New Aircraft and promptly thereafter give the parties hereto a Delivery Notice specifying a Funding Date not later than 30 days after the Delivery Date of such New Aircraft and otherwise complying with the provisions of Section 1(a) hereof. All other terms and conditions of this Note Purchase Agreement shall apply to the financing of any such New Aircraft on the re-scheduled Funding Date therefor except (i) the re-scheduled Funding Date shall be deemed the Delivery Date of such New Aircraft for all purposes of this Section 1 and (ii) The related Financing Agreements shall be amended to reflect the original delivery of such New Aircraft to the Company.

(g) If the Scheduled Delivery Date for any New Aircraft is delayed (a) more than 30 days beyond the last day of the month set forth opposite such Aircraft under the heading "Scheduled Delivery Months" in Schedule I hereto or (b) beyond June 30, 1998, the Company may identify for delivery a substitute aircraft therefor meeting the following conditions (a "Substitute Aircraft"): (i) a Substitute Aircraft must be a Boeing 757-200, 737-500 or 737-700 aircraft manufactured after the date of this

Agreement, (ii) one or more Substitute Aircraft of the same or different types may be substituted for one or more New Aircraft of the same or different types so long as after giving effect thereto such substitution does not vary the Mandatory Economic Terms and (iii) the Company shall be obligated to obtain Rating Agency Confirmation in respect of the replacement of any New Aircraft by Substitute Aircraft. Upon the satisfaction of the conditions set forth above with respect to a Substitute Aircraft, the New Aircraft to be replaced shall cease to be subject to this Agreement and all rights and obligations of the parties hereto concerning such New Aircraft shall cease, and such Substitute Aircraft shall become and thereafter be subject to the terms and conditions of this Agreement to the same extent as such New Aircraft.

(h) The Company shall have no liability for the failure of the Pass Through Trustees to purchase Equipment Notes with respect to any New Aircraft or Substitute Aircraft, other than the Company's obligation, if any, to pay the Deposit Make-Whole Premium and the Class II Premium pursuant to Section 4(a)(i) of this Agreement.

(i) The Company agrees that if, in connection with the delivery of a New Aircraft or Substitute Aircraft, any Owner Participant who is to be a party to any Lease Financing Agreement or Special Financing Agreement shall not be a "Citizen of the United States" within the meaning of Section 40102(a)(15) of the Act, then the applicable Leased Aircraft Participation Agreement or Special Participation Agreement shall be modified, consistent with the Mandatory Document Terms, to require such Owner Participant to enter into a voting trust, voting powers or similar arrangement satisfactory to the Company that (A) enables such New Aircraft or Substitute Aircraft to be registered in the United States and (B) complies with the FAA regulations issued under the Act applicable thereto.

(j) Anything herein to the contrary notwithstanding, (i)The Company shall not have the right, and shall not be entitled, at any time to request the issuance of Equipment Notes of any series to any Pass Through Trustee in an aggregate principal amount in excess of the amount of the Deposits then available for withdrawal by the Escrow Agent under and in accordance with the provisions of the related Deposit Agreement; and (ii)if any New Aircraft is not delivered and financed by the Company under the Financing Agreements in its respective



Scheduled Delivery Months, then the Company shall use reasonable efforts to assure that the aggregate amortization schedule of the Equipment Notes will correspond as closely as reasonably practicable to the aggregate amortization schedule set forth in Schedule VII hereto.

SECTION 2. Conditions Precedent. The obligation of the Pass Through Trustees to enter into, and to cause the Subordination Agent to enter into, any Participation Agreement as directed pursuant to a Delivery Notice and to perform its obligations under such Participation Agreement is subject to satisfaction of the following conditions:

(a) no Triggering Event shall have occurred; and

(b) the Company shall have delivered a certificate to each such Pass Through Trustee and each Liquidity Provider stating that (i) such Participation Agreement and the other Financing Agreements to be entered into pursuant to such Participation Agreement do not vary the Mandatory Economic Terms and contain the Mandatory Document Terms and (ii) any substantive modification of such Financing Agreements from the forms thereof attached to this Agreement do not materially and adversely affect the Certificateholders, and such certification shall be true and correct.

Anything herein to the contrary notwithstanding, the obligation of each Pass Through Trustee to purchase Equipment Notes shall terminate on the Cut-off Date.

SECTION 3. Representations and Warranties. (a) The Company represents and warrants that:

(i) the Company is duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is a "citizen of the United States" as defined in 49 U.S.C. Section 40102, and has the full corporate power, authority and legal right under the laws of the State of Delaware to execute and deliver this Agreement and each Financing Agreement to which it will be a party and to carry out the obligations of the Company under this Agreement and each Financing Agreement to which it will be a party;

(ii) the execution and delivery by the Company of this Agreement and the performance by the Company of

its obligations under this Agreement have been duly authorized by the Company and will not violate its Certificate of Incorporation or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which it is a party or by which it is bound; and

(iii) this Agreement constitutes the legal, valid and binding obligation of the Company enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity, whether considered in a proceeding at law or in equity.

(b) WTC represents and warrants that:

(i) WTC is duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is a "citizen of the United States" as defined in 49 U.S.C. Section 40102, and has the full corporate power, authority and legal right under the laws of the State of Delaware and the United States pertaining to its banking, trust and fiduciary powers to execute and deliver this Agreement and each Financing Agreement to which it will be a party and to carry out the obligations of WTC, in its capacity as Subordination Agent, Pass Through Trustee or Paying Agent, as the case may be, under this Agreement and each Financing Agreement to which it will be a party;

(ii) the execution and delivery by WTC, in its capacity as Subordination Agent, Pass Through Trustee or Paying Agent, as the case may be, of this Agreement and the performance by WTC, in its capacity as Subordination Agent, Pass Through Trustee or Paying Agent, as the case may be, of its obligations under this Agreement have been duly authorized by WTC, in its capacity as Subordination Agent, Pass Through Trustee or Paying Agent, as the case may be, and will not violate its articles of association or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which it is a party or by which it is bound; and

(iii) this Agreement constitutes the legal, valid and binding obligations of WTC, in its capacity as Subordination Agent, Pass Through Trustee or Paying Agent, as the case may be, enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity, whether considered in a proceeding at law or in equity.

(c) The Pass Through Trustee hereby confirms to each of the other parties hereto that its representations and warranties set forth in Section 7.15 of each Pass Through Trust Agreement are true and correct as of the date hereof.

(d) The Subordination Agent represents and warrants that:

(i) the Subordination Agent is duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and has the full corporate power, authority and legal right under the laws of the State of Delaware and the United States pertaining to its banking, trust and fiduciary powers to execute and deliver this Agreement and each Financing Agreement to which it is or will be a party and to perform its obligations under this Agreement and each Financing Agreement to which it is or will be a party;

(ii) this Agreement has been duly authorized, executed and delivered by the Subordination Agent; this Agreement constitutes the legal, valid and binding obligations of the Subordination Agent enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity, whether considered in a proceeding at law or in equity;

(iii) none of the execution, delivery and performance by the Subordination Agent of this Agreement contravenes any law, rule or regulation of the State of Delaware or any United States governmental

authority or agency regulating the Subordination Agent's banking, trust or fiduciary powers or any judgment or order applicable to or binding on the Subordination Agent and do not contravene or result in any breach of, or constitute a default under, the Subordination Agent's articles of association or by-laws or any agreement or instrument to which the Subordination Agent is a party or by which it or any of its properties may be bound;

(iv) neither the execution and delivery by the Subordination Agent of this Agreement nor the consummation by the Subordination Agent of any of the transactions contemplated hereby requires the consent or approval of, the giving of notice to, the registration with, or the taking of any other action with respect to, any Delaware governmental authority or agency or any federal governmental authority or agency regulating the Subordination Agent's banking, trust or fiduciary powers;

(v) there are no Taxes payable by the Subordination Agent imposed by the State of Delaware or any political subdivision or taxing authority thereof in connection with the execution, delivery and performance by the Subordination Agent of this Agreement (other than franchise or other taxes based on or measured by any fees or compensation received by the Subordination Agent for services rendered in connection with the transactions contemplated by the Intercreditor Agreement or any of the Liquidity Facilities), and there are no Taxes payable by the Subordination Agent imposed by the State of Delaware or any political subdivision thereof in connection with the acquisition, possession or ownership by the Subordination Agent of any of the Equipment Notes (other than franchise or other taxes based on or measured by any fees or compensation received by the Subordination Agent for services rendered in connection with the transactions contemplated by the Intercreditor Agreement or any of the Liquidity Facilities); and

(vi) there are no pending or threatened actions or proceedings against the Subordination Agent before any court or administrative agency which individually or in

the aggregate, if determined adversely to it, would materially adversely affect the ability of the Subordination Agent to perform its obligations under this Agreement.

(e) The Escrow Agent represents and warrants that:

(i) the Escrow Agent is a national banking association duly incorporated, validly existing and in good standing under the laws of the United States and has the full corporate power, authority and legal right under the laws of the United States pertaining to its banking, trust and fiduciary powers to execute and deliver this Agreement, each Deposit Agreement and each Escrow and Paying Agent Agreement (collectively, the "Escrow Agent Agreements") and to carry out the obligations of the Escrow Agent under each of the Escrow Agent Agreements;

(ii) the execution and delivery by the Escrow Agent of each of the Escrow Agent Agreements and the performance by the Escrow Agent of its obligations hereunder and thereunder have been duly authorized by the Escrow Agent and will not violate its articles of association or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which it is a party or by which it is bound; and

(iii) each of the Escrow Agent Agreements constitutes the legal, valid and binding obligations of the Escrow Agent enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity, whether considered in a proceeding at law or in equity.

(f) The Paying Agent represents and warrants that:

(i) the Paying Agent is duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the full corporate power, authority and legal right under the laws of the United States pertaining to its banking, trust and fiduciary powers to execute and deliver this Agreement and the

Escrow and Paying Agent Agreement (collectively, the "Paying Agent Agreements") and to carry out the obligations of the Paying Agent under each of the Paying Agent Agreements;

(ii) the execution and delivery by the Paying Agent of each of the Paying Agent Agreements and the performance by the Paying Agent of its obligations hereunder and thereunder have been duly authorized by the Paying Agent and will not violate its articles of association or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which it is a party or by which it is bound; and

(iii) each of the Paying Agent Agreements constitutes the legal, valid and binding obligations of the Paying Agent enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity, whether considered in a proceeding at law or in equity.

SECTION 4. Covenants. (a) The Company covenants with each of the other parties hereto that:

(i) on the date that the Depositary is obligated to pay the amount of the Final Withdrawal to the Paying Agent pursuant to a Deposit Agreement relating to any Trust, the Company shall pay to the Pass Through Trustee of such Trust no later than 12:30 p.m. (New York time) an amount equal to (i) in the case of the Class C-II Trust, the Class C-II Premium to be paid in respect of such Final Withdrawal amount and (ii) in the case of each other Trust, the Deposit Make-Whole Premium to be paid in respect of such Final Withdrawal amount;

(ii) subject to Section 4(a)(iv) of this Agreement, the Company shall at all times maintain its corporate existence and shall not wind-up, liquidate or dissolve or take any action, or fail to take any action, that would have the effect of any of the foregoing;

(iii) the Company shall at all times remain a U.S. Air Carrier and shall at all times be otherwise certificated

and registered to the extent necessary to entitle (i) in the case of Leased Aircraft, the Owner Trustee (and the Loan Trustee as assignee of the Owner Trustee's rights under each Lease) to the rights afforded to lessors of aircraft equipment under Section 1110 and (ii) in the case of Owned Aircraft, the Loan Trustee to the rights afforded to secured parties of aircraft equipment under Section 1110;

(iv) Section 13.2.2 of each Lease is hereby incorporated by reference herein; and

(v) the Company agrees to provide written notice to each of the parties hereto of the occurrence of the Cut-off Date no later than one Business Day after the date thereof; such notice to specifically refer to the Pass Through Trustee's obligation to assign, transfer and deliver all of its right, title and interest to the Trust Property (as defined in each Pass Through Trust Agreement) to the trustee of the Related Trust (as defined in each Pass Through Trust Agreement) in accordance with Section 11.01 of each of the Pass Through Trust Agreements.

(b) WTC, in its individual capacity, covenants with each of the other parties to this Agreement that it will, immediately upon obtaining knowledge of any facts that would cast doubt upon its continuing status as a "citizen of the United States" as defined in 49 U.S.C. Section 40102 and promptly upon public disclosure of negotiations in respect of any transaction which would or might adversely affect such status, notify in writing all parties hereto of all relevant matters in connection therewith. Upon WTC giving any such notice, WTC shall, subject to Section 8.02 of any Indenture then entered into, resign as Loan Trustee in respect of such Indenture.

SECTION 5. Notices. Unless otherwise specifically provided herein, all notices required or permitted by the terms of this Agreement shall be in English and in writing, and any such notice shall become effective upon being delivered personally or, if promptly confirmed by mail, when dispatched by facsimile or other written telecommunication, addressed to such party hereto at its address or facsimile number set forth below the signature of such party at the foot of this Agreement.

SECTION 6. Expenses. (a) The Company agrees to pay an amount or amounts equal to the fees payable to the relevant

Liquidity Provider under Section 2.03 of each Liquidity Facility and the related Fee Letter (as defined in the Intercreditor Agreement) multiplied by a fraction the numerator of which shall be the then outstanding aggregate amount of the Deposits under the Deposit Agreements and the denominator of which shall be the sum of (x) the then outstanding aggregate principal amount of the Series A Equipment Notes, Series B Equipment Notes and Series C Equipment Notes issued under all of the Indentures and (y) the then outstanding aggregate amount of the Deposits under the Deposit Agreements.

(b) So long as no Equipment Notes have been issued in respect of any Aircraft, the Company agrees to pay (i) (A) the amount equal to interest on any Downgrade Advance (other than any Applied Downgrade Advance) payable under Section 3.07(e) of each Liquidity Facility minus Investment Earnings while such Downgrade Advance shall be outstanding, (B) the amount equal to interest on any Non-Extension Advance (other than any Applied Non-Extension Advance) payable under Section 3.07(a)(i) of each Liquidity Facility minus Investment Earnings while such Non-Extension Advance shall be outstanding and (C) any other amounts owed to the Liquidity Provider by the Subordination Agent as borrower under each Liquidity Facility (other than amounts due as repayment of advances thereunder or as interest on such advances, except to the extent payable pursuant to clause (A) or (B)), (ii) all compensation and reimbursement of expenses, disbursements and advances payable by the Company under the Pass Through Trust Agreements, (iii) all compensation and reimbursement of expenses and disbursements payable to the Subordination Agent under the Intercreditor Agreement except with respect to any income or franchise taxes incurred by the Subordination Agent in connection with the transactions contemplated by the Intercreditor Agreement and (iv) in the event the Company requests any amendment to any Operative Agreement, all reasonable fees and expenses (including, without limitation, fees and disbursements of counsel) of the Escrow Agent and/or the Paying Agent in connection therewith. For purposes of this Section 6(b), the terms "Applied Downgrade Advance", "Applied Non-Extension Advance", "Downgrade Advance", "Investment Earnings" and "Non- Extension Advance" shall have the meanings specified in each Liquidity Facility.

SECTION 7. Further Assurances. Each party hereto shall duly execute, acknowledge and deliver, or shall cause to be executed, acknowledged and delivered, all such further agreements, instruments, certificates or documents, and shall do



and cause to be done such further acts and things, in any case, as any other party hereto shall reasonably request in connection with its administration of, or to carry out more effectually the purposes of, or to better assure and confirm unto it the rights and benefits to be provided under, this Agreement.

SECTION 8. Miscellaneous. (a) Provided that the transactions contemplated hereby have been consummated, and except as otherwise provided for herein, the representations, warranties and agreements herein of the Company, the Subordination Agent, the Escrow Agent, the Paying Agent and the Pass Through Trustee, and the Company's, the Subordination Agent's, the Escrow Agent's, the Paying Agent's and the Pass Through Trustee's obligations under any and all thereof, shall survive the expiration or other termination of this Agreement and the other agreements referred to herein.

(b) This Agreement may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). Each counterpart of this Agreement, including a signature page executed by each of the parties hereto, shall be an original counterpart of this Agreement, but all of such counterparts together shall constitute one instrument. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, waiver or modification is sought. The index preceding this Agreement and the headings of the various Sections of this Agreement are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof. The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the Company and its successors and permitted assigns, the Pass Through Trustee and its successors as Pass Through Trustee (and any additional trustee appointed) under any of the Pass Through Trust Agreements, the Escrow Agent and its successors as Escrow Agent under the Escrow and Paying Agent Agreements, the Paying Agent and its successors as Paying Agent under the Escrow and Paying Agent Agreement and the Subordination Agent and its successors as Subordination Agent under the Intercreditor Agreement.

(c) This Agreement is not intended to, and shall not, provide any person not a party hereto (other than the Initial Purchasers and each of the beneficiaries of Section 6 hereof)

with any rights of any nature whatsoever against any of the parties hereto, and no person not a party hereto (other than the Initial Purchasers and each of the beneficiaries of Section 6 hereof) shall have any right, power or privilege in respect of, or have any benefit or interest arising out of, this Agreement.

SECTION 9. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THIS AGREEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK.

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

CONTINENTAL AIRLINES, INC.

By

-----  
Name:  
Title:

Address: 2929 Allen Parkway  
Suite 2010  
Houston, TX 77019  
Attention: Executive Vice  
President and Chief  
Financial Officer  
Facsimile: (713) 520-6329

WILMINGTON TRUST COMPANY,  
not in its individual capacity, except as  
otherwise provided herein, but solely as  
Pass Through Trustee

By

-----  
Name: Bruce Bisson  
Title: Vice President

Address: Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust  
Administration  
Facsimile: (302) 651-1576

WILMINGTON TRUST COMPANY,  
not in its individual capacity, except as  
otherwise provided herein, but solely as  
Subordination Agent

By

-----  
Name: Bruce Bisson  
Title: Vice President

Address: Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust  
Administration  
Facsimile: (302) 651-1576

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
as Escrow Agent

By

-----  
Name:  
Title:

Address: 79 South Main Street  
Salt Lake City, Utah 84111  
Attention: Corporate Trust  
Department  
Facsimile: (801) 246-5053

WILMINGTON TRUST COMPANY,  
as Paying Agent

By

-----  
Name: Bruce Bisson  
Title: Vice President

Address: Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust  
Administration  
Facsimile: (302) 651-1576

SCHEDULE I to  
Note Purchase Agreement

NEW AIRCRAFT AND SCHEDULED DELIVERY MONTHS

New Aircraft Type	Aircraft Tail Number	Manufacturer's Serial Number	Scheduled Delivery Months
-----	-----	-----	-----
Boeing 757-224	118	27560	March 1997
Boeing 757-224	119	27561	May 1997
Boeing 757-224	120	27562	June 1997
Boeing 757-224	121	27563	July 1997
Boeing 757-224	122	27564	August 1997
Boeing 757-224	126	28966	December 1997
Boeing 757-224	123	27565	January 1998
Boeing 757-224	127	28967	January 1998
Boeing 737-524	638	28899	July 1997
Boeing 737-524	639	28900	July 1997
Boeing 737-524	640	28901	August 1997
Boeing 737-524	641	28902	August 1997
Boeing 737-524	642	28903	August 1997
Boeing 737-524	643	28904	September 1997
Boeing 737-524	644	28905	September 1997
Boeing 737-524	645	28906	October 1997
Boeing 737-524	646	28907	October 1997
Boeing 737-524	647	28908	November 1997
Boeing 737-524	648	28909	November 1997
Boeing 737-524	649	28910	December 1997
Boeing 737-524	650	28911	December 1997
Boeing 737-524	651	28912	December 1997
Boeing 737-524	652	28913	January 1998
Boeing 737-524	653	28914	January 1998
Boeing 737-524	654	28915	February 1998
Boeing 737-524	655	28916	February 1998
Boeing 737-724	701	28762	January 1998
Boeing 737-724	702	28763	January 1998
Boeing 737-724	703	28764	February 1998
Boeing 737-724	704	28765	February 1998

SCHEDULE II to  
Note Purchase Agreement

PASS THROUGH TRUST AGREEMENTS

Pass Through Trust Agreement, dated as of March 21, 1997, between Continental Airlines, Inc., and Wilmington Trust Company, as Trustee, made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-1A-0 and the issuance of 7.461% Continental Airlines Pass Through Trust, Series 1997-1A-0 Pass Through Certificates representing fractional undivided interests in the Trust

Pass Through Trust Agreement, dated as of March 21, 1997, between Continental Airlines, Inc., and Wilmington Trust Company, as Trustee, made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-1B-0 and the issuance of 7.461% Continental Airlines Pass Through Trust, Series 1997-1B-0 Pass Through Certificates representing fractional undivided interests in the Trust

Pass Through Trust Agreement, dated as of March 21, 1997, between Continental Airlines, Inc., and Wilmington Trust Company, as Trustee, made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-1C-I-0 and the issuance of 7.420% Continental Airlines Pass Through Trust, Series 1997-1C-I-0 Pass Through Certificates representing fractional undivided interests in the Trust

Pass Through Trust Agreement, dated as of March 21, 1997, between Continental Airlines, Inc., and Wilmington Trust Company, as Trustee, made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-1C-II-0 and the issuance of 7.420% Continental Airlines Pass Through Trust, Series 1997-1C-II-0 Pass Through Certificates representing fractional undivided interests in the Trust

SCHEDULE III to  
Note Purchase Agreement

DEPOSIT AGREEMENTS

Deposit Agreement (Class A) dated as of March 21, 1997 between First Security Bank, National Association as Escrow Agent under the Escrow and Paying Agent Agreement, and Credit Suisse First Boston, New York Branch, as Depositary

Deposit Agreement (Class B) dated as of March 21, 1997 between First Security Bank, National Association as Escrow Agent under the Escrow and Paying Agent Agreement, and Credit Suisse First Boston, New York Branch, as Depositary

Deposit Agreement (Class C-I) dated as of March 21, 1997 between First Security Bank, National Association as Escrow Agent under the Escrow and Paying Agent Agreement, and Credit Suisse First Boston, New York Branch, as Depositary

Deposit Agreement (Class C-II) dated as of March 21, 1997 between First Security Bank, National Association as Escrow Agent under the Escrow and Paying Agent Agreement, and Credit Suisse First Boston, New York Branch, as Depositary



SCHEDULE IV to  
Note Purchase Agreement

ESCROW AND PAYING AGENT AGREEMENTS

Escrow and Paying Agent Agreement (Class A) dated as of March 21, 1997 among First Security Bank, National Association as Escrow Agent; Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co., as Initial Purchasers under the Certificate Purchase Agreement; Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of Continental Airlines Pass Through Trust 1997-1A-0 as Pass Through Trustee; and Wilmington Trust Company as Paying Agent

Escrow and Paying Agent Agreement (Class B) dated as of March 21, 1997 among First Security Bank, National Association as Escrow Agent; Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co., as Initial Purchasers under the Certificate Purchase Agreement; Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of Continental Airlines Pass Through Trust 1997-1B-0 as Pass Through Trustee; and Wilmington Trust Company as Paying Agent

Escrow and Paying Agent Agreement (Class C-I) dated as of March 21, 1997 among First Security Bank, National Association as Escrow Agent; Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co., as Initial Purchasers under the Certificate Purchase Agreement; Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of Continental Airlines Pass Through Trust 1997-1C-I-0 as Pass Through Trustee; and Wilmington Trust Company as Paying Agent

Escrow and Paying Agent Agreement (Class C-II) dated as of March 21, 1997 among First Security Bank, National Association as Escrow Agent; Credit Suisse First Boston Corporation, Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co., as Initial Purchasers under the Certificate Purchase Agreement; Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of Continental Airlines Pass Through Trust 1997-1C-II-0 as Pass Through Trustee; and Wilmington Trust Company as Paying Agent

SCHEDULE V to  
Note Purchase Agreement

MANDATORY DOCUMENT TERMS

1. May not modify in any material adverse respect the Granting Clause of the Trust Indenture Form so as to deprive the Note Holders of a first priority security interest in and mortgage lien on the Aircraft and the Lease or to eliminate any of the obligations secured thereby or otherwise modify in any material adverse respect as regards the interests of the Note Holders, the Subordination Agent, the Liquidity Providers or the Mortgagee the provisions of Article II or III or Section 4.02, 4.03, 4.04, 5.02, 5.06, 9.01(b), 10.04 or 10.12 of the Trust Indenture Form.
2. May not modify in any material adverse respect as regards the interests of the Note Holders, the Subordination Agent, the Liquidity Providers or the Mortgagee the provisions of Section 3.2.1(e), 3.3(c), 4.7, the final sentence of 7.1.1, 10.3.1(d)(ii), 13.3, 16, 18.3 or 18.7(a) of the Lease Form or otherwise modify the terms of the Lease Form so as to deprive the Mortgagee of rights expressly granted to the "Mortgagee" therein.
3. May not modify in any material adverse respect as regards the interests of the Note Holders, the Subordination Agent, the Liquidity Providers or the Mortgagee the provisions of Section 5.1.9, 5.1.10, 5.1.11, 5.1.12, 7.5, 12, 15.8(a) or 15.9 of the Participation Agreement Form or of the provisions of Section 5.1.2(xxiv) or 10.1.1(a)(iv) of the Participation Agreement Form so as to eliminate the requirement to deliver to the Loan Participant or the Mortgagee, as the case may be, the legal opinions to be provided to such Persons thereunder (recognizing that the lawyers rendering such opinions may be changed) or of the provisions of Section 7.6.11(ii) of the Participation Agreement Form as regards the rights of the Mortgagee thereunder or otherwise modify the terms of the Participation Agreement Form to deprive the Trustees, the Subordination Agent, the Liquidity Providers or the Mortgagee of any indemnity or right of reimbursement in its favor for Expenses or Taxes.

4. May not modify, in any material adverse respect as regards the interests of the Note Holders, the Subordination Agent, the Liquidity Providers or the Mortgagee, the definition of "Make Whole Amount" in Annex A to the Note Purchase Agreement.

Notwithstanding the foregoing, any such Mandatory Document Term may be modified to correct or supplement any such provision which may be defective or to cure any ambiguity or correct any mistake, provided that any such action shall not materially adversely affect the interests of the Note Holders, the Subordination Agent, the Liquidity Providers, the Mortgagee or the Certificateholders.

SCHEDULE VI to  
Note Purchase Agreement

MANDATORY ECONOMIC TERMS

Equipment Notes

Obligor: Continental or an Owner Trust

Maximum Principal Amount:

For each Boeing 757-224 Aircraft \$37,600,000

For each Boeing 737-524 Aircraft \$18,400,000

For each Boeing 737-724 Aircraft \$24,400,000

Aggregate Maximum Principal Amount:

For all Boeing 757-224 Aircraft \$300,800,000

For all Boeing 737-524 Aircraft \$331,200,000

For all Boeing 737-724 Aircraft \$97,600,000

The aggregate original principal amount of all Equipment Notes for all Aircraft shall not exceed the aggregate face amount of all Certificates issued on the Issuance Date. The aggregate original principal amount of all Equipment Notes of any series shall not exceed the aggregate face amount of all Certificates of the related class issued on the Issuance Date.

Initial Loan to Aircraft Value (with the value of any Aircraft equal to the value for such Aircraft set forth in the Offering Circular in "Offering Circular Summary--The Offering--Equipment Notes and the Aircraft" under the column "Appraised Value"):

Series A: not in excess of 41%

Series B: not in excess of 55%

Series C: For each Boeing 757-224 Aircraft: not in excess of  
69.99%

For each Boeing 737-524 Aircraft: not in excess of 66.19%

For each Boeing 737-724 Aircraft: not in excess of 66.25%

Initial Average Life (in years)

For each Boeing 757-224 Aircraft

Series A: not less than 11.75 nor more than 12.60  
years

Series B: not less than 9.00 nor more than 9.75 years

Series C: not less than 4.50 nor more than 5.55 years

For each Boeing 737-524 Aircraft

Series A: not less than 11.00 nor more than 12.55  
years

Series B: not less than 6.90 nor more than 10.52 years

Series C: not less than 3.50 nor more than 7.60 years

For each Boeing 737-724 Aircraft

Series A: not less than 12.25 nor more than 12.55  
years

Series B: not less than 9.75 nor more than 10.05 years

Series C: not less than 5.25 nor more than 5.55 years

Average Life (in years)

As of the Delivery Period Termination Date (or if earlier, the date of the occurrence of a Triggering Event), the average life of the Class A Certificates, the Class B Certificates, the Class C-I Certificates and the Class C-II Certificates shall not exceed, respectively, 12.91 years, 10.15 years, 6.00 years and 6.00 years (computed without regard to the acceleration of any Equipment Notes and after giving effect to any special distribution on the Certificates thereafter required in respect of unused Deposits).

Amortization Schedule

The amortization schedule for each Series of Equipment Notes, assuming the maximum amount thereof in respect of all of the Aircraft are purchased by the Pass Through Trusts and all New

Aircraft are delivered as currently scheduled shall be as set forth in Schedule VII of the Note Purchase Agreements.

Final Maturity Date

Series A: not in excess of 18.025 years from the date of issuance of the Certificates (the "Date of Issuance")

Series B: not in excess of 16.025 years from the Date of Issuance

Series C: not in excess of 10.025 years from the Date of Issuance

Debt Rate (computed on the basis of a 360-day year consisting of twelve 30-day months, payable semi-annually in arrears)

Series A: 7.461%

Series B: 7.461%

Series C: 7.420%

Payment Due Rate: Debt Rate plus 2% per annum

Payment Dates: April 1 and October 1

Make-Whole Premiums: as provided in Article II of the form of Trust Indenture marked as Exhibit A-3 or D-3 (whichever shall be utilized for a Leased Aircraft) of the Note Purchase Agreement (the "Trust Indenture Form")

Redemption and Purchase: as provided in Article II of the Trust Indenture Form

Lease

Term: The Base Lease Term shall expire by its terms on or after final maturity date of the related Series A Equipment Notes

Lease Payment Dates: April 1 and October 1

Minimum Rent: Basic Rent due and payable on each Payment Date shall be at least

sufficient to pay in full, as of such Payment Date (assuming timely payment of the related Equipment Notes prior to such Date), the aggregate principal amount of scheduled installments due on the related Equipment Notes outstanding on such Payment Date

Supplemental Rent:	Sufficient to cover the sums described in clauses (a) through (d) of such term as defined in Annex A to the form of Lease (the "Lease Form") marked as Exhibit A-2 or D-2 (whichever shall be utilized for a Leased Aircraft) of the Note Purchase Agreement
Stipulated Loss Value:	At all times equal to or greater than the then outstanding principal amount of the related Equipment Notes together with accrued interest thereon
Termination Value:	At all times equal to or greater than the then outstanding principal amount of the related Equipment Notes together with accrued interest thereon
All-risk hull insurance:	not less than Stipulated Loss Value, subject to Lessee's right to self-insure on terms no more favorable to Lessee in any material respect than those set forth in Section G of Annex D to the form of Lease marked as Exhibit A-2.
Minimum Liability	
Insurance Amount:	as set forth in Schedule 1 to the form of Lease marked as Exhibit A-2.
Payment Due Rate:	as set forth in Schedule 1 to the form of Lease marked as Exhibit A-2.
SLV Rate:	as set forth in Schedule 1 to the form of Lease marked as Exhibit A-2.

Participation Agreement

Mortgagee, Subordination Agent, Liquidity Providers, Pass Through Trustees, Escrow Agents and Note Holders indemnified against Expenses and Taxes to the extent set forth in Section 9 of the form of the Participation Agreement (the "Participation Form") marked as Exhibit A-1 to the Note Purchase Agreement



SCHEDULE VII to  
Note Purchase Agreement

AGGREGATE AMORTIZATION SCHEDULE

Date	1997-1A Trust Scheduled Payment	1997-1B Trust Scheduled Payment	1997-1C-I Trust Scheduled Payment	1997-1C-II Trust Scheduled Payment
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[OMITTED]

ANNEX A to  
Note Purchase Agreement  
DEFINITIONS

"Act" means 49 U.S.C. Sections 40101-46507.

"Adjusted Treasury Yield" means, as of any date of determination, the sum of the Treasury Yield plus 42 basis points.

"Affiliate" means, with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with such person. For purposes of this definition, "control" means the power, directly or indirectly, to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise and "controlling," "controlled by" and "under common control with" have correlative meanings.

"Aircraft Purchase Agreement" means, in the case of the Boeing 757-224 Aircraft, the Purchase Agreement No. 1783 dated March 18, 1993, or, in the case of the Boeing 737-524 Aircraft and the Boeing 737-724 Aircraft, the Purchase Agreement No. 1951 dated July 23, 1996, each between the Company and the Manufacturer (including all exhibits thereto, together with all letter agreements entered into that by their terms constitute part of any such Purchase Agreement).

"Aircraft Purchase Agreement Assignment" means the CFM International Aircraft Purchase Agreement Assignment or the Rolls-Royce Aircraft Purchase Agreement Assignment.

"Assumed Amortization Schedule" means Schedule VII to the Note Purchase Agreement.

"Average Life Date" means, for any Equipment Note, the date which follows the time of determination by a period equal to the Remaining Weighted Average Life of such Equipment Note.

"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. Sections 102 et seq.

"Business Day" means any day, other than a Saturday, Sunday or other day on which commercial banks are authorized or required by

law to close in New York, New York, Houston, Texas, Wilmington, Delaware or Salt Lake City, Utah.

"C-I Deposits" means the Deposits under the Deposit Agreement relating to the Class C-I Certificates (as defined in the Intercreditor Agreement).

"C-I Pass Through Trust Agreement" means the Pass Through Trust Agreement relating to the Pass Through Trust designated as 1997-1-I.

"C-II Deposits" means the Deposits under the Deposit Agreement relating to the Class C-II Certificates (as defined in the Intercreditor Agreement).

"C-II Pass Through Trust Agreement" means the Pass Through Trust Agreement relating to the Pass Through Trust designated as 1997-1C-II.

"C-II Trustee" means the Pass Through Trustee for the Pass Through Trust designated as 1997-1C-II.

"Certificate" has the meaning set forth in the third recital to the Note Purchase Agreement.

"Certificateholder" means the Person in whose name a Certificate is registered in the Register.

"CFM International Aircraft Purchase Agreement Assignment" means a Purchase Agreement and Engine Warranties Assignment substantially in the form of Exhibit A-4-a to the Note Purchase Agreement.

"Class" means the class of Certificates issued by each Pass Through Trust.

"Class C-II Premium" means, as of any date of determination, with respect to the distribution of unused Deposits to holders of Class C-II Certificates, (a) if Equipment Notes with respect to all of New Aircraft (or Substitute Aircraft in lieu thereof) have been purchased by the Pass Through Trusts prior to such date of determination, an amount equal to the excess, if any, of (i) the present value of the excess of (x) the scheduled payment of principal and interest to maturity of the Equipment Notes on each remaining Regular Distribution Date for the Class C-II Certificates under the Assumed Amortization Schedule over (y) the

scheduled payment of principal and interest to maturity of the Equipment Notes actually acquired by the Pass Through Trustee for such Class on each such Regular Distribution Date, such present value computed by discounting such excess on a semiannual basis on each Regular Distribution Date (assuming a 360-day year of twelve 30-day months) using a discount rate equal to the Adjusted Treasury Yield over (ii) the amount of such unused Deposits to be distributed to the holders of such Certificates plus accrued and unpaid interest to but excluding such date of determination from and including the preceding Regular Distribution Date (or if such date of determination precedes the first Regular Distribution Date, the Issuance Date), or (b) in any other case, an amount equal to the sum of (i) a premium calculated pursuant to the preceding clause (a) determined with respect to the portion of such unused Deposits that would have remained unused had the maximum principal amount of the Series C Equipment Notes been purchased with respect to each of the New Aircraft as to which such Equipment Notes were not actually purchased by any of the Pass Through Trusts and as to which no replacement by a Substitute Aircraft was made and (ii) the Deposit Make-Whole Premium determined with respect to the balance of such unused Deposits.

"Company" means Continental Airlines, Inc., a Delaware corporation.

"Corporate Trust Office" with respect to any Pass Through Trustee or any Loan Trustee, means the office of such trustee in the city at which at any particular time its corporate trust business shall be principally administered.

"Cut-off Date" means the earlier of (a) the day after the Delivery Period Termination Date and (b) the date on which a Triggering Event occurs.

"Delivery Period Termination Date" means the earlier of (a) March 31, 1998, or, if the Equipment Notes relating to all of the New Aircraft (or Substitute Aircraft in lieu thereof) have not been purchased by the Pass Through Trustees on or prior to such date due to any reason beyond the control of the Company and not occasioned by the Company's fault or negligence, June 30, 1998 and (b) the date on which Equipment Notes issued with respect to all of the New Aircraft (or Substitute Aircraft in lieu thereof) have been purchased by the Pass Through Trustees in accordance with the Note Purchase Agreement.

"Delivery Date" means the Business Day on which a New Aircraft is delivered to and accepted by the Company.

"Deposit" has the meaning set forth in the fifth recital to the Note Purchase Agreement.

"Deposit Agreement" has the meaning set forth in the fifth recital to the Note Purchase Agreement.

"Deposit Make-Whole Premium" means, with respect to the distribution of unused Deposits to holders of any Class of Certificates, as of any date of determination, an amount equal to the excess, if any, of (a) the present value of the excess of (i) the scheduled payment of principal and interest to maturity of the Equipment Notes, assuming the maximum principal amount thereof were issued, on each remaining Regular Distribution Date for such Class under the Assumed Amortization Schedule over (ii) the scheduled payment of principal and interest to maturity of the Equipment Notes actually acquired by the Pass Through Trustee for such Class on each such Regular Distribution Date, such present value computed by discounting such excess on a semiannual basis on each Regular Distribution Date (assuming a 360-day year of twelve 30-day months) using a discount rate equal to the Treasury Yield over (b) the amount of such unused Deposits to be distributed to the holders of such Certificates plus accrued and unpaid interest to but excluding such date of determination from and including the preceding Regular Distribution Date (or if such date of determination precedes the first Regular Distribution Date, the Issuance Date).

"Depository" means Credit Suisse First Boston, New York Branch, a banking institution organized under the laws of Switzerland.

"Equipment Notes" means and includes any equipment notes issued under any Indenture in the form specified in Section 2.01 thereof (as such form may be varied pursuant to the terms of such Indenture) and any Equipment Note issued under any Indenture in exchange for or replacement of any other Equipment Note.

"Escrow Agent" has the meaning set forth in the first paragraph of the Note Purchase Agreement.

"Escrow and Paying Agent Agreement" has the meaning set forth in the fifth recital to the Note Purchase Agreement.

"FAA" means the Federal Aviation Administration of the United States.

"Final Withdrawal" with respect to each Escrow and Paying Agent Agreement, has the meaning set forth in Section 1.02 thereof.

"Financing Agreements" means, collectively, the Lease Financing Agreements, the Special Financing Agreements and the Owner Financing Agreements.

"Government Entity" means (a) any federal, state, provincial or similar government, and any body, board, department, commission, court, tribunal, authority, agency or other instrumentality of any such government or otherwise exercising any executive, legislative, judicial, administrative or regulatory functions of such government or (b) any other government entity having jurisdiction over any matter contemplated by the Operative Agreements or relating to the observance or performance of the obligations of any of the parties to the Operative Agreements.

"H.15(519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

"Indentures" means, collectively, the Leased Aircraft Indentures, the Special Indentures and the Owned Aircraft Indentures.

"Initial Purchasers" has the meaning set forth in the fourth recital to the Note Purchase Agreement.

"Intercreditor Agreement" has the meaning set forth in the ninth recital to the Note Purchase Agreement.

"Issuance Date" means the date of the original issuance of the Certificates.

"Law" means (a) any constitution, treaty, statute, law, decree, regulation, order, rule or directive of any Government Entity, and (b) any judicial or administrative interpretation or application of, or decision under, any of the foregoing.

"Lease" means a Lease Agreement substantially in the form of Exhibit A-2 to the Note Purchase Agreement.

"Lease Financing Agreements" means, collectively, the Aircraft Purchase Agreement Assignment, the Leased Aircraft Participation

Agreement, the Lease, the Leased Aircraft Indenture, the Equipment Notes issued thereunder and the Trust Agreement relating to the financing of a Leased Aircraft.

"Leased Aircraft" means a New Aircraft subject to a Lease or Special Lease.

"Leased Aircraft Indenture" means a Trust Indenture and Mortgage substantially in the form of Exhibit A-3 to the Note Purchase Agreement.

"Leased Aircraft Participation Agreement" means a Participation Agreement substantially in the form of Exhibit A-1 to the Note Purchase Agreement.

"Liquidity Facility" has the meaning set forth in the ninth recital to the Note Purchase Agreement.

"Liquidity Provider" has the meaning set forth in the ninth recital to the Note Purchase Agreement.

"Loan Trustee" means (i) in the case of the Lease Financing Agreements, the "Mortgagee" as defined therein, (ii) in the case of the Special Financing Agreements, the "Loan Trustee" as defined therein and (iii) in the case of the Owner Financing Agreements, the "Mortgagee" as defined therein.

"Mandatory Document Terms" means the terms set forth on Schedule V to the Note Purchase Agreement.

"Mandatory Economic Terms" means the terms set forth on Schedule VI to the Note Purchase Agreement.

"Manufacturer" means The Boeing Company, a Delaware corporation, solely in its capacity as manufacturer or seller of New Aircraft.

"New Aircraft" has the meaning set forth in the second recital to the Note Purchase Agreement.

"Note Purchase Agreement" means the Note Purchase Agreement to which this Annex A is attached.

"Notice of Purchase Withdrawal" with respect to each Deposit Agreement, has the meaning set forth in Section 2.3 thereof.

"Operative Agreements" means, collectively, the Pass Through Trust Agreements, the Escrow and Paying Agent Agreements, the

Deposit Agreements, the Liquidity Facilities, the Intercreditor Agreement, the Registration Rights Agreements, the Trust Agreements, the Equipment Notes, the Certificates and the Financing Agreements.

"Owned Aircraft Indenture" means a Trust Indenture and Mortgage substantially in the form of Exhibit C-2 to the Note Purchase Agreement.

"Owned Aircraft Participation Agreement" means a Participation Agreement substantially in the form of Exhibit C-1 to the Note Purchase Agreement.

"Owner Financing Agreements" means, collectively, the Owned Aircraft Participation Agreement, the Owned Aircraft Indenture and the Equipment Notes issued thereunder.

"Owner Participant" means, with respect to any Leased Aircraft, the Person named as the Owner Participant in the Participation Agreement with respect to such Leased Aircraft.

"Owner Trust" means with respect to any Leased Aircraft, the trust created by the "Trust Agreement" referred to in the Leased Aircraft Indenture or Special Indenture related thereto.

"Owner Trustee" means with respect to any Leased Aircraft, the "Owner Trustee" party to the "Trust Agreement" referred to in the Leased Aircraft Indenture or Special Indenture related thereto.

"Participation Agreements" means, collectively, the Leased Aircraft Participation Agreements, the Special Participation Agreements and the Owned Aircraft Participation Agreements.

"Pass Through Trust" has the meaning set forth in the third recital to the Note Purchase Agreement.

"Pass Through Trust Agreement" has the meaning set forth in the third recital to the Note Purchase Agreement.

"Pass Through Trustee" has the meaning set forth in the first paragraph of the Note Purchase Agreement.

"Paying Agent" has the meaning set forth in the first paragraph of the Note Purchase Agreement.

"Person" means any individual, firm, partnership, joint venture, trust, trustee, Government Entity, organization, association,



corporation, government agency, committee, department, authority and other body, corporate or incorporate, whether having distinct legal status or not, or any member of any of the same.

"Qualified Owner Participant" means any bank, trust company, insurance company, financial institution or corporation (other than, without the Company's consent, a commercial air carrier, a commercial aircraft operator, a freight forwarder or Affiliate of any of the foregoing), in each case with a combined capital and surplus or net worth of at least \$50,000,000.

"Rating Agencies" means, collectively, at any time, each nationally recognized rating agency which shall have been requested to rate the Certificates and which shall then be rating the Certificates. The initial Rating Agencies will be Moody's Investors Service, Inc. and Standard & Poor's Rating Group, a division of McGraw-Hill Inc.

"Rating Agency Confirmation" means, with respect to any Financing Agreement that has been modified in any material respect from the forms thereof attached to the Note Purchase Agreement or with respect to Substitute Aircraft, a written confirmation from each of the Rating Agencies that the use of such Financing Agreement with such modifications or the substituting of such Substitute Aircraft for a New Aircraft, whichever of the foregoing shall in a particular case require Rating Agency Confirmation, would not result in (i) a reduction of the rating for any Class of Certificates below the then current rating for such Class of Certificates or (ii) a withdrawal or suspension of the rating of any Class of Certificates.

"Register" means the register maintained pursuant to Sections 3.04 and 7.12 of each Pass Through Trust Agreement.

"Registration Rights Agreement" means the Exchange and Registration Rights Agreement dated as of the Issuance Date, among the Initial Purchasers, the Pass Through Trustees and the Company, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Regular Distribution Dates" shall mean April 1 and October 1 of each year, commencing October 1, 1997.

"Remaining Weighted Average Life" means, on a given date with respect to any Equipment Note, the number of days equal to the quotient obtained by dividing (a) the sum of each of the products

obtained by multiplying (i) the amount of each then remaining scheduled payment of principal of such Equipment Note by (ii) the number of days from and including such determination date to but excluding the date on which such payment of principal is scheduled to be made, by (b) the then outstanding principal amount of such Equipment Note.

"Rolls-Royce Aircraft Purchase Agreement Assignment" means a Purchase Agreement and Engine Warranties Assignment substantially in the form of Exhibit A-4-b to the Note Purchase Agreement.

"Section 1110" means 11 U.S.C. Section 1110 of the Bankruptcy Code or any successor or analogous Section of the federal bankruptcy Law in effect from time to time.

"Series A Equipment Notes" means Equipment Notes issued under an Indenture and designated as "Series A" thereunder.

"Series B Equipment Notes" means Equipment Notes issued under an Indenture and designated as "Series B" thereunder.

"Series C Equipment Notes" means Equipment Notes issued under an Indenture and designated as "Series C" thereunder.

"Special Financing Agreements" means, collectively, the Aircraft Purchase Agreement Assignment, the Special Participation Agreement, the Special Lease, the Special Indenture, the Equipment Notes issued thereunder and the Trust Agreement relating to the financing of a Leased Aircraft.

"Special Indenture" means a Trust Indenture and Mortgage substantially in the form of Exhibit D-3 to the Note Purchase Agreement.

"Special Lease" means a Lease Agreement substantially in the form of Exhibit D-2 to the Note Purchase Agreement.

"Special Participation Agreement" means a Participation Agreement substantially in the form of Exhibit D-1 to the Note Purchase Agreement.

"Subordination Agent" has the meaning set forth in the first paragraph of the Note Purchase Agreement.

"Substitute Aircraft" has the meaning set forth in Section 1(g) of the Note Purchase Agreement.

"Taxes" means all license, recording, documentary, registration and other similar fees and all taxes, levies, imposts, duties, charges, assessments or withholdings of any nature whatsoever imposed by any Taxing Authority, together with any penalties, additions to tax, fines or interest thereon or additions thereto.

"Taxing Authority" means any federal, state or local government or other taxing authority in the United States, any foreign government or any political subdivision or taxing authority thereof, any international taxing authority or any territory or possession of the United States or any taxing authority thereof.

"Treasury Yield" means, as of any date of determination, with respect to any Equipment Note (utilizing the Assumed Amortization Schedule applicable thereto), the interest rate (expressed as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semi-annual yield to maturity for United States Treasury securities maturing on the Average Life Date (of such Equipment Note) and trading in the public securities markets either as determined by interpolation between the most recent weekly average yield to maturity for two series of United States Treasury securities, trading in the public securities markets, (A) one maturing as close as possible to, but earlier than, the Average Life Date (of such Equipment Note) and (B) the other maturing as close as possible to, but later than, the Average Life Date (of such Equipment Note), in each case as published in the most recent H.15(519) or, if a weekly average yield to maturity for United States Treasury securities maturing on the Average Life Date (of such Equipment Note) is reported on the most recent H.15(519), such weekly average yield to maturity as published in such H.15(519).

"Triggering Event" has the meaning assigned to such term in the Intercreditor Agreement.

"Trust Agreement" means a Trust Agreement substantially in the form of Exhibit E to the Note Purchase Agreement.

"WTC" has the meaning set forth in the first paragraph of the Note Purchase Agreement.

EXHIBIT A-1 to  
Note Purchase Agreement

FORM OF LEASED AIRCRAFT PARTICIPATION AGREEMENT

-----  
CONFIDENTIAL: SUBJECT TO RESTRICTIONS ON DISSEMINATION  
SET FORTH IN SECTION 8 OF THIS AGREEMENT  
-----

=====

PARTICIPATION AGREEMENT  
Dated as of

Among

CONTINENTAL AIRLINES, INC.,  
Lessee,

[                    ],  
Owner Participant,

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
Not in its individual capacity  
except as expressly provided herein,  
but solely as Owner Trustee,

Owner Trustee,  
and

WILMINGTON TRUST COMPANY,  
Not in its individual capacity  
except as expressly provided herein,  
but solely as Mortgagee, Subordination Agent  
under the Intercreditor Agreement and Pass Through  
Trustee under each of the Applicable Pass Through Agreements,

Mortgagee and Loan Participant  
-----

One Boeing Model \_\_\_\_\_ Aircraft  
Bearing Manufacturer's Serial No. \_\_\_\_\_

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## PARTICIPATION AGREEMENT

PARTICIPATION AGREEMENT \_\_\_\_\_, dated as of \_\_\_\_\_ (this "Agreement"), among (a) CONTINENTAL AIRLINES, INC., a Delaware corporation ("Lessee"), (b) [ ] ("Owner Participant"), (c) FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee (this and all other capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in Section 1) (in its capacity as Owner Trustee, "Owner Trustee" or "Lessor," and in its individual capacity, "First Security"), (d) WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity, except as expressly provided herein, but solely as Mortgagee (in its capacity as Mortgagee, "Mortgagee" and in its individual capacity, "WTC"), (e) WILMINGTON TRUST COMPANY, not in its individual capacity, except as expressly provided herein, but solely as Pass Through Trustee under each of the Applicable Pass Through Trust Agreements, (each, an "Applicable Pass Through Trustee") and (f) WILMINGTON TRUST COMPANY, not in its individual capacity, except as expressly provided herein, but solely as Subordination Agent under the Intercreditor Agreement ("Subordination Agent").

## RECITALS

A. Owner Participant and First Security, concurrently herewith, are entering into the Trust Agreement, pursuant to which, among other things, Owner Trustee agrees to hold the Trust Estate for the use and benefit of Owner Participant upon and subject to the terms and conditions set forth therein.

B. Lessee and Airframe Manufacturer have entered into the Purchase Agreement, pursuant to which, among other things, Airframe Manufacturer has agreed to manufacture and sell to Lessee and Lessee has agreed to purchase from Airframe Manufacturer, certain aircraft, including the Aircraft.

C. On the Delivery Date, Lessee and Owner Trustee will enter into the Purchase Agreement Assignment, pursuant to which, among other things, Lessee will assign to Owner Trustee its right to purchase the Aircraft from Airframe Manufacturer upon and subject to the terms and conditions set forth in the Purchase Agreement and the Purchase Agreement Assignment.

D. Pursuant to each of the Pass Through Trust Agreements, on the Issuance Date the Pass Through Trusts were created and the Pass Through Certificates were issued and sold.

E. Pursuant to the Note Purchase Agreement, each Applicable Pass Through Trustee has agreed to use a portion of the proceeds from the issuance and sale of the Pass Through Certificates issued by each Applicable Pass Through Trust to purchase from the Owner Trustee, on behalf of the related Applicable Pass Through Trust, the Equipment Note bearing the same interest rate as the Pass Through Certificates issued by such Pass Through Trust.

F. Owner Trustee and Mortgagee, concurrently with the execution and delivery hereof, have entered into the Trust Indenture for the benefit of the Note Holders, pursuant to which, among other things, Owner Trustee agrees (1) to issue Equipment Notes, in the amounts and otherwise as provided in the Trust Indenture, the proceeds of which will be used to pay a portion of Lessor's Cost and (2) to mortgage, pledge and assign to Mortgagee all of Owner Trustee's right, title and interest in the Trust Indenture Estate to secure the Secured Obligations, including, without limitation, Owner Trustee's obligations under the Equipment Notes.

G. On the Delivery Date, Lessor and Lessee will enter into the Lease, pursuant to which, among other things, Lessor shall lease the Aircraft to Lessee and Lessee shall lease the Aircraft from Lessor upon and subject to the terms and conditions set forth therein.

H. The parties hereto wish to set forth in this Agreement the terms and conditions upon and subject to which the aforesaid transactions shall be effected.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### SECTION 1. DEFINITIONS AND CONSTRUCTION

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed and interpreted in the manner described, in Annex A.

SECTION 2. PARTICIPATION IN LESSOR'S COST; ISSUANCE OF EQUIPMENT NOTES;  
TERMINATION OF OBLIGATION TO PARTICIPATE

2.1 Participation in Lessor's Cost

Subject to the terms and conditions of this Agreement, on the Delivery Date, Owner Participant and each Applicable Pass Through Trustee shall participate in the payment of Lessor's Cost as follows:

- (a) Owner Participant shall participate in the payment of Lessor's Cost for the Aircraft by making an equity investment in the beneficial ownership of the Aircraft in the amount in Dollars equal to Owner Participant's Percentage multiplied by Lessor's Cost; and
- (b) Each Applicable Pass Through Trustee shall make a non-recourse secured loan to Owner Trustee to finance, in part, the Owner Trustee's payment of Lessor's Cost in the amount in Dollars equal to such Pass Through Trustee's PTT Percentage multiplied by Lessor's Cost, such loan to be evidenced by one or more Equipment Notes, dated the Delivery Date, issued to the Subordination Agent as the registered holder on behalf of each such Applicable Pass Through Trustee for the related Applicable Pass Through Trust by Owner Trustee in accordance with this Agreement and the Trust Indenture, in an aggregate principal amount equal to the Commitment of each such Applicable Pass Through Trustee.

2.2 Nature of Obligations of Participants

The obligations hereunder of each Participant are several, and not joint, and a Participant shall have no obligation to make available to Owner Trustee any portion of any amount not paid hereunder by any other Participant. The failure by either Participant to perform its obligations hereunder shall not affect the obligations of Lessee toward the other Participant, except to the extent provided in Section 5.4.

2.3 Termination of Obligation to Participate

Notwithstanding any other provision of this Agreement, if the Closing does not occur on or before the Commitment

Termination Date, the Commitment of each Participant and its obligation to participate in the payment of Lessor's Cost shall expire and be of no further force and effect; provided, that the liability of any Participant that has defaulted in the payment of its Commitment shall not be released.

### SECTION 3. COMMITMENT TO LEASE AIRCRAFT

Subject to the terms and conditions of this Agreement, concurrently with the issuance of the Equipment Notes on the Delivery Date, Owner Trustee shall purchase and accept delivery of the Aircraft under and pursuant to the Purchase Agreement and the Purchase Agreement Assignment, and thereupon Owner Trustee shall lease the Aircraft to Lessee, and Lessee shall lease the Aircraft from Owner Trustee, under the Lease.

### SECTION 4. PROCEDURE FOR PARTICIPATION IN PAYMENT OF LESSOR'S COST; POSTPONEMENT OF SCHEDULED DELIVERY DATE

#### 4.1 Notices of Scheduled Delivery Date

Without limiting its obligations to the Loan Participant under Section 1(b) of the Note Purchase Agreement, Lessee agrees to give Participants, Owner Trustee, and Mortgagee at least one Business Day's written notice of the Scheduled Delivery Date, which notice shall set forth Lessor's Cost and the amount of each Participant's Commitment. Each Participant agrees that making available its respective Commitment shall constitute a waiver of such notice. Owner Trustee and Mortgagee shall be deemed to have waived such notice if Mortgagee shall have received from each Participant funds in the full amount of its respective Commitment.

#### 4.2 Payment of Lessor's Cost

(a) Each Participant agrees, subject to the terms and conditions of this Agreement, to make the Dollar amount of its respective Commitment available, by wire transfer of immediately available funds to WTC's account no. 920-1-014363 at The Chase Manhattan Bank (National Association), New York, New York ABA# 021000021 (contact: Emma Budget, tel. (718) 242- 3795), reference Continental Lease \_\_\_, at or before 12:00 Noon, New York City time, on the Scheduled Delivery Date. All such funds made available by each Participant to WTC shall, until payment thereof to Airframe Manufacturer and Lessee as provided in Section 4.2(b)(ii) or return thereof to the respective

Participant as provided in Section 4.3.2, be held by WTC in trust for the benefit of the respective Participant, as the sole and exclusive property of the respective Participant and not as part of the Trust Estate or the Trust Indenture Estate.

(b) Subject to the satisfaction, or waiver by the applicable party, of the conditions precedent set forth in Section 5, and simultaneously with the receipt by the parties hereto of all amounts to be paid to them on the Delivery Date pursuant to this Section 4.2, Owner Trustee shall:

(i) purchase, take title to, and accept delivery of, the Aircraft;

(ii) in consideration of the transfer of title to the Aircraft to Owner Trustee, direct WTC to pay, from the funds made available to WTC hereunder by the Participants, all or a specified portion of its Commitment either to (A) Airframe Manufacturer, which payments in the aggregate shall be equal to Manufacturer's Purchase Price, by wire transfer of immediately available funds to Airframe Manufacturer's account set forth in Schedule 1 and (B) Lessee, which payments in the aggregate shall be equal to Lessor's Cost minus Manufacturer's Purchase Price, by wire transfer of immediately available funds to Lessee's account set forth in Schedule 1 or as otherwise directed by Lessee;

(iii) execute an application for registration of the Aircraft with the FAA and Lease Supplement No. 1, in each case with respect to the Aircraft;

(iv) execute the Trust Indenture and the initial Trust Indenture Supplement and issue the Equipment Notes to the Subordination Agent in accordance with Section 2.1(b);

(v) lease the Aircraft to Lessee, pursuant to the Lease; and

(vi) take such other action as may be required to be taken by the Owner Trustee on the Delivery Date by the terms of any Operative Agreement.

#### 4.3 Postponement of Scheduled Delivery Date

##### 4.3.1 POSTPONEMENT

If for any reason whatsoever the Closing is not consummated on the Scheduled Delivery Date, Lessee may, subject to the provisions of 1(e) of the Note Purchase Agreement, by telephonic notice, given by 5:00 p.m., New York City time (such telephonic notice to be promptly confirmed in writing by personal delivery or facsimile), on the Scheduled Delivery Date to each Participant, Owner Trustee and Mortgagee, designate a Delayed Delivery Date, in which case the Owner Participant will keep its funds available, and the Loan Participant shall comply with its obligations under Section 2.01 of each applicable Pass Through Trust Agreement.

##### 4.3.2 RETURN OF FUNDS

WTC shall promptly return to each Participant that makes funds available to it in accordance with Section 4.2(a) such funds, together with interest or income earned thereon, if the Closing fails to occur on the Scheduled Delivery Date, provided that any funds made available by the Loan Participant shall be returned on such Scheduled Delivery Date.

#### 4.4 Closing

The Closing shall occur at the offices of Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004, or such other place as the parties shall agree.

### SECTION 5. CONDITIONS PRECEDENT

#### 5.1 Conditions Precedent to Obligations of Participants

The obligation of each Participant to make the Dollar amount of its respective Commitment available for payment as directed by the Owner Trustee on the Delivery Date is subject to satisfaction or waiver by each such Participant, on or prior to the Delivery Date, of the conditions precedent set forth below in this Section 5.1; provided, that it shall not be a condition precedent to the obligation of any Participant that any document be produced or action taken that is to be produced or taken by such Participant or by a Person within such Participant's control; provided, further, that Sections 5.1.2(iii), (xv) and (xxiii) (H) shall not be conditions precedent to the obligation of Loan

Participant and Sections 5.1.15 and 5.1.16 shall not be conditions precedent to the obligation of Owner Participant.

#### 5.1.1 NOTICE

Such Participant shall have received the notice described in Section 4.1 or, in the case of a Delayed Delivery Date, 4.3, when and as required thereby, or shall have waived such notice.

#### 5.1.2 DELIVERY OF DOCUMENTS

Such Participant shall, except as noted below, have received executed counterparts of the following agreements, instruments, certificates or documents, and such counterparts (a) shall have been duly authorized, executed and delivered by the respective party or parties thereto, (b) shall be reasonably satisfactory in form and substance to such Participant and (c) shall be in full force and effect:

- (i) the Lease; provided, that only Mortgagee shall receive the sole executed chattel paper original thereof;
- (ii) Lease Supplement No. 1; provided, that only Mortgagee shall receive the sole executed chattel paper original thereof;
- (iii) the Tax Indemnity Agreement; provided, that only Owner Participant and Lessee shall receive copies of the Tax Indemnity Agreement;
- (iv) the Trust Agreement;
- (v) the Trust Indenture;
- (vi) the initial Trust Indenture Supplement;
- (vii) the Purchase Agreement Assignment;
- (viii) the Consent and Agreement and the Engine Consent and Agreement;
- (ix) the Equipment Notes dated the Delivery Date; provided, that only the Subordination Agent shall receive the authenticated Equipment Notes;
- (x) an excerpted copy of the Purchase Agreement to the extent relating to Airframe Manufacturer's or Engine

Manufacturer's respective warranties or related obligations or any right in the Purchase Agreement assigned to Owner Trustee pursuant to the Purchase Agreement Assignment; provided, that only Owner Trustee and Mortgagee shall receive copies of such agreements (copies of which may be inspected by Participants and their respective special counsel on the Delivery Date, but after the Delivery Date such copies shall be retained by Owner Trustee and Mortgagee and may be inspected and reviewed by Owner Participant or Loan Participant or their respective counsel if and only if there shall have occurred and be continuing a Lease Default or Lease Event of Default);

(xi) the Bills of Sale;

(xii) an invoice from Airframe Manufacturer to Owner Trustee in respect of the Aircraft (except for the BFE) specifying the amount of the Manufacturer's Purchase Price and an invoice from Lessee specifying the amount due to Lessee in respect of the Aircraft and the BFE, which amounts, in the aggregate, shall equal Lessor's Cost of the Aircraft;

(xiii) an appointment of authorized representatives by Owner Trustee, and an acceptance thereof by such representatives in each case, dated the Delivery Date;

(xiv) the broker's report and insurance certificates required by Section 11 of the Lease;

(xv) an appraisal or appraisals from an Appraiser, which appraisal or appraisals shall be reasonably satisfactory in form and substance to Owner Participant; provided, that only Owner Participant and Lessee shall receive copies of such appraisal or appraisals;

(xvi) (A) a copy of the Certificate of Incorporation and By-Laws of Lessee and resolutions of the board of directors of Lessee and/or the executive committee thereof, in each case certified as of the Delivery Date, by the Secretary or an Assistant Secretary of Lessee, duly authorizing the execution, delivery and performance by Lessee of the Lessee Operative Agreements required to be executed and delivered by Lessee on or prior to the Delivery Date in accordance with the provisions hereof and thereof; (B) an incumbency certificate of Lessee, Owner Participant, First Security and WTC as to the person or persons authorized to execute and deliver the relevant Operative Agreements on behalf of such party; and (C) a copy of the Certificate of Incorporation or Articles of Incorporation and By-Laws and general authorizing resolutions of the boards of directors (or executive committees) or other satisfactory evidence of authorization of Owner Participant, First Security and



WTC, certified as of the Delivery Date by the Secretary or an Assistant or Attesting Secretary of Owner Participant, First Security and WTC, respectively, which authorize the execution, delivery and performance by Owner Participant, First Security and WTC, respectively, of each of the Operative Agreements to which it is a party, together with such other documents and evidence with respect to it as Lessee or any Participant may reasonably request in order to establish the consummation of the transactions contemplated by this Agreement and the taking of all corporate proceedings in connection therewith;

(xvii) an Officer's Certificate of Lessee, dated as of the Delivery Date, stating that its representations and warranties set forth in this Agreement are true and correct as of the Delivery Date (or, to the extent that any such representation and warranty expressly relates to an earlier date, true and correct as of such earlier date);

(xviii) an Officer's Certificate of First Security, dated as of the Delivery Date, stating that its representations and warranties, in its individual capacity and as Owner Trustee, set forth in this Agreement are true and correct as of the Delivery Date (or, to the extent that any such representation and warranty expressly relates to an earlier date, true and correct as of such earlier date);

(xix) an Officer's Certificate of Owner Participant, dated as of the Delivery Date, stating that its representations and warranties set forth in this Agreement are true and correct as of the Delivery Date (or, to the extent that any such representation and warranty expressly relates to an earlier date, true and correct as of such earlier date);

(xx) an Officer's Certificate of WTC, dated as of the Delivery Date, stating that its representations and warranties in its individual capacity or as Mortgagee, a

Pass Through Trustee or Subordination Agent, as the case may be, set forth in this Agreement are true and correct as of the Delivery Date (or, to the extent that any such representation and warranty expressly relates to an earlier date, true and correct as of such earlier date);

(xxi) an application for registration of the Aircraft with the FAA in the name of Owner Trustee; provided, that only special counsel in Oklahoma City, Oklahoma shall receive the sole executed copy thereof for filing with the FAA;

(xxii) the Financing Statements;

(xxiii) the following opinions of counsel, in each case dated the Delivery Date:

(A) an opinion of Hughes Hubbard & Reed LLP, special counsel to Lessee, substantially in the form of Exhibit A;

(B) an opinion of Lessee's Legal Department, substantially in the form of Exhibit B;

(C) an opinion of \_\_\_\_\_, corporate counsel to Airframe Manufacturer, substantially in the form of Exhibit C;

(D) an opinion of Ray, Quinney & Nebeker, special counsel to Owner Trustee, substantially in the form of Exhibit D;

(E) an opinion of Richards, Layton & Finger, special counsel to Mortgagee, substantially in the form of Exhibit E;

(F) an opinion of \_\_\_\_\_, special counsel to Owner Participant, substantially in the form of Exhibit F;

(G) an opinion of Richards, Layton & Finger, special counsel for the Loan Participant, substantially in the form set forth in Exhibit G;

(H) an opinion of \_\_\_\_\_, special tax counsel to Owner Participant, with respect to certain

tax consequences of the transactions contemplated hereby; provided, that only Owner Participant shall receive such opinion; and

(I) an opinion of Lytle Soule & Curlee, special counsel in Oklahoma City, Oklahoma, substantially in the form of Exhibit H;

(xxiv) a copy of a current, valid Standard Certificate of Airworthiness for the Aircraft duly issued by the FAA;

(xxv) the Participants and their respective counsel shall have received copies of such documents and papers as such Participants may reasonably request, other than (A) in the case of Loan Participant, copies of the Purchase Agreement, provided that special counsel for Loan Participant may inspect the Purchase Agreement in connection with the transactions contemplated hereby or as a basis for such counsel's closing opinion, and (B) in the case of parties other than Owner Participant and its special counsel, the Tax Indemnity Agreement.

#### 5.1.3 OTHER COMMITMENTS

Each other Participant shall have made available the Dollar amount of its Commitment as directed by Owner Trustee in accordance with Section 4.

#### 5.1.4 VIOLATION OF LAW

No change shall have occurred after the date of this Agreement in any applicable Law that makes it a violation of Law for (a) Lessee, any Participant, Subordination Agent, Owner Trustee or Mortgagee to execute, deliver and perform the Operative Agreements to which any of them is a party or (b) any Participant to make the Dollar amount of its Commitment available or, in the case of any Loan Participant, to acquire an Equipment Note or to realize the benefits of the security afforded by the Trust Indenture.

#### 5.1.5 TAX LAW CHANGE

In respect of Owner Participant, no Adverse Change in Tax Law shall have been enacted, promulgated or issued on or prior to the Delivery Date. Owner Participant agrees to consider promptly, and to consult with Lessee concerning any such Adverse

Change in Tax Law and to advise Lessee and Loan Participant promptly if Owner Participant determines that an Adverse Change in Tax Law which has been enacted or promulgated or, if proposed, has a substantial likelihood of becoming effective, would cause Owner Participant to elect not to close with respect to the Aircraft. At any time on or before the Delivery Date, Owner Participant may notify Lessee and Loan Participant that Owner Participant elects not to close as a result of the enactment, promulgation or issuance of any Adverse Change in Tax Law on or before the Delivery Date, specifying such Adverse Change in Tax Law; and failure to give such notice on or before the Delivery Date shall preclude Owner Participant from not closing with respect to such Aircraft as a result of any Adverse Change in Tax Law.

#### 5.1.6 REPRESENTATIONS, WARRANTIES AND COVENANTS

The representations and warranties of each other party to this Agreement made, in each case, in this Agreement and in any other Operative Agreement to which it is a party, shall be true and accurate in all material respects as of the Delivery Date (unless any such representation and warranty shall have been made with reference to a specified date, in which case such representation and warranty shall be true and accurate as of such specified date) and each other party to this Agreement shall have performed and observed, in all material respects, all of its covenants, obligations and agreements in this Agreement and in any other Operative Agreement to which it is a party to be observed or performed by it as of the Delivery Date.

#### 5.1.7 NO EVENT OF DEFAULT

On the Delivery Date, no event shall have occurred and be continuing, or would result from the sale, mortgage or lease of the Aircraft, which constitutes a Lease Default or Lease Event of Default, or an Indenture Default or Indenture Event of Default.

#### 5.1.8 NO EVENT OF LOSS

No Event of Loss with respect to the Airframe or any Engine shall have occurred and no circumstance, condition, act or event that, with the giving of notice or lapse of time or both, would give rise to or constitute an Event of Loss with respect to the Airframe or any Engine shall have occurred.

## 5.1.9 TITLE

Owner Trustee shall have good title (subject to filing and recordation of the FAA Bill of Sale with the FAA) to the Aircraft, free and clear of Liens, except (a) the rights of Lessee under the Lease and Lease Supplement No. 1, (b) the Lien created by the Trust Indenture and the initial Trust Indenture Supplement, (c) the beneficial interest of Owner Participant created by the Trust Agreement, (d) Liens permitted by clause (d) (solely for taxes not yet due) of Section 6 of the Lease and (e) Liens permitted by clause (e) of Section 6 of the Lease.

## 5.1.10 CERTIFICATION

The Aircraft shall have been duly certificated by the FAA as to type and airworthiness in accordance with the terms of the Purchase Agreement.

## 5.1.11 SECTION 1110

Owner Trustee, as lessor under the Lease (and Mortgagee, as assignee of Owner Trustee under the Trust Indenture), shall be entitled to the benefits of Section 1110 (as currently in effect) with respect to the right to take possession of the Airframe and Engines as provided in the Lease in the event of a case under Chapter 11 of the Bankruptcy Code in which Lessee is a debtor.

## 5.1.12 FILING

On the Delivery Date (a) the FAA Filed Documents shall have been duly filed for recordation (or shall be in the process of being so duly filed for recordation) with the FAA in accordance with the Act and (b) each Financing Statement shall have been duly filed (or shall be in the process of being so duly filed) in the appropriate jurisdiction.

## 5.1.13 NO PROCEEDINGS

No action or proceeding shall have been instituted, nor shall any action be threatened in writing, before any Government Entity, nor shall any order, judgment or decree have been issued or proposed to be issued by any Government Entity, to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or any other Operative Agreement or the transactions contemplated hereby or thereby.

## 5.1.14 GOVERNMENTAL ACTION

All appropriate action required to have been taken prior to the Delivery Date by the FAA, or any governmental or political agency, subdivision or instrumentality of the United States, in connection with the transactions contemplated by this Agreement shall have been taken, and all orders, permits, waivers, authorizations, exemptions and approvals of such entities required to be in effect on the Delivery Date in connection with the transactions contemplated by this Agreement shall have been issued.

## 5.1.15 NOTE PURCHASE AGREEMENT

The conditions precedent to the obligations of the Loan Participants and the other requirements relating to the Aircraft and the Equipment Notes set forth in the Note Purchase Agreement shall have been satisfied.

## 5.1.16 PERFECTED SECURITY INTEREST

On the Delivery Date, after giving effect to the filing of the FAA Filed Documents and the Financing Statements, Mortgagee shall have received a duly perfected first priority security interest in all of Owner Trustee's right, title and interest in the Aircraft and the Lease, subject only to Permitted Liens.

## 5.2 Conditions Precedent to Obligations of Owner Trustee

The obligation of Owner Trustee to direct the Participants to apply the Commitments to pay Lessor's Cost on the Delivery Date is subject to satisfaction or waiver by Owner Trustee, on or prior to the Delivery Date, of the conditions precedent set forth below in this Section 5.2.

## 5.2.1 NOTICE

Owner Trustee shall have received the notice described in Section 4.1 or, in the case of a Delayed Delivery Date, 4.3, when and as required thereby, or shall have waived such notice.

## 5.2.2 DOCUMENTS

Executed originals of the agreements, instruments, certificates or documents described in Section 5.1.2 shall have been received by Owner Trustee, except as specifically provided

therein, unless the failure to receive any such agreement, instrument, certificate or document is the result of any action or inaction by Owner Trustee.

#### 5.2.3 OTHER CONDITIONS PRECEDENT

Each of the conditions set forth in Sections 5.1.4, 5.1.6, 5.1.7 and 5.1.11 shall have been satisfied unless the failure of any such condition to be satisfied is the result of any action or inaction by Owner Trustee.

#### 5.3 Conditions Precedent to Obligations of Mortgagee

The obligation of Mortgagee to authenticate the Equipment Notes on the Delivery Date is subject to the satisfaction or waiver by Mortgagee, on or prior to the Delivery Date, of the conditions precedent set forth below in this Section 5.3.

##### 5.3.1 NOTICE

Mortgagee shall have received the notice described in Section 4.1 or, in the case of a Delayed Delivery Date, 4.3, when and as required thereby, or shall have waived such notice.

##### 5.3.2 DOCUMENTS

Executed originals of the agreements, instruments, certificates or documents described in Section 5.1.2 shall have been received by Mortgagee, except as specifically provided therein, unless the failure to receive any such agreement, instrument, certificate or document is the result of any action or inaction by Mortgagee.

##### 5.3.3 OTHER CONDITIONS PRECEDENT

Each of the conditions set forth in Sections 5.1.4, 5.1.6, 5.1.7 and 5.1.11 shall have been satisfied unless the failure of any such condition to be satisfied is the result of any action or inaction by Mortgagee.

#### 5.4 Conditions Precedent to Obligations of Lessee

The obligation of Lessee to lease the Aircraft on the Delivery Date is subject to the satisfaction or waiver by Lessee, on or prior to the Delivery Date, of the conditions precedent set forth below in this Section 5.4.

## 5.4.1 DOCUMENTS

Executed originals of the agreements, instruments, certificates or documents described in Section 5.1.2 shall have been received by Lessee, except as specifically provided therein, and shall be satisfactory to Lessee, unless the failure to receive any such agreement, instrument, certificate or document is the result of any action or inaction by Lessee.

## 5.4.2 SALES TAX

Lessee shall be satisfied that no sales, use, value added, goods and services or like tax, and no stamp tax duty, is payable with respect to the delivery of the Aircraft on the Delivery Date to the extent that Lessee has liability therefor under Section 9.3.

## 5.4.3 OTHER CONDITIONS PRECEDENT

Each of the conditions set forth in Sections 5.1.3 (as to all Participants), 5.1.4, 5.1.5, 5.1.6, 5.1.7 (as to Indenture Defaults or Indenture Events of Default not constituting Lease Defaults or Lease Events of Default, respectively), 5.1.8, 5.1.9, 5.1.10, 5.1.11, 5.1.12, 5.1.13 and 5.1.14 shall have been satisfied or waived by Lessee, unless the failure of any such condition to be satisfied is the result of any action or inaction by Lessee.

## 5.4.4 TAX LAW CHANGE

No Adverse Change in Tax Law shall have been enacted, promulgated or proposed on or prior to the Delivery Date. Lessee agrees to consider promptly, and to consult with Owner Participant concerning, any such Adverse Change in Tax Law and to advise Owner Participant and Loan Participant promptly if Lessee determines that an Adverse Change in Tax Law which has been enacted or promulgated or, if proposed, has a substantial likelihood of becoming effective, would cause Lessee to elect not to close the transactions contemplated by the Lease and this Agreement. At any time on or before the Delivery Date, Lessee may notify Owner Participant and Loan Participant that Lessee elects not to close the transactions contemplated by the Lease and this Agreement as a result of the enactment, promulgation or proposal of any Adverse Change in Tax Law on or before the Delivery Date, specifying such Adverse Change in Tax Law.



## 5.5 Post-Registration Opinion

Promptly upon the registration of the Aircraft and the recordation of the FAA Filed Documents pursuant to the Act, Lessee will cause Lytle Soule & Curlee, special counsel in Oklahoma City, Oklahoma, to deliver to Lessee, each Participant, Owner Trustee and Mortgagee a favorable opinion or opinions addressed to each of them with respect to such registration and recordation.

## SECTION 6. REPRESENTATIONS AND WARRANTIES

### 6.1 Lessee's Representations and Warranties

Lessee represents and warrants to each Participant, Subordination Agent, Owner Trustee and Mortgagee that:

#### 6.1.1 ORGANIZATION; QUALIFICATION

Lessee is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware and has the corporate power and authority to conduct the business in which it is currently engaged and to own or hold under lease its properties and to enter into and perform its obligations under the Lessee Operative Agreements. Lessee is duly qualified to do business as a foreign corporation in good standing in each jurisdiction in which the nature and extent of the business conducted by it, or the ownership of its properties, requires such qualification, except where the failure to be so qualified would not give rise to a Material Adverse Change to Lessee.

#### 6.1.2 CORPORATE AUTHORIZATION

Lessee has taken, or caused to be taken, all necessary corporate action (including, without limitation, the obtaining of any consent or approval of stockholders required by its Certificate of Incorporation or By-Laws) to authorize the execution and delivery of each of the Lessee Operative Agreements, and the performance of its obligations thereunder.

#### 6.1.3 NO VIOLATION

The execution and delivery by Lessee of the Lessee Operative Agreements, the performance by Lessee of its obligations thereunder and the consummation by Lessee on the Delivery Date of the transactions contemplated thereby, do not and will not

(a) violate any provision of the Certificate of Incorporation or By-Laws of Lessee, (b) violate any Law applicable to or binding on Lessee or (c) violate or constitute any default under (other than any violation or default that would not result in a Material Adverse Change to Lessee), or result in the creation of any Lien (other than as permitted under the Lease) upon the Aircraft under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, loan or other material agreement, instrument or document to which Lessee is a party or by which Lessee or any of its properties is bound.

#### 6.1.4 APPROVALS

The execution and delivery by Lessee of the Lessee Operative Agreements, the performance by Lessee of its obligations thereunder and the consummation by Lessee on the Delivery Date of the transactions contemplated thereby do not and will not require the consent or approval of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of, (a) any trustee or other holder of any Debt of Lessee and (b) any Government Entity, other than the filing of (x) the FAA Filed Documents and the Financing Statements (and continuation statements periodically) and (y) filings, recordings, notices or other ministerial actions pursuant to any routine recording, contractual or regulatory requirements applicable to it.

#### 6.1.5 VALID AND BINDING AGREEMENTS

The Lessee Operative Agreements have been duly authorized, executed and delivered by Lessee and, assuming the due authorization, execution and delivery thereof by the other party or parties thereto, constitute the legal, valid and binding obligations of Lessee and are enforceable against Lessee in accordance with the respective terms thereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar Laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity.

#### 6.1.6 LITIGATION

Except as set forth in Lessee's most recent Annual Report on Form 10-K, as amended, filed by Lessee with the SEC on or prior to the Delivery Date, or in any Quarterly Report on Form 10-Q or

Current Report on Form 8-K filed by Lessee with the SEC subsequent to such Form 10-K and on or prior to the Delivery Date, no action, claim or proceeding is now pending or, to the Actual Knowledge of Lessee, threatened, against Lessee, before any court, governmental body, arbitration board, tribunal or administrative agency, which is reasonably likely to be determined adversely to Lessee and if determined adversely to Lessee would result in a Material Adverse Change.

#### 6.1.7 FINANCIAL CONDITION

The audited consolidated balance sheet of Lessee with respect to Lessee's most recent fiscal year included in Lessee's most recent Annual Report on Form 10-K, as amended, filed by Lessee with the SEC, and the related consolidated statements of operations and cash flows for the period then ended have been prepared in accordance with GAAP and fairly present in all material respects the financial condition of Lessee and its consolidated subsidiaries as of such date and the results of its operations and cash flows for such period, and since the date of such balance sheet, there has been no material adverse change in such financial condition or operations of Lessee, except for matters disclosed in (a) the financial statements referred to above or (b) any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K filed by Lessee with the SEC on or prior to the date hereof.

#### 6.1.8 REGISTRATION AND RECORDATION

Except for (a) the registration of the Aircraft with the FAA pursuant to the Act in the name of Owner Trustee, (b) the filing for recordation (and recordation) of the FAA Filed Documents, (c) the filing of the Financing Statements (and continuation statements relating thereto at periodic intervals), (d) the taking of possession and retention by Mortgagee of the original counterparts of the Lease and Lease Supplement No. 1 and (e) the affixation of the nameplates referred to in Section 7.1.3 of the Lease, no further action, including any filing or recording of any document (including any financing statement in respect thereof under Article 9 of the UCC) is necessary in order to establish and perfect the right, title or interest of Owner Trustee, and the Mortgagee's security interest, in the Aircraft and the Lease, as against Lessee and any other Person, in each case, in any applicable jurisdictions in the United States.

## 6.1.9 CHIEF EXECUTIVE OFFICE

The chief executive office (as such term is defined in Article 9 of the UCC) of Lessee is located at 2929 Allen Parkway, Houston, Texas 77019.

## 6.1.10 NO DEFAULT

No event which, if the Aircraft were subject to the Lease, constitutes a Lease Default or Lease Event of Default has occurred and is continuing.

## 6.1.11 NO EVENT OF LOSS

No Event of Loss has occurred with respect to the Airframe or any Engine, and, to the Actual Knowledge of Lessee, no circumstance, condition, act or event has occurred that, with the giving of notice or lapse of time or both gives rise to or constitutes an Event of Loss with respect to the Airframe or any Engine.

## 6.1.12 COMPLIANCE WITH LAWS

(a) Lessee is a Citizen of the United States and a U.S. Air Carrier.

(b) Lessee holds all licenses, permits and franchises from the appropriate Government Entities necessary to authorize Lessee to lawfully engage in air transportation and to carry on scheduled commercial passenger service as currently conducted, except where the failure to so hold any such license, permit or franchise would not give rise to a Material Adverse Change to Lessee.

(c) Lessee is not an "investment company" or a company controlled by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

## 6.1.13 SECURITIES LAWS

Neither Lessee nor any person authorized to act on its behalf has directly or indirectly offered any beneficial interest or Security relating to the ownership of the Aircraft or the Lease or any interest in the Trust Estate and Trust Agreement, or any of the Equipment Notes or any other interest in or security under the Trust Indenture, for sale to, or solicited any offer to

acquire any such interest or security from, or has sold any such interest or security to, any person in violation of the Securities Act.

#### 6.1.14 BROKER'S FEES

No Person acting on behalf of Lessee is or will be entitled to any broker's fee, commission or finder's fee in connection with the Transactions, except for fees payable to Lessee's Advisor, if any.

#### 6.1.15 SECTION 1110

Owner Trustee, as lessor under the Lease (and Mortgagee, as assignee under the Trust Indenture), is entitled to the benefits of Section 1110 (as currently in effect) with respect to the right to take possession of the Airframe and Engines as provided in the Lease in the event of a case under Chapter 11 of the Bankruptcy Code in which Lessee is a debtor.

#### 6.2 Owner Participant's Representations and Warranties

Owner Participant represents and warrants to Lessee, Loan Participant, Subordination Agent, Owner Trustee and Mortgagee that:

##### 6.2.1 ORGANIZATION, ETC.

Owner Participant is a corporation duly incorporated, validly existing and in good standing under the Laws of the OP Jurisdiction, has the corporate power and authority to conduct the business in which it is currently engaged and to own or hold under lease its properties and to enter into, and perform its obligations under the Owner Participant Agreements, and has a tangible net worth (exclusive of goodwill) greater than \$75,000,000.

##### 6.2.2 CORPORATE AUTHORIZATION

Owner Participant has taken, or caused to be taken, all necessary corporate action (including, without limitation, the obtaining of any consent or approval of stockholders required by its Certificate of Incorporation or By-Laws) to authorize the execution and delivery of each of the Owner Participant Agreements, and the performance of its obligations thereunder.

### 6.2.3 NO VIOLATION

The execution and delivery by Owner Participant of the Owner Participant Agreements, the performance by Owner Participant of its obligations thereunder and the consummation by Owner Participant on the Delivery Date of the transactions contemplated thereby, do not and will not (a) violate any provision of the Certificate of Incorporation or By-Laws of Owner Participant, (b) violate any Law applicable to or binding on Owner Participant or (c) violate or constitute any default under (other than any violation or default that would not result in a Material Adverse Change to Owner Participant), or result in the creation of any Lien (other than as provided for or otherwise permitted in the Operative Agreements) upon the Trust Estate under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, loan or other material agreement, instrument or document to which Owner Participant is a party or by which Owner Participant or any of its properties is bound.

### 6.2.4 APPROVALS

The execution and delivery by Owner Participant of the Owner Participant Agreements, the performance by Owner Participant of its obligations thereunder and the consummation by Owner Participant on the Delivery Date of the transactions contemplated thereby do not and will not require the consent or approval of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of, (a) any trustee or other holder of any Debt of Owner Participant and (b) any Government Entity, other than the filing of the FAA Filed Documents and the Financing Statements.

### 6.2.5 VALID AND BINDING AGREEMENTS

The Owner Participant Agreements have been duly authorized, executed and delivered by Owner Participant and, assuming the due authorization, execution and delivery by the other party or parties thereto, constitute the legal, valid and binding obligations of Owner Participant and are enforceable against Owner Participant in accordance with the respective terms thereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights of creditors

generally and general principles of equity, whether considered in a proceeding at law or in equity.

6.2.6 CITIZENSHIP

On the Delivery Date, Owner Participant is a Citizen of the United States.

6.2.7 NO LIENS

On the Delivery Date, there are no Lessor Liens attributable to Owner Participant in respect of all or any part of the Trust Estate.

6.2.8 INVESTMENT BY OWNER PARTICIPANT

Owner Participant's beneficial interest in the Trust Estate is being acquired by it for its own account, for investment and not with a view to any resale or distribution thereof, except that, subject to the restrictions on transfer set forth in Section 10, the disposition by Owner Participant of its beneficial interest in the Trust Estate shall at all times be within its control.

6.2.9 ERISA

No part of the funds to be used by Owner Participant to acquire or hold its interests in the Trust Estate to be acquired by it under this Agreement directly or indirectly constitutes assets of a Plan.

6.2.10 LITIGATION

There are no pending or, to the Actual Knowledge of Owner Participant, threatened actions or proceedings against Owner Participant before any court, governmental body, arbitration board, administrative agency or tribunal which, if determined adversely to Owner Participant, would materially adversely affect the ability of Owner Participant to perform its obligations under the Owner Participant Agreements.

6.2.11 SECURITIES LAWS

Neither Owner Participant nor any person Owner Participant has authorized to act on its behalf has directly or indirectly offered any beneficial interest in or Security relating to the ownership of the Aircraft or any interest in the Trust Estate, or

any of the Equipment Notes or any other interest in or Security under the Trust Indenture for sale to, or solicited any offer to acquire any of the same from, any Person in violation of the Securities Act or applicable state securities Laws.

#### 6.2.12 BROKER'S FEES

No Person acting on behalf of Owner Participant is or will be entitled to any broker's fee, commission or finder's fee in connection with the Transactions.

#### 6.3 First Security's Representations and Warranties

First Security represents and warrants to Lessee, Owner Participant, Loan Participant, Subordination Agent and Mortgagee that:

##### 6.3.1 ORGANIZATION, ETC.

First Security is a national banking association duly organized, validly existing and in good standing under the Laws of the United States, holding a valid certificate to do business as a national banking association with banking authority to execute and deliver, and perform its obligations under, the Owner Trustee Agreements.

##### 6.3.2 CORPORATE AUTHORIZATION

First Security has taken, or caused to be taken, all necessary corporate action (including, without limitation, the obtaining of any consent or approval of stockholders required by Law or by its Articles of Association or By-Laws) to authorize the execution and delivery by First Security, in its individual capacity and as Owner Trustee, of each of the Owner Trustee Agreements, and the performance of its obligations thereunder.

##### 6.3.3 NO VIOLATION

The execution and delivery by First Security, in its individual capacity and as Owner Trustee of the Owner Trustee Agreements, the performance by First Security, in its individual capacity and as Owner Trustee, of its obligations thereunder and the consummation by First Security in its individual capacity and as Owner Trustee on the Delivery Date of the transactions contemplated thereby, do not and will not (a) violate any provision of the Articles of Association or By-Laws of First



Security, (b) violate any Law applicable to or binding on Owner Trustee or First Security or (c) violate or constitute any default under (other than any violation or default that would not result in a Material Adverse Change to First Security, in its individual capacity or as Owner Trustee), or result in the creation of any Lien (other than the lien of the Trust Indenture) upon any property of First Security, in its individual capacity and as Owner Trustee, or any of its subsidiaries under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, loan or other material agreement, instrument or document to which First Security, in its individual capacity and as Owner Trustee, is a party or by which First Security, in its individual capacity and as Owner Trustee, or any of its properties is or may be bound or affected.

#### 6.3.4 APPROVALS

The execution and delivery by First Security, in its individual capacity and as Owner Trustee, of the Owner Trustee Agreements, the performance by First Security, in its individual capacity and as Owner Trustee, of its obligations thereunder and the consummation by First Security, in its individual capacity and as Owner Trustee, on the Delivery Date of the transactions contemplated thereby do not and will not require the consent, approval or authorization of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of, (a) any trustee or other holder of any Debt of First Security or (b) any Government Entity, other than the filing of the FAA Filed Documents and the Financing Statements.

#### 6.3.5 VALID AND BINDING AGREEMENTS

The Owner Trustee Agreements have been duly authorized, executed and delivered by First Security, in its individual capacity or as Owner Trustee, as the case may be, and constitute the legal, valid and binding obligations of First Security, in its individual capacity and as Owner Trustee, and, assuming the due authorization, execution and delivery thereof by the other party or parties thereto, are enforceable against First Security, in its individual capacity and as Owner Trustee, in accordance with the respective terms thereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar Laws affecting the

rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity.

6.3.6 CITIZENSHIP

On the Delivery Date, First Security is a Citizen of the United States.

6.3.7 CHIEF EXECUTIVE OFFICE

The chief executive office (as such term is defined in Article 9 of the UCC) of Owner Trustee is located at 79 South Main Street, Salt Lake City, Utah 84111.

6.3.8 TITLE

On the Delivery Date, Owner Trustee shall have received whatever title (a) to the Aircraft (other than the BFE) as was conveyed to it by Airframe Manufacturer and (b) to the BFE as was conveyed to it by Lessee.

6.3.9 NO LIENS; FINANCING STATEMENTS

On the Delivery Date, there are no Lessor Liens attributable to First Security or Owner Trustee in respect of all or any part of the Aircraft, Trust Estate or the Trust Indenture Estate. Except for the Financing Statements, it has not, either in its individual capacity or as Owner Trustee, executed any UCC financing statements relating to the Aircraft or the Lease.

6.3.10 LITIGATION

There are no pending or, to the Actual Knowledge of First Security, threatened actions or proceedings against First Security or Owner Trustee before any court, governmental body, arbitration board, administrative agency or tribunal which, if determined adversely to First Security, would materially adversely affect the ability of First Security or Owner Trustee to perform its obligations under the Owner Trustee Agreements.

6.3.11 SECURITIES LAWS

Neither First Security, nor any person authorized to act on its behalf, has directly or indirectly offered any beneficial interest or Security relating to the ownership of the Aircraft or any interest in the Trust Estate or any of the Equipment Notes or any other interest in or security under the Trust Indenture for

sale to, or solicited any offer to acquire any such interest or security from, or has sold any such interest or security to, any person other than the Participants, except for the offering and sale of the Pass Through Certificates.

#### 6.3.12 EXPENSES AND TAXES

There are no Expenses or Taxes that may be imposed on or asserted against the Trust, the Trust Estate or any part thereof or any interest therein, the Trust Indenture Estate, Lessee, Owner Participant, any Applicable Pass Through Trustee, Subordination Agent, Owner Trustee or Mortgagee (except as to Owner Trustee, Taxes imposed on the fees payable to Owner Trustee) under the laws of Utah in connection with the execution, delivery or performance of any Operative Agreement by Owner Trustee or in connection with the issuance of the Equipment Notes, which Expenses or Taxes would not have been imposed if Owner Trustee had not (x) had its principal place of business in, (y) performed (in its individual capacity or as Owner Trustee) any or all of its duties under the Operative Agreements in or (z) engaged in any activities unrelated to the transactions contemplated by the Operative Agreements in, the State of Utah.

#### 6.4 WTC's Representations and Warranties

WTC represents and warrants (with respect to Section 6.4.10, solely in its capacity as Subordination Agent) to Lessee, Owner Participant and Owner Trustee that:

##### 6.4.1 ORGANIZATION, ETC.

WTC is a Delaware banking corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware, holding a valid certificate to do business as a Delaware banking corporation with banking authority to execute and deliver, and perform its obligations under, the Mortgagee Agreements, the Pass Through Trustee Agreements and the Subordination Agent Agreements.

##### 6.4.2 CORPORATE AUTHORIZATION

WTC has taken, or caused to be taken, all necessary corporate action (including, without limitation, the obtaining of any consent or approval of stockholders required by Law or by its Certificate of Incorporation or By-Laws) to authorize the execution and delivery by WTC, in its individual capacity or as

Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of the Mortgagee Agreements, the Pass Through Trustee Agreements and the Subordination Agent Agreements and the performance of its obligations thereunder.

#### 6.4.3 NO VIOLATION

The execution and delivery by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of the Mortgagee Agreements, the Pass Through Trustee Agreements and the Subordination Agent Agreements, the performance by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of its obligations thereunder and the consummation on the Delivery Date of the transactions contemplated thereby, do not and will not (a) violate any provision of the Certificate of Incorporation or By-Laws of WTC, (b) violate any Law applicable to or binding on WTC, in its individual capacity or (except in the case of any Law relating to any Plan) as Mortgagee, a Pass Through Trustee or Subordination Agent, or (c) violate or constitute any default under (other than any violation or default that would not result in a Material Adverse Change to WTC, in its individual capacity or Mortgagee, a Pass Through Trustee or Subordination Agent), or result in the creation of any Lien (other than the lien of the Trust Indenture) upon any property of WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, or any of WTC's subsidiaries under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, loan or other agreement, instrument or document to which WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, is a party or by which WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, or any of their respective properties is bound.

#### 6.4.4 APPROVALS

The execution and delivery by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of the Mortgagee Agreements, the Pass Through Trustee Agreements and the Subordination Agent Agreements, the performance by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of its obligations thereunder and the

consummation on the Delivery Date by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of the transactions contemplated thereby do not and will not require the consent, approval or authorization of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of, (a) any trustee or other holder of any Debt of WTC or (b) any Government Entity, other than the filing of the FAA Filed Documents and the Financing Statements.

#### 6.4.5 VALID AND BINDING AGREEMENTS

The Mortgagee Agreements, the Pass Through Trustee Agreements and the Subordination Agent Agreements have been duly authorized, executed and delivered by WTC and, assuming the due authorization, execution and delivery by the other party or parties thereto, constitute the legal, valid and binding obligations of WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, and are enforceable against WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, in accordance with the respective terms thereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar Laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity.

#### 6.4.6 CITIZENSHIP

WTC is a Citizen of the United States.

#### 6.4.7 NO LIENS

On the Delivery Date, there are no Lessor Liens attributable to WTC in respect of all or any part of the Trust Estate or the Trust Indenture Estate.

#### 6.4.8 LITIGATION

There are no pending or, to the Actual Knowledge of WTC, threatened actions or proceedings against WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, before any court, administrative agency or tribunal which, if determined adversely to WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, would materially adversely affect the ability of WTC, in its individual capacity or as

Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, to perform its obligations under any of the Mortgagee Agreements, the Pass Through Trustee Agreements or the Subordination Agent Agreements.

#### 6.4.9 SECURITIES LAWS

Neither WTC nor any person authorized to act on its behalf has directly or indirectly offered any beneficial interest or Security relating to the ownership of the Aircraft or any interest in the Trust Indenture Estate or any of the Equipment Notes or any other interest in or security under the Trust Indenture for sale to, or solicited any offer to acquire any such interest or security from, or has sold any such interest or security to, any Person other than the Participants, except for the offering and sale of the Pass Through Certificates.

#### 6.4.10 INVESTMENT

The Equipment Notes to be acquired by the Subordination Agent are being acquired by it for the account of the Applicable Pass Through Trustees, for investment and not with a view to any resale or distribution thereof, except that, subject to the restrictions on transfer set forth in Section 10.1.3, the disposition by it of its Equipment Notes shall at all times be within its control.

#### 6.4.11 TAXES

There are no Taxes payable by any Applicable Pass Through Trustee or WTC, as the case may be, imposed by the State of Delaware or any political subdivision or taxing authority thereof in connection with the execution, delivery and performance by such Pass Through Trustee or WTC, as the case may be, of this Agreement or any of the Pass Through Trustee Agreements (other than franchise or other taxes based on or measured by any fees or compensation received by any such Pass Through Trustee or WTC, as the case may be, for services rendered in connection with the transactions contemplated by any of the Pass Through Trust Agreements), and there are no Taxes payable by any Applicable Pass Through Trustee or WTC, as the case may be, imposed by the State of Delaware or any political subdivision thereof in connection with the acquisition, possession or ownership by any such Pass Through Trustee of any of the Equipment Notes (other

than franchise or other taxes based on or measured by any fees or compensation received by any such Pass Through Trustee or WTC, as the case may be, for services rendered in connection with the transactions contemplated by any of the Pass Through Trust Agreements), and, assuming that the trusts created by the Pass Through Trust Agreements will not be taxable as corporations, but, rather, each will be characterized as a grantor trust under subpart E, Part I of Subchapter J of the Code or as a partnership under Subchapter K of the Code, such trusts will not be subject to any Taxes imposed by the State of Delaware or any political subdivision thereof;

#### 6.4.12 CONTROL

WTC is not an Affiliate of the Owner Participant or the Owner Trustee.

#### 6.4.13 BROKER'S FEES

No Person acting on behalf of WTC, in its individual capacity or as Mortgagee, any Applicable Pass Through Trustee or Subordination Agent, is or will be entitled to any broker's fee, commission or finder's fee in connection with the Transactions.

### SECTION 7. COVENANTS, UNDERTAKINGS AND AGREEMENTS

#### 7.1 Covenants of Lessee

Lessee covenants and agrees, at its own cost and expense, with Owner Participant, Loan Participant, Owner Trustee and Mortgagee as follows:

##### 7.1.1 CORPORATE EXISTENCE; U.S. AIR CARRIER

Lessee shall at all times maintain its corporate existence, except as permitted by Section 13.2 of the Lease, and shall at all times remain a U.S. Air Carrier.

##### 7.1.2 NOTICE OF CHANGE OF CHIEF EXECUTIVE OFFICE

Lessee will give Owner Participant, Owner Trustee and Mortgagee timely written notice (but in any event within 30 days prior to the expiration of the period of time specified under applicable Law to prevent lapse of perfection) of any relocation of its chief executive office (as such term is defined in Article 9 of the UCC) from its then present location and will

promptly take any action required by Section 7.1.3(c) as a result of such relocation.

### 7.1.3 CERTAIN ASSURANCES

(a) Lessee shall duly execute, acknowledge and deliver, or shall cause to be executed, acknowledged and delivered, all such further agreements, instruments, certificates or documents, and shall do and cause to be done such further acts and things, in any case, as Owner Participant, Owner Trustee or Mortgagee shall reasonably request for accomplishing the purposes of this Agreement and the other Operative Agreements, provided that any instrument or other document so executed by Lessee will not expand any obligations or limit any rights of Lessee in respect of the transactions contemplated by any Operative Agreement.

(b) Lessee shall promptly take such action with respect to the recording, filing, re-recording and re-filing of the Lease, the Trust Agreement and the Trust Indenture and the respective supplements thereto, including, without limitation, Lease Supplement No. 1 and the Trust Indenture Supplement, as shall be necessary to establish, perfect and protect the interests and rights of Owner Trustee in and to the Aircraft and under the Lease and the perfection and priority of the Lien created by the Trust Indenture. Lessee shall furnish to Owner Participant or Owner Trustee such information (other than with respect to the citizenship of Owner Participant and Owner Trustee) in Lessee's possession or otherwise reasonably available to Lessee as may be required to enable Owner Participant or Owner Trustee to make application for registration of the Aircraft under the Act (subject to Lessee's rights under Section 7.1.2 of the Lease) and shall pay or cause to be paid all out-of-pocket costs and expenses thereof (including, without limitation, reasonable attorneys' fees and disbursements).

(c) Lessee, at its sole cost and expense, will cause the FAA Filed Documents, the Financing Statements and all continuation statements (and any amendments necessitated by any combination, consolidation or merger pursuant to Section 13.2 of the Lease, or any relocation of its chief executive office) in respect of the Financing Statements to be prepared and, subject only to the execution and delivery thereof by Owner Trustee and Mortgagee, as applicable, duly and timely filed and recorded, or filed for recordation, to the extent permitted under the Act (with respect to the FAA Filed Documents) or the UCC or similar



law of any other applicable jurisdiction (with respect to such other documents).

(d) If the Aircraft has been registered in a country other than the United States pursuant to Section 7.1.2 of the Lease, Lessee will furnish to Owner Trustee, Mortgagee and each Participant annually after such registration, commencing with the calendar year after such registration is effected, an opinion of special counsel reasonably satisfactory to Owner Trustee and Mortgagee stating that, in the opinion of such counsel, either that (i) such action has been taken with respect to the recording, filing, rerecording and refiling of the Operative Agreements and any supplements and amendments thereto as is necessary to establish, perfect and protect Owner Trustee's and Mortgagee's respective right, title and interest in and to the Aircraft and the Operative Agreements, reciting the details of such actions, or (ii) no such action is necessary to maintain the perfection of such right, title and interest.

#### 7.1.4 SECURITIES LAWS

Neither Lessee nor any person authorized to act on its behalf will directly or indirectly offer any beneficial interest or Security relating to the ownership of the Aircraft or the Lease or any interest in the Trust Estate and Trust Agreement or any of the Equipment Notes or any other interest in or security under the Trust Indenture, for sale to, or solicit any offer to acquire any such interest or security from, or sell any such interest or security to, any person in violation of the Securities Act or applicable state or foreign securities Laws.

#### 7.2 Covenants of Owner Participant

Owner Participant covenants and agrees with Lessee, and except with respect to Section 7.2.4, Loan Participant, Owner Trustee and Mortgagee as follows:

##### 7.2.1 LIENS

Owner Participant (a) will not directly or indirectly create, incur, assume or suffer to exist any Lessor Lien attributable to it on or with respect to all or any part of the Trust Estate, the Trust Indenture Estate or the Aircraft, (b) will, at its own cost and expense, promptly take such action as may be necessary to discharge any Lessor Lien attributable to Owner Participant on all or any part of the Trust Estate, the

Trust Indenture Estate or the Aircraft and (c) will hold harmless and indemnify Lessee, Owner Trustee, each Note Holder, Mortgagee, each of their respective Affiliates, successors and permitted assigns, the Trust Estate and the Trust Indenture Estate from and against (i) any and all Expenses, (ii) any reduction in the amount payable out of the Trust Estate or the Trust Indenture Estate and (iii) any interference with the possession, operation or other use of all or any part of the Aircraft imposed on, incurred by or asserted against any of the foregoing as a consequence of any such Lessor Lien.

#### 7.2.2 REVOCATION OF TRUST AGREEMENT

(a) Owner Participant will comply with the provisions of the Trust Agreement applicable to it, and will not terminate or revoke the Trust Agreement or the trusts created thereunder without the prior written consent of Lessee and Mortgagee and will not amend, modify or supplement the Trust Agreement, or waive any of the provisions thereof, if such amendment, modification, supplement or waiver would have a material adverse effect on Lessee, without the consent of Lessee, or on Mortgagee or any Note Holder, without the consent of Mortgagee.

(b) Notwithstanding Section 7.2.2(a), Owner Participant may at any time remove Owner Trustee pursuant to Section 9.1 of the Trust Agreement or terminate the Trust Agreement pursuant to Section 11.2 of the Trust Agreement.

#### 7.2.3 CHANGE OF SITUS OF OWNER TRUST

If, at any time, any Tax Indemnitee or the Trust Estate becomes subject to any Taxes for which it is indemnified pursuant to Section 9.3 of this Agreement and if, as a consequence thereof, Lessee should request that the situs of the Trust be moved to another state in the United States from the state in which it is then located, the situs of the Trust may be moved with the written consent of Owner Participant (which consent shall not be unreasonably withheld) and Owner Participant will take whatever action may be reasonably necessary to accomplish such removal; provided, that, in any event, (a) Lessee shall provide such additional tax indemnification as Owner Participant and the Note Holders or the Pass Through Trustees may reasonably request to cover any additional unindemnified Taxes or loss of Tax benefits described in the assumptions in the Tax Indemnity Agreement resulting from such change in the situs of the Trust,

(b) the rights and obligations under the Operative Agreements of Owner Participant, the Note Holders, Pass Through Trustees and Mortgagee shall not be adversely affected as a result of the taking of such action, (c) the Lien of the Trust Indenture on the Trust Indenture Estate shall not be adversely affected by such action, and Lessee and Owner Trustee shall execute and deliver such documents as may reasonably be requested by Mortgagee to protect and maintain the perfection and priority of such Lien, (d) Owner Participant, Pass Through Trustees and Mortgagee shall have received an opinion or opinions of counsel (which counsel is reasonably satisfactory to Owner Participant, Pass Through Trustees and Mortgagee) in scope, form and substance reasonably satisfactory to Owner Participant, Pass Through Trustees and Mortgagee to the effect that (i) the Trust, as thus removed, shall remain a validly established trust, (ii) any amendments to the Trust Agreement necessitated by such removal shall have been duly authorized, executed and delivered by the parties thereto and shall constitute the valid and binding obligations of such parties, enforceable in accordance with their terms, (iii) covering such other matters as Owner Participant, Pass Through Trustees or Mortgagee may reasonably request, (e) if such removal involves the replacement of Owner Trustee, then Owner Participant, Pass Through Trustees and Mortgagee shall have received an opinion of counsel to such successor Owner Trustee in form and substance reasonably satisfactory to Owner Participant, Pass Through Trustees and Mortgagee covering the matters described in the opinion delivered pursuant to Section 5.1.2(xxiii)(D) and (f) Lessee shall indemnify and hold harmless Owner Participant, Note Holders, Pass Through Trustees and First Security, in its individual capacity and as Owner Trustee, on a net after-tax basis against any and all reasonable out-of-pocket costs and expenses including attorneys' fees and disbursements, fees and expenses of any new owner trustee, registration, recording or filing fees and taxes incurred by Owner Participant, Note Holders, Pass Through Trustees or Owner Trustee in connection with such change of situs. Owner Participant agrees with Lessee that it will not consent to or direct a change in the situs of the Trust Estate without the prior written consent of Lessee.

#### 7.2.4 COMPLIANCE WITH LEASE PROVISIONS

Owner Participant will, solely for the benefit of Lessee, comply with the express provisions applicable to it contained in the Lease.

## 7.2.5 SECURITIES ACT

Owner Participant will not directly or indirectly offer any beneficial interest or security relating to the ownership of the Aircraft or any interest in the Trust Estate or any of the Equipment Notes or any other interest in or security under the Trust Indenture for sale to, or solicit any offer to acquire any such interest or security from, or sell any such interest or security to, any Person in violation of the Securities Act or applicable state or foreign securities Laws, provided that the foregoing shall not be deemed to impose on Owner Participant any responsibility with respect to any such offer, sale or solicitation by any other party hereto.

## 7.2.6 REGARDING THE OWNER TRUSTEE

Owner Participant will cause Owner Trustee to perform its obligations under each Owner Trustee Agreement.

## 7.3 Covenants of First Security and Owner Trustee

First Security, in its individual capacity and/or as Owner Trustee, as provided below, covenants and agrees with Lessee, Owner Participant, each Note Holder and Mortgagee as follows:

## 7.3.1 LIENS

First Security (a) will not directly or indirectly create, incur, assume or suffer to exist any Lessor Lien attributable to it or Owner Trustee with respect to all or any part of the Trust Estate, the Trust Indenture Estate or the Aircraft, (b) will, at its own cost and expense, promptly take such action as may be necessary to discharge any Lessor Lien attributable to First Security or Owner Trustee on all or any part of the Trust Estate, the Trust Indenture Estate or the Aircraft and (c) will personally hold harmless and indemnify Lessee, Owner Participant, each Note Holder, Mortgagee, each of their respective Affiliates, successors and permitted assigns, the Trust Estate and the Trust Indenture Estate from and against (i) any and all Expenses, (ii) any reduction in the amount payable out of the Trust Estate or the Trust Indenture Estate and (iii) any interference with the possession, operation or other use of all or any part of the Aircraft imposed on, incurred by or asserted against any of the foregoing as a consequence of any such Lessor Lien.

### 7.3.2 OTHER BUSINESS

Owner Trustee will not enter into any business or other activity except as contemplated by the Operative Agreements.

### 7.3.3 NOTICE OF CHANGE OF CHIEF EXECUTIVE OFFICE

First Security, in its individual capacity and as Owner Trustee, will give Lessee, each Participant and Mortgagee 30 days' prior written notice of any relocation of its chief executive office (as such term is defined in Article 9 of the UCC) from its then present location and will promptly take any action required by Section 7.3.8 as a result of such relocation.

### 7.3.4 SECURITIES ACT

First Security, in its individual capacity and as Owner Trustee, will not directly or indirectly offer any beneficial interest or Security relating to the ownership of the Aircraft or any interest in the Trust Estate or any of the Equipment Notes or any other interest in or security under the Trust Indenture for sale to, or solicit any offer to acquire any such interest or security from, or sell any such interest or security to, any Person in violation of the Securities Act or applicable state or foreign securities Laws, provided that the foregoing shall not be deemed to impose on First Security in its individual capacity or as Owner Trustee, any responsibility with respect to any such offer, sale or solicitation by any other party hereto.

### 7.3.5 PERFORMANCE OF AGREEMENTS

Owner Trustee shall perform its obligations under the Owner Trustee Agreements in accordance with the terms thereof.

### 7.3.6 RELEASE OF LIEN OF TRUST INDENTURE

Owner Trustee, in each instance referred to in the Lease in which a transfer of any property is required to be made by Owner Trustee to Lessee or any other Person (other than Mortgagee or Owner Participant), shall, at Lessee's request and expense, use its reasonable efforts to procure from Mortgagee the prompt release of the Lien of the Trust Indenture with respect to such property.

## 7.3.7 NOTICES; DOCUMENTS

In the event any claim with respect to any liabilities is filed against the Owner Trustee in its capacity as such and Owner Trustee shall have Actual Knowledge thereof, the Owner Trustee shall promptly notify Lessee in writing thereof. Owner Trustee further agrees to provide to Lessee promptly any documents (including the certificate of aircraft registration) that it receives from the FAA with respect to the Aircraft.

## 7.3.8 FILINGS

After the Delivery Date, Owner Trustee shall duly execute and deliver to Lessee all filings and recordings (including, without limitation, all filings and UCC financing statements under the Act and the UCC and any amendments to UCC financing statements necessitated by any relocation of its chief executive office), prepared and delivered to it by Lessee required to perfect Owner Trustee's title to the Aircraft and the liens of and security interests granted by the Trust Indenture (or to maintain such perfection) and to make such title, liens and security interests valid and enforceable.

## 7.3.9 TRUST AGREEMENT

Each of First Security and Owner Trustee hereby (i) agrees with Lessee, Loan Participant and Mortgagee not to amend, supplement, terminate or otherwise modify any provision of the Trust Agreement in such a manner as to adversely affect the rights of any such party without the prior written consent of such party and (ii) agrees with Lessee, Loan Participant and Mortgagee not to revoke the trust created by the Trust Agreement so long as the Trust Indenture remains undischarged or if such revocation would have an adverse effect on the Lessee. Nothing contained in this Agreement shall impair any right under the Trust Agreement of First Security to resign as Owner Trustee in accordance with the provisions of the Trust Agreement.

## 7.4 Covenants of WTC

WTC in its individual capacity or as Mortgagee, each Applicable Pass Through Trustee or Subordination Agent, as the case may be, covenants and agrees with Lessee, Owner Participant and Owner Trustee as follows:

## 7.4.1 LIENS

WTC (a) will not directly or indirectly create, incur, assume or suffer to exist any Lessor Lien attributable to it on or with respect to all or any part of the Trust Estate, the Trust Indenture Estate or the Aircraft, (b) will, at its own cost and expense, promptly take such action as may be necessary to discharge any Lessor Lien attributable to WTC on all or any part of the Trust Estate, the Trust Indenture Estate or the Aircraft and (c) will personally hold harmless and indemnify Lessee, Owner Participant, each Note Holder, Owner Trustee, each of their respective Affiliates, successors and permitted assigns, the Trust Estate and the Trust Indenture Estate from and against (i) any and all Expenses, (ii) any reduction in the amount payable out of the Trust Estate or the Trust Indenture Estate and (iii) any interference with the possession, operation or other use of all or any part of the Aircraft, imposed on, incurred by or asserted against any of the foregoing as a consequence of any such Lessor Lien.

## 7.4.2 SECURITIES ACT

WTC in its individual capacity or as Mortgagee, an Applicable Pass Through Trustee or Subordination Agent, will not offer any beneficial interest or Security relating to the ownership of the Aircraft or any interest in the Trust Indenture Estate, or any of the Equipment Notes or any other interest in or security under the Trust Indenture for sale to, or solicit any offer to acquire any such interest or security from, or sell any such interest or security to, any Person in violation of the Securities Act or applicable state or foreign securities Laws, provided that the foregoing shall not be deemed to impose on WTC any responsibility with respect to any such offer, sale or solicitation by any other party hereto.

## 7.4.3 PERFORMANCE OF AGREEMENTS

WTC, in its individual capacity and as Mortgagee, an Applicable Pass Through Trustee or Subordination Agent, as the case may be, shall perform its obligations under the Indenture Agreements, the Pass Through Trustee Agreements and the Subordination Agent Agreements in accordance with the terms thereof.

## 7.4.4 WITHHOLDING TAXES

WTC shall indemnify (on an after-tax basis) and hold harmless Lessee, Lessor and Owner Participant against any United States withholding taxes (and related interest, penalties and additions to tax) as a result of the failure by WTC to withhold on payments to any Note Holder if such Note Holder failed to provide to Mortgagee necessary certificates or forms to substantiate the right to exemption from such withholding tax.

## 7.5 Covenants of Note Holders

Each Note Holder (including Subordination Agent) as to itself only covenants and agrees with Lessee, Owner Participant, Owner Trustee and Mortgagee as follows:

## 7.5.1 WITHHOLDING TAXES

Such Note Holder (if it is a Non-U.S. Person) agrees to indemnify (on an after-tax basis) and hold harmless Lessee, Lessor, Owner Participant and Mortgagee against any United States withholding taxes (and related interest, penalties and additions to tax) as a result of the inaccuracy or invalidity of any certificate or form provided by such Note Holder to Mortgagee in connection with such withholding taxes. Any amount payable hereunder shall be paid within 30 days after receipt by a Note Holder of a written demand therefor.

## 7.5.2 TRANSFER; COMPLIANCE

(a) Such Note Holder will (i) not transfer any Equipment Note or interest therein in violation of the Securities Act or applicable state or foreign securities Law; provided, that the foregoing provisions of this section shall not be deemed to impose on such Note Holder any responsibility with respect to any such offer, sale or solicitation by any other party hereto, and (ii) perform and comply with the obligations specified to be imposed on it (as a Note Holder) under each of the Trust Indenture and the form of Equipment Note set forth in the Trust Indenture.

(b) Except for the transfer of the interests of each Applicable Pass Through Trustee in the Equipment Notes to the trustee of the Related Trust (as defined in each Applicable Pass Through Trust Agreement) in accordance with the Applicable Pass Through Trust Agreement and except as otherwise required by the



terms of Section 2.13 of the Trust Indenture or Section 11 hereof, each Note Holder will not sell, assign, convey, exchange or otherwise transfer any Equipment Note or any interest in, or represented by, any Equipment Note (it being understood that this provision is not applicable to the Pass Through Certificates) unless the proposed transferee thereof first provides Lessee and Owner Participant with both of the following:

(i) a written representation and covenant that either (a) no portion of the funds it uses to purchase, acquire and hold such Equipment Note or interest directly or indirectly constitutes, or may be deemed under the Code or ERISA or any rulings, regulations or court decisions thereunder to constitute, the assets of any Plan or (b) the transfer, and subsequent holding, of such Equipment Note or interest shall not involve or give rise to a transaction that constitutes a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975(c)(1) of the Code involving Lessee, Owner Participant, a Pass Through Trustee, the Subordination Agent or the proposed transferee (other than a transaction that is exempted from the prohibitions of such sections by applicable provisions of ERISA or the Code or administrative exemptions or regulations issued thereunder); and

(ii) a written covenant that it will not transfer any Equipment Note or any interest in, or represented by, any Equipment Note unless the subsequent transferee also makes the representation described in clause (i) above and agrees to comply with this clause (ii).

## 7.6 Agreements

### 7.6.1 OWNER TRUSTEE IS OWNER FOR ALL PURPOSES

Lessee, the Owner Participant and Owner Trustee agree that for all purposes, after the Closing, Owner Trustee will be the owner of the Aircraft (except that Owner Participant will be the owner for income tax purposes) and Lessee will be the lessee thereof. No transfer, by operation of Law or otherwise, of the beneficial interest of Owner Participant in and to the Trust Estate shall operate to transfer legal title to any part of the Trust Estate to any transferee thereof.

## 7.6.2 COMMENCEMENT OF BANKRUPTCY PROCEEDINGS

Lessee, each Participant, each Note Holder, First Security, Owner Trustee, WTC and Mortgagee agree for the benefit of each of the others that it will not commence or join in any proceeding under the Bankruptcy Code to commence a case under Section 303 of the Bankruptcy Code against the Trust Estate. Nothing contained herein shall be deemed to preclude any Participant, any Note Holder, First Security, Owner Trustee, WTC or Mortgagee from filing any claim against the Trust Estate in any case commenced against the Trust Estate.

## 7.6.3 CERTAIN BANKRUPTCY MATTERS

If (a) all or any part of the Trust Estate becomes the property of, or Owner Trustee or Owner Participant becomes, a debtor subject to the reorganization provisions of the Bankruptcy Code, (b) pursuant to such reorganization provisions, including Section 1111(b) of the Bankruptcy Code, First Security or Owner Participant is required, by reason of First Security or Owner Participant being held to have recourse liability to any Note Holder or Mortgagee directly or indirectly (other than the recourse liability of First Security or Owner Participant under this Agreement, the Trust Indenture or by separate agreement), to make payment on account of any amount payable as principal, Make-Whole Amount, if any, interest or other amounts on the Equipment Notes, and (c) any Note Holder or Mortgagee actually receives any Excess Amount, as defined below, which reflects any payment by First Security or Owner Participant on account of (b) above, then such Note Holder or Mortgagee, as the case may be, shall promptly refund to First Security or Owner Participant (whichever shall have made such payment) such Excess Amount.

For purposes of this Section 7.6.3, "Excess Amount" means the amount by which such payment exceeds the amount that would have been received by a Note Holder or Mortgagee if First Security or Owner Participant had not become subject to the recourse liability referred to in clause (b) above. Nothing contained in this Section 7.6.3 shall prevent a Note Holder or Mortgagee from enforcing any personal recourse obligation (and retaining the proceeds thereof) of First Security or Owner Participant under this Agreement (other than as referred to in clause (b) above) or the Trust Indenture (and any exhibits or annexes thereto) or from retaining any amount paid by Owner Participant under Sections 2.13 or 4.03 of the Trust Indenture.

## 7.6.4 QUIET ENJOYMENT; SALE BY OWNER TRUSTEE BINDING

(a) Owner Participant, each Applicable Pass Through Trustee, Subordination Agent, each Note Holder, Owner Trustee and Mortgagee agrees as to itself with Lessee that, so long as no Lease Event of Default shall have occurred and be continuing, such Person shall not (and shall not permit any Affiliate or other Person claiming by, through or under it to) interfere with Lessee's rights in accordance with the Lease to the quiet enjoyment, possession and use of the Aircraft during the Term.

(b) Any assignment, sale, transfer or other conveyance of the Aircraft by Owner Trustee made pursuant to the terms of this Agreement or the Lease shall bind Owner Participant and shall be effective to transfer or convey all right, title and interest of Owner Trustee and Owner Participant in and to the Aircraft. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such assignment, sale, transfer or conveyance, or as to the application of any sale or other proceeds with respect thereto by Owner Trustee, as regards Owner Participant.

## 7.6.5 RELEASE OF LIEN TRUST INDENTURE

Each of Lessee, Lessor and Mortgagee agrees that in each instance referred to in the Lease in which a transfer of any property is required to be made by Lessor to Lessee or any other Person (other than Mortgagee), Mortgagee shall, upon request of Lessor and compliance with the applicable provisions of the Lease and the Trust Indenture, including payment of all amounts then due and payable to each Liquidity Provider as Supplemental Rent, promptly execute (at Lessee's cost and expense) such instruments as Lessor or Lessee may reasonably request to evidence the release of the Lien of the Trust Indenture with respect to such property.

## 7.6.6 NON-RECOURSE

Loan Participant and Mortgagee agree that (a) obligations of Owner Trustee under the Trust Indenture or any other Operative Agreement and with respect to the Equipment Notes shall be non-recourse to Owner Participant and to First Security and (b) they will look solely to the income and proceeds from the Trust Estate and the Trust Indenture Estate to the extent available for distribution to Note Holder or Mortgagee as provided in the Trust

Indenture and that neither Owner Participant nor First Security will be personally liable to Loan Participant or Mortgagee for any amounts payable by Owner Trustee under the Trust Indenture or any other Operative Agreement; provided, however, that the foregoing is not intended nor shall it be construed to limit any recourse liability of Owner Participant or First Security to the extent that such liability is expressly set forth in this Agreement or in any of the Operative Agreements or arises by reason of the breach of any representation or warranty or covenant given by such Person (in the case of First Security, in its individual capacity).

#### 7.6.7 OTHER DOCUMENTS; AMENDMENT

(a) Each of the Owner Participant and the Owner Trustee hereby (A) agrees with Lessee, the Loan Participant and the Mortgagee not to amend, supplement or otherwise modify any provision of the Trust Agreement in a manner that could adversely affect such party without the prior written consent of such party. Notwithstanding the foregoing, so long as the Lease has not been terminated or expired, each Participant, the Mortgagee and the Owner Trustee hereby agree for the benefit of Lessee that without the consent of Lessee they will not amend, supplement or otherwise modify (i) Article III, Article IX or Section 2.05 of the Trust Indenture, (ii) any provision of any Operative Agreement that will affect the stated principal amount of or premium or interest on the Equipment Notes or (iii) any other provision of the Trust Indenture or Equipment Notes in a manner that could adversely affect Lessee. Mortgagee and Owner Trustee agree to promptly furnish to Lessee copies of any supplement, amendment, waiver or modification of any of the Operative Agreements to which Lessee is not a party. Loan Participant agrees that it will not take any action in respect of the Trust Indenture Estate except through the Mortgagee pursuant to the Trust Indenture or as otherwise permitted by Trust Indenture.

(b) Owner Trustee agrees to join with Lessee to the extent that action on its part is necessary or appropriate (i) to cause the following to be duly accomplished in accordance with applicable United States federal Law by the time the Aircraft is delivered under this Agreement and the Lease: (A) the application for registration of the Aircraft in the name of Owner Trustee and (B) all related action necessary in order for Lessee to have temporary or permanent authority to operate the Aircraft as contemplated by the Lease and (ii) forthwith upon delivery of

the Aircraft under this Agreement and the Lease, to cause all necessary documents to be duly filed for recording in accordance with applicable United States federal Law.

#### 7.6.8 CONSENTS

Each Participant, each Applicable Pass Through Trustee, Subordination Agent, Owner Trustee and Mortgagee covenants and agrees, for the benefit of Lessee, that it shall not unreasonably withhold its consent to any consent or approval requested of it or of Owner Trustee or Mortgagee under the terms of any of the Operative Agreements which by its terms is not to be unreasonably withheld.

#### 7.6.9 INSURANCE

Each of Owner Participant, the Applicable Pass Through Trustees, the Subordination Agent and the Owner Trustee agrees not to obtain or maintain insurance for its own account as permitted by Section 11.2 of the Lease if such insurance would limit or otherwise adversely affect the coverage of any insurance required to be obtained or maintained by Lessee pursuant to Section 11 and Annex D of the Lease.

#### 7.6.10 EXTENT OF INTEREST OF NOTE HOLDERS

A Note Holder shall not, as such, have any further interest in, or other right with respect to, the Trust Estate or the Trust Indenture Estate when and if the principal and Make-Whole Amount, if any, of and interest on the Equipment Note held by such Holder, and all other sums, then due and payable to such Holder hereunder and under any other Operative Agreement, shall have been paid in full.

#### 7.6.11 FOREIGN REGISTRATION

Each Participant, Owner Trustee and Mortgagee hereby agree, for the benefit of Lessee but subject to the provisions of Section 7.1.2 of the Lease:

(a) that Lessee shall be entitled to register the Aircraft or cause the Aircraft to be registered in a country other than the United States subject to compliance with the following:

(i) each of the following requirements is satisfied:

- (A) such registration shall be made only after the Tax Attribute Period, unless Lessee prepays on a lump sum basis any liability due under the Tax Indemnity Agreement as a result of such registration based upon the assumption that such registration would continue for the remainder of the term of the Permitted Sublease described in clause (C) below;
- (B) no Lease Event of Default shall have occurred and be continuing at the time of such registration;
- (C) such proposed change of registration is made in connection with a Permitted Sublease to a Permitted Air Carrier;
- (D) such country is a country with which the United States then maintains normal diplomatic relations or, if Taiwan, the United States then maintains diplomatic relations at least as good as those in effect on the Delivery Date;

(ii) the Owner Trustee and Mortgagee shall have received an opinion of counsel (subject to customary exceptions) reasonably satisfactory to the Owner Participant addressed to each such party as to the effect that:

(A) such country would recognize the Owner Trustee's ownership interest in the Aircraft;

(B) the obligations of Lessee, and the rights and remedies of Owner Trustee, under the Lease are valid, binding and enforceable under the laws of such jurisdiction (or the laws of the jurisdiction to which the laws of such jurisdiction would refer as the applicable governing law);

(C) after giving effect to such change in registration, the Lien of the Trust Indenture on the Owner Trustee's right, title and interest in and to the Aircraft and the Lease shall continue as a valid and duly perfected first priority security interest and all filing, recording or other action necessary to protect the same shall have been accomplished (or, if such opinion cannot be given at the time of such proposed change in registration because such change in

registration is not yet effective, (1) the opinion shall detail what filing, recording or other action is necessary and (2) the Owner Trustee and the Mortgagee shall have received a certificate from Lessee that all possible preparations to accomplish such filing, recording and other action shall have been done, and such filing, recording and other action shall be accomplished and a supplemental opinion to that effect shall be delivered to the Owner Trustee and the Mortgagee on or prior to the effective date of such change in registration;

(D) it is not necessary, solely as a consequence of such change in registration and without giving effect to any other activity of the Owner Trustee, the Owner Participant or the Mortgagee (or any Affiliate thereof), as the case may be, for the Owner Trustee, the Owner Participant or the Mortgagee to qualify to do business in such jurisdiction as a result of such reregistration in order to exercise any rights or remedies with respect to the Aircraft pursuant to the Lease;

(E) there is no tort liability of the owner or lessor of an aircraft not in possession thereof under the laws of such jurisdiction (it being agreed that, in the event such latter opinion cannot be given in a form satisfactory to the Owner Participant, such opinion shall be waived if insurance reasonably satisfactory to the Owner Participant is provided to cover such risk); and

(F) unless Lessee shall have agreed to provide insurance covering the risk of requisition of use of the Aircraft by the government of such country (so long as the Aircraft is registered under the laws of such country), the laws of such country require fair compensation by the government of such country payable in currency freely convertible into Dollars and freely removable from such country (without license or permit, unless Lessee prior to such proposed reregistration has obtained such license or permit) for the taking or requisition by such government of such use;

(b) In addition, as a condition precedent to any change in registration Lessee shall have given to Lessor and Mortgagee assurances reasonably satisfactory to each of them:

- (i) to the effect that the provisions of Section 11 of the Lease have been complied with after giving effect to such change of registration;
- (ii) of the payment by Lessee of all reasonable out-of-pocket expenses of Lessor, each Participant and Mortgagee in connection with such change of registry, including, without limitation (1) the reasonable fees and disbursements of counsel to Lessee, Lessor and Mortgagee, (2) any filing or recording fees, Taxes or similar payments incurred in connection with the change of registration of the Aircraft and the creation and perfection of the security interest therein in favor of Mortgagee for the benefit of Note Holders, and (3) all costs and expenses incurred in connection with any filings necessary to continue in the United States the perfection of the security interest in the Aircraft and the Lease in favor of Mortgagee for the benefit of Note Holders; and
- (iii) to the effect that the tax and other indemnities in favor of each person named as an indemnitee under any other Operative Agreement afford each such person substantially the same protection as provided prior to such change of registration (or Lessee shall have agreed upon additional indemnities that, together with such original indemnities, in the reasonable judgment of Lessor and Mortgagee, afford such protection).

#### 7.6.12 OTHER COMMERCIAL RELATIONS UNAFFECTED

Notwithstanding anything to the contrary set forth in any Operative Agreement: (a) Except as set forth in the Purchase Agreement Assignment, nothing contained in the Operative Agreements shall constitute or be deemed to be a waiver by Lessee of any rights, remedies or claims it may have against Airframe Manufacturer or Engine Manufacturer or any subcontractor or supplier of either;



and the Operative Agreements do not and shall not be construed or deemed to create any rights, waivers, immunities or indemnities in favor of Airframe Manufacturer, Engine Manufacturer or any subcontractor or supplier of either with respect to any such rights, remedies or claims of Lessee; and

(b) None of Airframe Manufacturer, by its execution and delivery of the Consent and Agreement, and Engine Manufacturer, by its execution and delivery of the Engine Consent and Agreement, shall be deemed to have waived any rights, remedies or claims which Airframe Manufacturer or Engine Manufacturer (or any subcontractor or supplier of either), as the case may be, may have against Lessee; and the Operative Agreements do not and shall not be construed or deemed to create any rights, waivers, immunities or indemnities in favor of Lessee with respect to any such rights, remedies or claims of Airframe Manufacturer or Engine Manufacturer (or any subcontractor or supplier of either).

#### 7.6.13 INTEREST IN CERTAIN ENGINES

Each Participant, Owner Trustee, and Mortgagee agree, for the benefit of each of the lessor, conditional seller, mortgagee or secured party of any airframe or engine leased to, or purchased by, Lessee or any Permitted Sublessee subject to a lease, conditional sale, trust indenture or other security agreement that it will not acquire or claim, as against such lessor, conditional seller, mortgagee or secured party, any right, title or interest in any engine as the result of such engine being installed on the Airframe at any time while such engine is subject to such lease, conditional sale, trust indenture or other security agreement and owned by such lessor or conditional seller or subject to a trust indenture or security interest in favor of such mortgagee or secured party.

#### SECTION 8. CONFIDENTIALITY

Lessee, Owner Participant, Note Holders, Owner Trustee and Mortgagee shall keep Annexes B, C and D and Schedules 1, 2, 3 and 4 to the Lease, the Participation Agreement, the Purchase Agreement Assignment and the Tax Indemnity Agreement confidential and shall not disclose, or cause to be disclosed, the same to any Person, except (A) to prospective and permitted transferees of Lessee's, Owner Participant's, a Note Holder's, a Liquidity Provider's, Owner Trustee's, Mortgagee's or other Indemnitor's interest or their respective counsel or special

counsel, independent insurance brokers, auditors, or other agents who agree to hold such information confidential, (B) to Lessee's, Owner Participant's, a Note Holder's, a Liquidity Provider's, a Pass Through Trustee's, Owner Trustee's, Mortgagee's or other Indenture Indemnitee's counsel or special counsel, independent insurance brokers, auditors, or other agents, Affiliates or investors who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree, legal process or governmental ruling or regulation, including those of any applicable insurance regulatory bodies (including, without limitation, the National Association of Insurance Commissioners), federal or state banking examiners, Internal Revenue Service auditors or any stock exchange, (D) with respect to Lessee and Owner Participant, by mutual agreement of such parties, (E) with respect to a Note Holder or any Pass Through Trustee, to a nationally recognized rating agency for the purpose of obtaining a rating on the Equipment Notes or the Pass Through Trust Certificates or to support an NAIC rating for the Equipment Notes or (F) such other Persons as are reasonably deemed necessary by the disclosing party in order to protect the interests of such party or for the purposes of enforcing such documents by such party; provided, that any and all disclosures permitted by clauses (C), (D), (E) or (F) above shall be made only to the extent necessary to meet the specific requirements or needs of the Persons making such disclosures.

SECTION 9. INDEMNIFICATION AND EXPENSES

9.1 General Indemnity

[INTENTIONALLY OMITTED]

## 9.2.1 INVOICES AND PAYMENT

Each of the Owner Trustee, Mortgagee, the Owner Participant, Lessee, the Applicable Pass Through Trustees, and the Subordination Agent shall promptly submit to Lessee for its prompt approval (which shall not be unreasonably withheld) copies of invoices in reasonable detail of the Transaction Expenses for which it is responsible for providing information as they are received (but in no event later than the 90th day after the Delivery Date). If so submitted and approved, the Owner Participant agrees promptly, but in any event no later than the 105th day after the Delivery Date, to pay (but not in excess of 2% of Lessor's Cost) Transaction Expenses. Notwithstanding the foregoing, Lessee at its sole option shall have the right to pay directly any and all Transaction Expenses. Lessee shall be obligated to pay directly any and all Transaction Expenses which are in excess of 2% of Lessor's Cost. If Owner Participant shall fail to pay any Transaction Expense that it is obligated to pay hereunder, Lessee shall pay such Transaction Expense. Any such payment by Lessee shall not affect Owner Participant's obligations or Lessee's rights against Owner Participant for its failure to make any such payment.

## 9.2.2 PAYMENT OF OTHER EXPENSES

Lessee shall pay (i) the ongoing fees and expenses of Owner Trustee and Mortgagee, and (ii) all reasonable out-of-pocket costs and expenses (including the reasonable fees and disbursements of counsel) incurred by any Participant attributable to (A) any transfer of title to the Aircraft or any

Engine contemplated by Section 4.5 of the Lease or (B) any waiver, amendment or modification of any Operative Agreement to the extent requested by Lessee.

9.2.3 PAYMENTS IF TRANSACTIONS DO NOT CLOSE

In the event that the transaction contemplated by this Agreement fails to close as a result of the Owner Participant's failure to comply with its obligations under this Agreement or any breach of a representation or warranty of Owner Participant made in or pursuant to any Operative Agreement, notwithstanding any other rights and remedies that the parties hereto shall have against Owner Participant, the Owner Participant will be responsible for all of its fees and expenses, including but not limited to the fees, expenses and disbursements of its special counsel and the fees of the Appraiser referred to in Section 5.1.2(xv).

9.3 General Tax Indemnity

[INTENTIONALLY OMITTED]

## SECTION 10. ASSIGNMENT OR TRANSFER OF INTERESTS

## 10.1 Participants, Owner Trustee and Note Holders

## 10.1.1 OWNER PARTICIPANT

(a) During the Term, Owner Participant shall not Transfer any or all of its right, title or interest in the Trust Estate or the Trust Agreement and to this Agreement unless:

(i) The Transferee shall have full power, authority and legal right to execute and deliver and to perform the obligations of Owner Participant under this Agreement and the other Owner Participant Agreements and shall provide reasonably satisfactory evidence of such power and authority to Lessee, Owner Trustee and Mortgagee;

(ii) The Transferee shall enter into one or more legal, valid, binding and enforceable agreements effective to confirm that such Transferee agrees to be bound by all the terms of, and to undertake all of the obligations arising after such transfer of, the transferring Owner Participant contained in the Owner Participant Agreements and in which it makes representations and warranties substantially the same as those contained in Section 6.2 of the Participation Agreement;

(iii) Lessee shall not be obligated to pay any greater amount or incur any greater obligation than that which it would have been obliged to pay or incur under the Lease or other Lessee Operative Agreement if no transfer or assignment had taken place, and the terms and conditions of this Lease and the other Lessee Operative Agreements insofar as they relate to the rights and obligations of Lessee or the Loan Participant shall not be altered;

(iv) Owner Participant shall deliver to Lessee, Owner Trustee and Mortgagee an opinion of counsel reasonably satisfactory to each of them to the effect that such agreement or agreements referred to in Section 10.1.1(a)(ii) and, if applicable, 10.1.1(a)(vi) are legal, binding and enforceable in accordance with its or their terms and that such transfer will not violate applicable securities laws, the Act or any other applicable law and is in accordance with this Section 10.1.1;

(v) The Transferee is a Citizen of the United States (it being understood that the existence of any such requirement is to be determined without giving consideration to Section 47.9 of the FAA Regulations), or shall use a voting powers trust or similar arrangement in order to hold an interest in the Trust Estate such that the Aircraft can be registered in the United States (without giving consideration to Section 47.9 of the FAA Regulations); and

(vi) The Transferee shall be a single person and shall be either (A) a Permitted Institution or (B) any other person (other than, without Lessee's consent, a commercial air carrier, a commercial aircraft operator, a freight forwarder or an Affiliate of any of the foregoing) the obligations of which under the Owner Participant Agreements are guaranteed by a Permitted Institution in any case,

pursuant to a written guaranty, in form and substance reasonably satisfactory to Lessee, Owner Trustee and Mortgagee.

(b) Owner Participant shall give written notice to Lessee, Mortgagee and Owner Trustee at least 10 days prior to any such Transfer, specifying the name and address of the proposed Transferee, and providing financial statements of the proposed Transferee evidencing satisfaction of the requirements described in Section 10.1.1(a)(vi)(A) or (B) above.

(c) Any fees, charges and expenses, including the reasonable legal fees, charges and expenses incurred by Lessee, Owner Participant, Mortgagee, any Note Holder or Owner Trustee in connection with any Transfer by Owner Participant permitted by this Section 10.1.1, or by the Transferee in any such case, will be paid for by Owner Participant.

#### 10.1.2 OWNER TRUSTEE

Owner Trustee may transfer its interests in the Trust Agreement pursuant to Section 9 thereof.

#### 10.1.3 NOTE HOLDERS

Subject to Section 7.5.2 hereof and Section 2.07 of the Trust Indenture, any Note Holder may, at any time and from time to time, Transfer or grant participations in all or any portion of the Equipment Notes and/or all or any portion of its beneficial interest in its Equipment Notes and the Trust Indenture Estate to any person (it being understood that the sale or issuance of Pass Through Certificates by a Pass Through Trustee shall not be considered a Transfer or participation); provided, that any participant in any such participations shall not have any direct rights under the Operative Agreements or any Lien on all or any part of the Aircraft or Trust Indenture Estate and Lessee shall not have any increased liability or obligations as a result of any such participation. In the case of any such Transfer, the Transferee, by acceptance of Equipment Notes in connection with such Transfer, shall be deemed to be bound by all of the covenants of Note Holders contained in the Operative Agreements.

## 10.2 Effect of Transfer

Upon any Transfer in accordance with Section 10.1.1, 10.1.2 or 10.1.3 (other than any Transfer by any Note Holder, to the extent it only grants participations in Equipment Notes or in its beneficial interest therein), Transferee shall be deemed an "Owner Participant," "Owner Trustee" or a "Note Holder," respectively, for all purposes of this Agreement and the other Operative Agreements and, in the case of a Transferee of any Participant or Note Holder, shall be deemed to have paid its ratable portion of Lessor's Cost previously made by Owner Participant or Loan Participant, respectively, making such conveyance and represented by the interest being conveyed, and each reference herein to Owner Participant, Owner Trustee or Note Holder, respectively, shall thereafter be deemed a reference to such Transferee for all purposes, and the transferring Owner Participant, Owner Trustee, Loan Participant or Note Holder shall be released (except, in the case of Owner Participant, to the extent of any guaranty provided by it under Section 10.1.1(a)(vi)) from all of its liabilities and obligations under this Agreement and any other Operative Agreements to the extent such liabilities and obligations arise after such Transfer and, in each case, to the extent such liabilities and obligations are assumed by the transferee; provided, that such transferring Owner Participant, Owner Trustee or Note Holder (and its respective Affiliates, successors, assigns, agents, servants, representatives, directors and officers) will continue to have the benefit of any rights or indemnities under any Operative Agreement vested or relating to circumstances, conditions, acts or events prior to such Transfer.

## SECTION 11. REFUNDING AND CERTAIN OTHER MATTERS

## 11.1 Refunding Generally

Subject to Sections 11.2 and 11.4, in the event that at any time Lessee shall have given written notice to Owner Participant, Owner Trustee, and Mortgagee that Lessee is requesting a voluntary redemption of all, but not less than all, of the outstanding Equipment Notes (in compliance with the provisions of Sections 2.11 and 2.12 of the Trust Indenture) by Owner Trustee as part of a refunding transaction, Owner Participant agrees to negotiate in good faith and promptly conclude an agreement with Lessee as to the terms of such refunding transaction (including the terms of any debt to be issued in connection with such



refunding transaction and the documentation to be executed in connection therewith), and after Lessee and Owner Participant shall have concluded such an agreement:

#### 11.1.1 REFUNDING CERTIFICATE

Within ten Business Days after reaching such agreement, Owner Participant will deliver to Lessee a Refunding Certificate. Within ten Business Days of its receipt of the Refunding Certificate, Lessee may demand a verification pursuant to Section 3.2.1(d) of the Lease of the information set forth in the Refunding Certificate. Upon the acceptance by Lessee of the accuracy of the information set forth in the Refunding Certificate or the determination pursuant to such verification procedures of the Refunding Information, the appropriate parties will take the actions specified in Sections 11.1.2 through 11.1.7 below.

#### 11.1.2 FINANCING AGREEMENTS

The appropriate parties will enter into appropriate documentation (which may include an underwriting agreement or similar private placement agreement) with the institution or institutions to be named therein providing for (a) the issuance and sale by Owner Trustee to such institution or institutions on the Refunding Date of the New Debt and (b) the application of the proceeds of the sale of the New Debt to the redemption of all such Equipment Notes on the Refunding Date. Lessee, acting on behalf of Owner Trustee, shall give Mortgagee at least 30 days' revocable prior written notice of the proposed date of the optional redemption.

#### 11.1.3 LEASE AMENDMENTS

As a condition to the closing of the refunding transaction, Lessee and Owner Trustee will amend the Lease, as contemplated by Section 3.2.1(b) of the Lease, to provide that (a) Basic Rent in respect of the period from and after the Refunding Date shall be as provided in the Refunding Information and (b) amounts payable in respect of Stipulated Loss Value and Termination Value, from and after the Refunding Date shall be as provided in the Refunding Information.

## 11.1.4 SECURITY AGREEMENTS

Owner Trustee will enter into an agreement to provide for the securing thereunder of the New Debt in like manner as the Equipment Notes and will enter into such amendments and supplements to the Trust Indenture (or such new indenture or other security agreement) and the other Operative Agreements as may be necessary to effect such refunding).

## 11.1.5 EXPENSES

Whether or not such refunding transaction is consummated, Lessee shall pay or reimburse all of the reasonable out-of-pocket expenses of all parties to such refunding transaction, including, without limitation, any underwriting or placement fees and the reasonable fees and expenses of such parties' counsel and any related loan or commitment fees.

## 11.1.6 MAKE WHOLE AMOUNT

At the closing of such refunding, Owner Trustee shall pay, upon receipt of the same from Lessee (which Lessee shall pay as Supplemental Rent as a condition to the closing to the refunding transaction), to the Mortgagee for the account of each Note Holder, the Make-Whole Amount, if any, payable to such Note Holder under Section 2.11 of the Trust Indenture.

## 11.1.7 RETURN OF EQUIPMENT NOTES

Subject to compliance by Owner Trustee and Lessee with all applicable terms and conditions for voluntary prepayment under the Trust Indenture and this Agreement, each Note Holder will transfer to Owner Trustee the Equipment Notes held by it for cancellation (and Owner Trustee shall cancel the same), against receipt by such Note Holder of the then-outstanding principal amount of such Equipment Notes, accrued and unpaid interest and Make-Whole Amount, if any, thereon, together with payment in full of all other amounts then payable to such Note Holder and Mortgagee hereunder or under the Trust Indenture.

## 11.2 Limitations on Obligation to Refund

Notwithstanding the foregoing, Owner Participant shall have no obligation to proceed with any refunding transaction as contemplated by this Section 11:

(a) If such transaction would have, or creates a material risk of, an adverse tax consequence to Owner Participant unless Lessee agrees to indemnify Owner Participant against such adverse tax consequence;

(b) Unless Lessee indemnifies Owner Participant for any liability, obligation (other than the obligation to pay principal and interest and related payments in respect of the New Debt), cost or expense (including, without limitation, reasonable attorneys' fees) related to or arising out of any such refunding transaction;

(c) If a Lease Event of Default shall have occurred and be continuing; or

(d) If there shall have previously been consummated three refunding transactions at Lessee's request pursuant to this Section 11.

#### 11.3 Execution of Certain Documents

Lessee, Owner Participant, Owner Trustee and Mortgagee each agree to execute any document necessary or advisable to implement this Section 11 (including, without limitation, the execution, delivery and/or provision of any appropriate additional or modified amendment, representation, warranty, certificate, opinion or other document that may reasonably be requested by Lessee or any other person).

#### 11.4 ERISA

Owner Participant shall not be obligated to conclude the proposed refunding transaction unless the agreements utilized to effect such refunding contain an agreement by the initial holders of the New Debt substantially the same as Section 7.5.2(b) of this Agreement, except in the case of any refunding transaction where the New Debt is sold in a public offering under the Securities Act or a private placement intended for resale pursuant to Rule 144A under the Securities Act, in which case the holders of the New Debt shall be subject to the restrictions relating to ERISA substantially the same as those applicable to the purchasers of the Pass Through Certificates, as described in the Offering Circular relating to the initial issuance and sale of the Pass Through Certificates.

## 11.5 Consent to Optional Redemptions

Each of Owner Participant, Owner Trustee and Mortgagee agrees with Lessee not to cause an optional redemption of the Equipment Notes without Lessee's consent except as set forth in Section 2.13 of the Trust Indenture.

## SECTION 12. SECTION 1110

It is the intention of each of Lessee, Owner Participant, Loan Participant, the Note Holders (such intention being evidenced by each of their acceptance of an Equipment Note), Owner Trustee and Mortgagee that Owner Trustee, as lessor under the Lease (and Mortgagee as assignee of Owner Trustee under the Trust Indenture), shall be entitled to the benefits of Section 1110 in the event of a case under Chapter 11 of the Bankruptcy Code in which Lessee is a debtor.

## SECTION 13. CHANGE OF CITIZENSHIP

## 13.1 Generally

Without prejudice to the representations, warranties or covenants regarding the status of any party hereto as a Citizen of the United States:

(a) Each of Lessee, First Security, WTC and Mortgagee agrees that it will, immediately upon obtaining knowledge of any facts that would cast doubt upon its continuing status as a Citizen of the United States and promptly upon public disclosure of negotiations in respect of any transaction which would or might adversely affect such status, notify in writing all parties hereto of all relevant matters in connection therewith; and

(b) Owner Participant agrees that, in the event its status is to change or has changed as a Citizen of the United States, or it makes public disclosure of circumstances as a result of which it believes that such status is likely to change, it will notify all the other parties to this Participation Agreement of (i) such change in status promptly after obtaining Actual Knowledge thereof or (ii) such belief as soon as practicable after such public disclosure but in any event within ten Business Days after such public disclosure.

## 13.2 Owner Participant

Owner Participant agrees, solely for the benefit of Lessee and the Note Holders that if, during such time as the Aircraft is registered in the United States, (a) it shall not be a Citizen of the United States and (b) the Aircraft shall be, or would therefore become, ineligible for registration in the name of Owner Trustee under the Act and regulations then applicable thereunder (without giving consideration to Section 47.9 of the FAA Regulations or any other provision that may restrict Lessee's use or operation of the Aircraft), then Owner Participant shall as soon as is reasonably practicable, but in any event within 30 days after obtaining Actual Knowledge of such ineligibility and of such loss of citizenship, (y) effect voting trust or other similar arrangements (in which case any provisions contained in the Operative Agreements restricting Owner Participant's or Owner Trustee's ability to amend the Trust Agreement shall not apply to the extent necessary to permit the use of such a voting trust or other similar arrangement) or take any other action as may be necessary to prevent any deregistration or maintain the United States registration of the Aircraft or (z) transfer in accordance with the terms of this Agreement all its right, title and interest in and to this Agreement, the Trust Estate and the Trust Agreement in accordance with Section 10.1.

## 13.3 Owner Trustee

Upon First Security giving any notice in accordance with Section 13.1(a), Owner Trustee shall, subject to Section 9.1.1 of the Trust Agreement, resign as Owner Trustee. Upon its receipt of such notice, Owner Participant shall as promptly as practicable appoint a Citizen of the United States as successor Owner Trustee pursuant to Section 9.1 of the Trust Agreement.

## 13.4 Mortgagee

Upon WTC giving any notice in accordance with Section 13.1(a), Mortgagee shall (if and so long as such citizenship is necessary under the Act as in effect at such time or, if it is not necessary, if and so long as Mortgagee's citizenship could have any adverse effect on Lessee, any Participant or any Note Holder), subject to Section 8.02 of the Trust Indenture, resign as Mortgagee promptly upon its ceasing to be such a citizen.

## SECTION 14. CONCERNING OWNER TRUSTEE

It is understood and agreed that, except as otherwise expressly provided herein or in the Trust Agreement or the Trust Indenture, Owner Trustee is entering into this Agreement solely in its capacity as trustee as provided in the Trust Agreement and not in its individual capacity and in no case whatsoever will it be liable or accountable in its individual capacity for any of the statements, representations, warranties, agreements or obligations of Owner Trustee hereunder, or for any loss in respect thereof, as to all of which the parties agree to look solely to the Trust Estate; provided, that nothing in this Section 14 shall be deemed to limit in scope or substance the personal liability of First Security (a) to Owner Participant as expressly set forth in the Trust Agreement, (b) in respect of the representations, warranties and agreements of First Security expressly made as such herein or in any other Operative Agreement to which it is a party, and (c) for the consequences of its own gross negligence, willful misconduct, and, in receiving, handling or remitting of funds only, its willful misconduct or simple negligence as a trustee.

## SECTION 15. MISCELLANEOUS

## 15.1 Amendments

No provision of this Agreement may be amended, supplemented, waived, modified, discharged, terminated or otherwise varied orally, but only by an instrument in writing that specifically identifies the provision of this Agreement that it purports to amend, supplement, waive, modify, discharge, terminate or otherwise vary and is signed by the party against which the enforcement of the amendment, supplement, waiver, modification, discharge, termination or variance is sought. Each such amendment, supplement, waiver, modification, discharge, termination or variance shall be effective only in the specific instance and for the specific purpose for which it is given. No provision of this Agreement shall be varied or contradicted by oral communication, course of dealing or performance or other manner not set forth in an agreement, document or instrument in writing and signed by the party against which enforcement of the same is sought.

## 15.2 Severability

If any provision hereof shall be held invalid, illegal or unenforceable in any respect in any jurisdiction, then, to the extent permitted by Law, (a) all other provisions hereof shall remain in full force and effect in such jurisdiction and (b) such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction. If, however, any Law pursuant to which such provisions are held invalid, illegal or unenforceable may be waived, such Law is hereby waived by the parties hereto to the full extent permitted, to the end that this Agreement shall be deemed to be a valid and binding agreement in all respects, enforceable in accordance with its terms.

## 15.3 Survival

The indemnities set forth herein shall survive the delivery or return of the Aircraft, the Transfer of any interest of Owner Participant in this Agreement, the Trust Estate and the Trust Agreement, the Transfer of any interest by any Note Holder of its Equipment Note and the expiration or other termination of this Agreement or any other Operative Agreement.

## 15.4 Reproduction of Documents

This Agreement, all annexes, schedules and exhibits hereto and all agreements, instruments and documents relating hereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed and (b) financial statements, certificates and other information previously or hereafter furnished to any party hereto, may be reproduced by such party by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process, and such party may destroy any original documents so reproduced. Any such reproduction shall be as admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such party in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction likewise is admissible in evidence.

## 15.5 Counterparts

This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts

(or upon separate signature pages bound together into one or more counterparts), each of which when so executed shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument.

#### 15.6 No Waiver

No failure on the part of any party hereto to exercise, and no delay by any party hereto in exercising, any of its respective rights, powers, remedies or privileges under this Agreement or provided at Law, in equity or otherwise shall impair, prejudice or constitute a waiver of any such right, power, remedy or privilege or be construed as a waiver of any breach hereof or default hereunder or as an acquiescence therein nor shall any single or partial exercise of any such right, power, remedy or privilege preclude any other or further exercise thereof by it or the exercise of any other right, power, remedy or privilege by it. No notice to or demand on any party hereto in any case shall, unless otherwise required under this Agreement, entitle such party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of any party hereto to any other or further action in any circumstances without notice or demand.

#### 15.7 Notices

Unless otherwise expressly permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents, waivers and other communications required or permitted to be made, given, furnished or filed hereunder shall be in writing (it being understood that the specification of a writing in certain instances and not in others does not imply an intention that a writing is not required as to the latter), shall refer specifically to this Agreement or other applicable Operative Agreement, and shall be personally delivered, sent by facsimile or telecommunication transmission (which in either case provides written confirmation to the sender of its delivery), sent by registered mail or certified mail, return receipt requested, postage prepaid, or sent by overnight courier service, in each case to the respective address, or facsimile number set forth for such party in Schedule 1, or to such other address, facsimile or other number as each party hereto may hereafter specify by notice to the other parties hereto. Each such notice, request, demand, authorization, direction, consent, waiver or other communication shall be effective when received or, if made,



given, furnished or filed (a) by facsimile or telecommunication transmission, when confirmed, or (b) by registered or certified mail, three Business Days after being deposited, properly addressed, with the U.S. Postal Service.

15.8 GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE

(a) THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS AGREEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK.

(b) EACH PARTY HERETO HEREBY IRREVOCABLY AGREES, ACCEPTS AND SUBMITS ITSELF TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN THE CITY AND COUNTY OF NEW YORK AND OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, IN CONNECTION WITH ANY LEGAL ACTION, SUIT OR PROCEEDING WITH RESPECT TO ANY MATTER RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

(c) EACH PARTY HERETO HEREBY IRREVOCABLY CONSENTS AND AGREES TO THE SERVICE OF ANY AND ALL LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE MADE BY MAILING COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, AT THE ADDRESS SET FORTH PURSUANT TO SECTION 15.7. EACH PARTY HERETO HEREBY AGREES THAT SERVICE UPON IT, OR ANY OF ITS AGENTS, IN EACH CASE IN ACCORDANCE WITH THIS SECTION 15.8(C), SHALL CONSTITUTE VALID AND EFFECTIVE PERSONAL SERVICE UPON SUCH PARTY, AND EACH PARTY HERETO HEREBY AGREES THAT THE FAILURE OF ANY OF ITS AGENTS TO GIVE ANY NOTICE OF SUCH SERVICE TO ANY SUCH PARTY SHALL NOT IMPAIR OR AFFECT IN ANY WAY THE VALIDITY OF SUCH SERVICE ON SUCH PARTY OR ANY JUDGMENT RENDERED IN ANY ACTION OR PROCEEDING BASED THEREON.

(d) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY LEGAL ACTION OR PROCEEDING BROUGHT HEREUNDER IN ANY OF THE ABOVE-NAMED COURTS, THAT SUCH ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT VENUE FOR THE ACTION OR PROCEEDING IS IMPROPER OR THAT THIS AGREEMENT OR ANY OTHER OPERATIVE AGREEMENT MAY NOT BE ENFORCED IN OR BY SUCH COURTS.

(e) EACH PARTY HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN ANY COURT IN

ANY JURISDICTION BASED UPON OR ARISING OUT OF OR RELATING TO THIS AGREEMENT.

15.9 Third-Party Beneficiary

This Agreement is not intended to, and shall not, provide any person not a party hereto (other than the Liquidity Provider, the Escrow Agent and the Paying Agent, each of which is an intended third party beneficiary with respect to the provisions of Section 9.1) with any rights of any nature whatsoever against any of the parties hereto and no person not a party hereto (other than the Liquidity Provider, the Escrow Agent and the Paying Agent, with respect to the provisions of Section 9.1) shall have any right, power or privilege in respect of any party hereto, or have any benefit or interest, arising out of this Agreement.

15.10 Entire Agreement

This Agreement, together with the other Operative Agreements, on and as of the date hereof, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and all prior or contemporaneous understandings or agreements, whether written or oral, among any of the parties hereto with respect to such subject matter are hereby superseded in their entireties.

15.11 Further Assurances

Each party hereto shall execute, acknowledge and deliver or shall cause to be executed, acknowledged and delivered, all such further agreements, instruments, certificates or documents, and shall do and cause to be done such further acts and things, in any case, as any other party hereto shall reasonably request in connection with the administration of, or to carry out more effectively the purposes of, or to better assure and confirm into such other party the rights and benefits to be provided under this Agreement and the other Operative Agreements.

[This space intentionally left blank]

IN WITNESS WHEREOF, each of the parties has caused this Participation Agreement to be duly executed and delivered as of the day and year first above written.

CONTINENTAL AIRLINES, INC.,  
Lessee

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

-----  
Owner Participant

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

FIRST SECURITY BANK, NATIONAL  
ASSOCIATION,  
not in its individual capacity,  
except as expressly provided  
herein, but solely as Owner  
Trustee

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

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
except as expressly provided  
herein, but solely as Mortgagee

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

WILMINGTON TRUST COMPANY,  
not in its individual  
capacity, except as  
expressly provided  
herein, but solely as  
Pass Through Trustee  
under the Pass Through  
Trust Agreement for the  
Continental Airlines  
Pass Through Trust,  
1997-1A-0

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

WILMINGTON TRUST COMPANY,  
not in its individual  
capacity, except as  
expressly provided  
herein, but solely as  
Pass Through Trustee  
under the Pass Through  
Trust Agreement for the  
Continental Airlines  
Pass Through Trust,  
1997-1B-0

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

WILMINGTON TRUST COMPANY,  
not in its individual  
capacity, except as  
expressly provided  
herein, but solely as  
Pass Through Trustee  
under the Pass Through  
Trust Agreement for the  
Continental Airlines  
Pass Through Trust,  
1997-[1C-I][1C-II]-0

By -----  
Name:  
Title:

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
except as expressly provided  
herein, but solely as  
Subordination Agent

By -----  
Name:  
Title:

## ANNEX A

## DEFINITIONS

## GENERAL PROVISIONS

(a) In each Operative Agreement, unless otherwise expressly provided, a reference to:

(i) each of "Lessee," "Lessor," "Loan Participant," "Owner Trustee," "Owner Participant," "Mortgagee," "Note Holder" or any other person includes, without prejudice to the provisions of any Operative Agreement, any successor in interest to it and any permitted transferee, permitted purchaser or permitted assignee of it;

(ii) words importing the plural include the singular and words importing the singular include the plural;

(iii) any agreement, instrument or document, or any annex, schedule or exhibit thereto, or any other part thereof, includes, without prejudice to the provisions of any Operative Agreement, that agreement, instrument or document, or annex, schedule or exhibit, or part, respectively, as amended, modified or supplemented from time to time in accordance with its terms and in accordance with the Operative Agreements, and any agreement, instrument or document entered into in substitution or replacement therefor (including, without limitation, in the case of each Pass Through Trust Agreement, the "Related Pass Through Trust Agreement" as defined therein);

(iv) any provision of any Law includes any such provision as amended, modified, supplemented, substituted, reissued or reenacted prior to the Delivery Date, and thereafter from time to time;

(v) the words "Agreement," "this Agreement," "hereby," "herein," "hereto," "hereof" and "hereunder" and words of similar import when used in any Operative Agreement refer to such Operative Agreement as a whole and not to any particular provision of such Operative Agreement;

## ANNEX A BASE

(vi) the words "including," "including, without limitation," "including, but not limited to," and terms or phrases of similar import when used in any Operative Agreement, with respect to any matter or thing, mean including, without limitation, such matter or thing; and

(vii) a "Section," an "Exhibit," an "Annex" or a "Schedule" in any Operative Agreement, or in any annex thereto, is a reference to a section of, or an exhibit, an annex or a schedule to, such Operative Agreement or such annex, respectively.

(b) Each exhibit, annex and schedule to each Operative Agreement is incorporated in, and shall be deemed to be a part of, such Operative Agreement.

(c) Unless otherwise defined or specified in any Operative Agreement, all accounting terms therein shall be construed and all accounting determinations thereunder shall be made in accordance with GAAP.

(d) Headings used in any Operative Agreement are for convenience only and shall not in any way affect the construction of, or be taken into consideration in interpreting, such Operative Agreement.

(e) For purposes of each Operative Agreement, the occurrence and continuance of a Lease Default or Lease Event of Default referred to in Section 14.5 shall not be deemed to prohibit the Lessee from taking any action or exercising any right that is conditioned on no Lease Event of Default, Lease Default or Special Default having occurred and be continuing if such Lease Default or Lease Event of Default consists of the institution of reorganization proceedings with respect to Lessee under Chapter 11 of the Bankruptcy Code and the trustee or debtor-in-possession in such proceedings shall have (i) agreed to perform its obligations under the Lease with the approval of the applicable court and thereafter shall have continued to perform such obligations in accordance with Section 1110 or (ii) shall have assumed the Lease with the approval of the relevant court and thereafter shall have continued to perform its obligations under the Lease.

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## DEFINED TERMS

"Act" means part A of subtitle VII of title 49, United States Code.

"Actual Knowledge" means (a) as it applies to Owner Trustee or Mortgagee, as the case may be, actual knowledge of a responsible officer in the Corporate Trust Department or the Corporate Trust Office, respectively, and (b) as it applies to Owner Participant or Lessee, actual knowledge of a Vice President or more senior officer of Owner Participant or Lessee, respectively, or any other officer of Owner Participant or Lessee, respectively, having responsibility for the transactions contemplated by the Operative Agreements; provided that each of Lessee, Owner Participant, Owner Trustee and Mortgagee shall be deemed to have "Actual Knowledge" of any matter as to which it has received notice from Lessee, Owner Participant, any Note Holder, Owner Trustee or Mortgagee, such notice having been given pursuant to Section 15.7 of the Participation Agreement.

"Additional Insured" is defined in Section D of Annex D to the Lease.

"Adverse Change in Tax Law" means (a) for Lessee, a Change in Tax Law that Lessee regards as one that could adversely affect the economic consequences of the transactions contemplated by the Participation Agreement and the other Operative Agreements that are anticipated by Lessee or (b) for Owner Participant, any Change in Tax Law that would adversely affect any of the following tax assumptions:

(i) For federal income tax purposes, the Lease will be a "true" lease for purposes of the Code and Owner Participant will be treated as the owner of the Aircraft and Lessee will be treated as the lessee thereof;

(ii) For federal income tax purposes, Owner Participant will be entitled to depreciation or cost recovery deductions with respect to Lessor's Cost of the Aircraft; and

(iii) For federal income tax purposes, Owner Participant will be entitled to deductions for interest payments on the Equipment Notes.

## ANNEX A BASE



"Affiliate" means, with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with such person. For purposes of this definition, "control" means the power, directly or indirectly, to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise and "controlling," "controlled by" and "under common control with" have correlative meanings.

"Aircraft" means, collectively, the Airframe and Engines.

"Aircraft Bill of Sale" means the full warranty bill of sale covering the Aircraft delivered by Airframe Manufacturer to Owner Trustee on the Delivery Date.

"Aircraft Documents" means all technical data, manuals and log books, and all inspection, modification and overhaul records and other service, repair, maintenance and technical records that are required by the FAA (or the relevant Aviation Authority), to be maintained with respect to the Aircraft, Airframe, Engines or Parts; and such term shall include all additions, renewals, revisions and replacements of any such materials from time to time made, or required to be made, by the FAA (or other Aviation Authority) regulations, and in each case in whatever form and by whatever means or medium (including, without limitation, microfiche, microfilm, paper or computer disk) such materials may be maintained or retained by or on behalf of Lessee (provided, that all such materials shall be maintained in the English language).

"Airframe" means (a) the aircraft (excluding Engines or engines from time to time installed thereon) manufactured by Airframe Manufacturer and identified by Airframe Manufacturer's model number, United States registration number and Airframe Manufacturer's serial number set forth in Lease Supplement No. 1 and any Replacement Airframe and (b) any and all Parts incorporated or installed in or attached or appurtenant to such airframe, and any and all Parts removed from such airframe, unless title to such Parts shall not be vested in Lessor in accordance with Section 8.1 and Annex C of the Lease. Upon substitution of a Replacement Airframe under and in accordance with the Lease, such Replacement Airframe shall become subject to the Lease and shall be the "Airframe" for all purposes of the Lease and the other Operative Agreements and thereupon the Airframe for which the substitution is made shall no longer be subject to the Lease, and such replaced Airframe shall cease to be the "Airframe."

ANNEX A BASE

"Airframe Manufacturer" means The Boeing Company, a Delaware corporation.

"Amortization Amount" means, with respect to any Equipment Note, as of any Payment Date, the amount determined by multiplying the percentage set forth opposite such Date on the Amortization Schedule by the Original Amount of such Equipment Note.

"Amortization Schedule" means, with respect to each Equipment Note, the amortization schedule for such Equipment Note delivered pursuant to Section 2.02 of the Trust Indenture.

"Applicable Pass Through Trust" means each of the separate pass through trusts created under the Applicable Pass Through Trust Agreements.

"Applicable Pass Through Trust Agreement" means each of the separate Pass Through Trust Agreements by and between the Lessee and an Applicable Pass Through Trustee.

"Applicable Pass Through Trustee" means each Pass Through Trustee that is a party to the Participation Agreement.

"Appraiser" means a firm of internationally recognized, independent aircraft appraisers.

"Average Life Date" for any Equipment Note shall be the date which follows the time of determination by a period equal to the Remaining Weighted Average Life of such Equipment Note. "Remaining Weighted Average Life" on a given date with respect to any Equipment Note shall be the number of days equal to the quotient obtained by dividing (a) the sum of each of the products obtained by multiplying (i) the amount of each then remaining scheduled payment of principal of such Equipment Note by (ii) the number of days from and including such determination date to but excluding the date on which such payment of principal is scheduled to be made, by (b) the then outstanding principal amount of such Equipment Note.

"Aviation Authority" means the FAA or, if the Aircraft is permitted to be, and is, registered with any other Government Entity under and in accordance with Section 7.1.2 of the Lease, such other Government Entity.

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"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq.

"Base Lease Term" means the period beginning on and including the Commencement Date and ending on the Scheduled Expiration Date, or such earlier date on which the Term terminates in accordance with the provisions of the Lease.

"Basic Rent" means the rent payable for the Aircraft pursuant to Section 3.2.1(a) of the Lease.

"Beneficial Owner" when used in relation to an Equipment Note means a Person that, by reason of direct ownership, contract, share ownership or otherwise, has the right to receive or participate in receiving, directly or indirectly, payments of principal, interest or Make-Whole Amount in respect of such Equipment Note; provided that a Person shall not be deemed to be a Beneficial Owner of an Equipment Note solely because another Person in which such a Person owns common stock or other equity securities is a registered holder or Beneficial Owner of such Equipment Note unless such Person is an Affiliate of such other Person.

"BFE" means all appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment of whatever nature sold by Lessee to Owner Trustee pursuant to the BFE Bill of Sale.

"BFE Amount" means the amount paid by Owner Trustee to Lessee to purchase the BFE, and is designated by Dollar amount in Schedule 3 to the Participation Agreement.

"BFE Bill of Sale" means the full warranty bill of sale executed by Lessee in favor of Owner Trustee, dated the Delivery Date, identifying and covering the BFE.

"Bills of Sale" means the FAA Bill of Sale, the Aircraft Bill of Sale and the BFE Bill of Sale.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized or required by law to close in New York, New York, Houston, Texas, Wilmington, Delaware, or Salt Lake City, Utah.

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"Cash Equivalents" means the following securities (which shall mature within 90 days of the date of purchase thereof): (a) direct obligations of the U.S. Government; (b) obligations fully guaranteed by the U.S. Government; (c) certificates of deposit issued by, or bankers' acceptances of, or time deposits or a deposit account with, Owner Trustee, Mortgagee or any bank, trust company or national banking association incorporated or doing business under the laws of the United States or any state thereof having a combined capital and surplus and retained earnings of at least \$500,000,000 and having a rate of "C" or better from the Thomson BankWatch Service; or (d) commercial paper of any issuer doing business under the laws of the United States or one of the states thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's Corporation or Moody's Investors Service, Inc. equal to A1 or higher.

"Change in Tax Law" means any amendment, modification, addition or change in or to the provisions of the Code, any other federal tax statutes, the Treasury Regulations promulgated thereunder, the Internal Revenue Service Revenue Rulings, Revenue Procedures or other administrative or judicial interpretations of the Code or the federal tax statutes that affects the tax assumptions set forth in the Tax Indemnity Agreement or otherwise affects Owner Participant's anticipated Net Economic Return (other than a change in the alternative minimum tax or other change that results in Owner Participant being subject to alternative minimum tax or unable to fully utilize tax benefits because of its particular tax situation).

"Citizen of the United States" is defined in Section 40102(a)(15) of the Act and in the FAA Regulations.

"Closing" means the closing of the transactions contemplated by the Participation Agreement on the Delivery Date.

"Code" means the Internal Revenue Code of 1986, as amended; provided, that when used in relation to a Plan, "Code" shall mean the Internal Revenue Code of 1986 and any regulations and rulings issued thereunder, all as amended and in effect from time to time.

"Commencement Date" is defined in Schedule 1 to the Lease.

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"Commitment" means, for any Participant, the amount of its participation in the payment of Lessor's Cost.

"Commitment Termination Date" is defined in Schedule 3 to the Participation Agreement.

"Consent and Agreement" means the Manufacturer Consent and Agreement \_\_\_\_\_, dated as of even date with the Participation Agreement, of Airframe Manufacturer.

"Continuous Stay Period" is defined in Section 4.04(a) of the Trust Indenture.

"Corporate Trust Department" or "Trust Office" means the principal corporate trust office of Owner Trustee located from time to time at Owner Trustee's address for notices under the Participation Agreement or such other office at which Owner Trustee's corporate trust business shall be administered which Owner Trustee shall have specified by notice in writing to Lessee, Mortgagee and each Note Holder.

"Corporate Trust Office" means the principal office of Mortgagee located at Mortgagee's address for notices under the Participation Agreement or such other office at which Mortgagee's corporate trust business shall be administered which Mortgagee shall have specified by notice in writing to Lessee, Owner Trustee and each Note Holder.

"CRAF" means the Civil Reserve Air Fleet Program established pursuant to 10 U.S.C. Section 9511-13 or any similar substitute program.

"Debt" means any liability for borrowed money, or any liability for the payment of money in connection with any letter of credit transaction or any other liabilities evidenced or to be evidenced by bonds, debentures, notes or other similar instruments.

"Debt Rate" means, with respect to (i) any Series, the rate per annum specified for such Series under the heading "Interest Rate" in Schedule I to the Trust Indenture and (ii) any other purpose, with respect to any period, the weighted average interest rate per annum during such period borne by the outstanding Equipment Notes, excluding any interest payable at the Payment Due Rate.

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"Default" means any event or condition that with the giving of notice or the lapse of time or both would become an Event of Default.

"Delayed Delivery Date" means a delayed Delivery Date notified to each Participant, Owner Trustee and Mortgagee by Lessee pursuant to Section 4.3 of the Participation Agreement, which delayed Delivery Date shall be a Business Day not later than the Commitment Termination Date.

"Delivery Date" means the Business Day specified in Lease Supplement No. 1 as the date on which, among other things, the Aircraft is delivered to and accepted by Lessee under the Lease and the Closing occurs.

"Deposit Agreement" means each of the four Deposit Agreements between the Depository and the Escrow Agent, dated as of the Issuance Date, each of which relates to one of the Pass Through Trusts, provided that, for purposes of any obligation of Lessee, no amendment, modification or supplement to, or substitution or replacement of, any such Deposit Agreement shall be effective unless consented to by Lessee.

"Depository" means Credit Suisse First Boston, New York Branch, as Depository under each Deposit Agreement.

"Dollars," "United States Dollars" or "\$" means the lawful currency of the United States.

"DOT" means the Department of Transportation of the United States or any Government Entity succeeding to the functions of such Department of Transportation.

"Engine" means (a) each of the engines manufactured by Engine Manufacturer and identified by Engine Manufacturer's model number and Engine Manufacturer's serial number set forth in Lease Supplement No. 1 and originally installed on the Airframe on delivery thereof pursuant to the Lease, and any Replacement Engine, in any case whether or not from time to time installed on such Airframe or installed on any other airframe or aircraft, and (b) any and all Parts incorporated or installed in or attached or appurtenant to such engine, and any and all Parts removed from such engine, unless title to such Parts shall not be vested in Lessor in accordance with Section 8.1 and Annex C of the Lease. Upon substitution of a Replacement Engine under and in accordance

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with the Lease, such Replacement Engine shall become subject to the Lease and shall be an "Engine" for all purposes of the Lease and the other Operative Agreements and thereupon the Engine for which the substitution is made shall no longer be subject to the Lease, and such replaced Engine shall cease to be an "Engine."

"Enforcement Date" is defined in Section 4.03 of the Trust Indenture.

"Engine Consent and Agreement" means the Engine Manufacturer Consent and Agreement dated as of even date with the Participation Agreement, of Engine Manufacturer.

"Engine Manufacturer" means [CFM INTERNATIONAL, A DELAWARE CORPORATION.] [ROLLS-ROYCE PLC, A CORPORATION ORGANIZED UNDER THE LAWS OF ENGLAND.]

"Equipment Note Register" is defined in Section 2.07 of the Trust Indenture.

"Equipment Notes" means and includes any equipment notes issued under the Trust Indenture in the form specified in Section 2.01 thereof (as such form may be varied pursuant to the terms of the Trust Indenture) and any Equipment Note issued under the Trust Indenture in exchange for or replacement of any Equipment Note.

"ERISA" means the Employee Retirement Income Security Act of 1974 and any regulations and rulings issued thereunder all as amended and in effect from time to time.

"Escrow Agent" means First Security Bank, National Association, as Escrow Agent under each of the Escrow Agreements.

"Escrow Agreement" means each of the four Escrow and Paying Agent Agreements, among the Escrow Agent, the Paying Agent, certain initial purchasers of the Pass Through Certificates named therein and one of the Pass Through Trustees, dated as of the Issuance Date, each of which relates to one of the Pass Through Trusts, provided that, for purposes of any obligation of Lessee, no amendment, modification or supplement to, or substitution or replacement of, any such Escrow Agreement shall be effective unless consented to by Lessee.

"Event of Default" is defined in Section 4.02 of the Trust Indenture.

"Event of Loss" means, with respect to the Aircraft, Airframe or any Engine, any of the following circumstances, conditions or events with respect to such property, for any reason whatsoever:

- (a) the destruction of such property, damage to such property beyond economic repair or rendition of such property permanently unfit for normal use by Lessee;
- (b) the actual or constructive total loss of such property or any damage to such property, or requisition of title or use of such property, which results in an insurance settlement with respect to such property on the basis of a total loss or constructive or compromised total loss;
- (c) any theft, hijacking or disappearance of such property for a period of 180 consecutive days or more;
- (d) any seizure, condemnation, confiscation, taking or requisition (including loss of title) of such property by any Government Entity or purported Government Entity (other than a requisition of use by a Permitted Government Entity) for a period exceeding 180 consecutive days or, if earlier, at the end of the Term or, in the case of a requisition of title, the requisition of title shall not have been reversed within 90 days from the date of such requisition of title or, if earlier, at the end of the Term;
- (e) any seizure, condemnation, confiscation, taking or requisition of use of such property by any U.S. Government Entity that continues until the 30th day after the last day of the Term, provided that no such Event of Loss shall exist if Lessor shall have elected not to treat such event as an Event of Loss pursuant to Section 10.6 of the Lease; and
- (f) as a result of any law, rule, regulation, order or other action by the Aviation Authority or by any Government Entity of the government of registry of the Aircraft or by any Government Entity otherwise having jurisdiction over the operation or use of the Aircraft, the use of such property in the normal course of Lessee's business of passenger air transportation is

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prohibited for a period of 180 consecutive days, unless Lessee, prior to the expiration of such 180 day period, shall have undertaken and shall be diligently carrying forward such steps as may be necessary or desirable to permit the normal use of such property by Lessee, but in any event if such use shall have been prohibited for a period of two consecutive years, provided that no Event of Loss shall be deemed to have occurred if such prohibition has been applicable to Lessee's entire U.S. fleet of such property and Lessee, prior to the expiration of such two-year period, shall have conformed at least one unit of such property in its fleet to the requirements of any such law, rule, regulation, order or other action and commenced regular commercial use of the same in such jurisdiction and shall be diligently carrying forward, in a manner which does not discriminate against such property in so conforming such property, steps which are necessary or desirable to permit the normal use of the Aircraft by Lessee, but in any event if such use shall have been prohibited for a period of three years or such use shall be prohibited at the expiration of the Term.

"Excluded Payments" means (i) indemnity payments paid or payable by Lessee to or in respect of Owner Participant, or Owner Trustee in its individual capacity, their respective Affiliates, successors and permitted assigns and their directors, officers, employees, servants and agents pursuant to Section 9 of the Participation Agreement or any corresponding payments under the Lease, (ii) proceeds of public liability insurance paid or payable as a result of insurance claims made, or losses suffered, by Owner Trustee in its individual capacity or by Owner Participant, that are payable directly to Owner Trustee in its individual capacity, or Owner Participant, respectively, for their own account, (iii) proceeds of insurance maintained with respect to the Aircraft by Owner Participant or any Affiliate thereof for its or their own account or benefit (whether directly or through Owner Trustee) and permitted under Section 11.2 of the Lease, (iv) all payments required to be made under the Tax Indemnity Agreement by Lessee whether or not denominated as Supplemental Rent, (v) any Transaction Expenses paid or payable by the Lessee to the Owner Trustee (to the extent for its sole benefit) or the Owner Participant pursuant to the Lease or the Participation Agreement, (vi) any amount payable to the Owner

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Participant by any transferee as the purchase price of the Owner Participant's interest in the Trust Estate, (vii) any interest that pursuant to the Operative Agreements may from time to time accrue in respect of any of the amounts described in clauses (i) through (vi) above, (viii) any right to enforce the payment of any amount described in clauses (i) through (vii) above (provided, that the rights referred to in this clause (viii) shall not be deemed to include the exercise of any remedies provided for in the Lease other than the right to sue for specific performance of any covenant to make such payment or to sue for damages in respect of the breach of any such covenant) and (ix) any right to exercise any election or option or make any decision or determination, or to give or receive any notice, consent, waiver or approval, or to take any other action in respect of, but in each case, only to the extent relating to, any Excluded Payments.

"Expenses" means any and all liabilities, obligations, losses, damages, settlements, penalties, claims, actions, suits, costs, expenses and disbursements (including, without limitation, reasonable fees and disbursements of legal counsel, accountants, appraisers, inspectors or other professionals, and costs of investigation).

"FAA" means the Federal Aviation Administration of the United States or any Government Entity succeeding to the functions of such Federal Aviation Administration.

"FAA Bill of Sale" means a bill of sale for the Aircraft on AC Form 8050-2 (or such other form as may be approved by the FAA) delivered to Owner Trustee on the Delivery Date by Airframe Manufacturer.

"FAA Filed Documents" means the Lease, Lease Supplement No. 1, the Trust Indenture, the Trust Agreement, the Trust Indenture Supplement, the FAA Bill of Sale and an application for registration of the Aircraft with the FAA in the name of Owner Trustee.

"FAA Regulations" means the Federal Aviation Regulations issued or promulgated pursuant to the Act from time to time.

"Fair Market Rental Value" means the fair market rental value in Dollars for the Aircraft that would apply in an arm's-length transaction between an informed and willing lessee under

no compulsion to lease, and an informed and willing lessor under no compulsion to lease, the Aircraft, for the applicable Renewal Lease Term, assuming that (a) the Aircraft has been maintained in accordance with, and is in the condition required by, the Lease, (b) payments of rent would be made semiannually, and (c) the Aircraft would be leased during any such Renewal Term on the same terms and conditions as are set forth in the Lease with respect to the Base Lease Term.

"Fair Market Sales Value" means the fair market sales value in Dollars for the Aircraft that would apply in an arm's-length transaction between an informed and willing buyer under no compulsion to buy, and an informed and willing seller under no compulsion to sell, the Aircraft, in a transaction that would close on or about the relevant time of determination, assuming that (a) the Aircraft has been maintained in accordance with, and is in the condition required by, the Lease and (b) the Aircraft would be delivered to such informed and willing buyer in the return condition required by the Lease.

"Financing Statements" means, collectively, UCC-1 (and, where appropriate, UCC-3) financing statements (a) covering the Trust Indenture Estate, by Owner Trustee, as debtor, showing Mortgagee as secured party, for filing in Utah and each other jurisdiction that, in the opinion of Mortgagee, is necessary to perfect its Lien on the Trust Indenture Estate and (b) covering the Lease and the Aircraft, as a precautionary matter, by Lessee, as lessee, showing Owner Trustee as lessor and Mortgagee as assignee of Owner Trustee, for filing in Texas and each other jurisdiction that, in the opinion of Owner Trustee and Mortgagee, is reasonably desirable.

"First Security" means First Security Bank, National Association, a national banking association, not in its capacity as Owner Trustee under the Trust Agreement, but in its individual capacity.

"Fixed Renewal Lease Term" means each term for which the Lease is extended by Lessee, if any, pursuant to the first and second such extensions in accordance with Section 17 of the Lease.

"GAAP" means generally accepted accounting principles as set forth in the statements of financial accounting standards issued by the Financial Accounting Standards Board of the American

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Institute of Certified Public Accountants, as such principles may at any time or from time to time be varied by any applicable financial accounting rules or regulations issued by the SEC and, with respect to any person, shall mean such principles applied on a basis consistent with prior periods except as may be disclosed in such person's financial statements.

"Government Entity" means (a) any federal, state, provincial or similar government, and any body, board, department, commission, court, tribunal, authority, agency or other instrumentality of any such government or otherwise exercising any executive, legislative, judicial, administrative or regulatory functions of such government or (b) any other government entity having jurisdiction over any matter contemplated by the Operative Agreements or relating to the observance or performance of the obligations of any of the parties to the Operative Agreements.

"GTA" means the General Terms Agreement as defined in the Purchase Agreement Assignment.

"Indemnitee" means (i) First Security and Owner Trustee, (ii) WTC and Mortgagee, (iii) each separate or additional trustee appointed pursuant to the Trust Agreement or the Trust Indenture, (iv) each Participant, (v) the Trust Estate and the Trust Indenture Estate, (vi) the Subordination Agent, the Paying Agent and the Escrow Agent, (vii) the Liquidity Providers, (viii) the Pass Through Trustees, (ix) each Affiliate of the persons described in clauses (i) through (iv), inclusive, (x) each Affiliate of the persons described in clauses (vi), (vii) and (viii), (xi) the respective directors, officers, employees, agents and servants of each of the persons described in clauses (i) through (iv) inclusive and in clause (ix), (xii) the respective directors, officers, employees, agents and servants of each of the persons described in clauses (vi), (vii), (viii), and (x), (xiii) the successors and permitted assigns of the persons described in clauses (i) through (iv), inclusive, and in clauses (ix) and (xi), and (xiv) the successors and permitted assigns of the persons described in clauses (vi), (vii), (viii), (x) and (xii); provided that the persons described in clauses (vi), (vii), (viii), (x), (xii) and (xiv) are Indemnitees only for purposes of Section 9.1 of the Participation Agreement. If any Indemnitee is Airframe Manufacturer or Engine Manufacturer or any subcontractor or supplier of either thereof, such Person shall be

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an Indemnitee only in its capacity as Owner Participant, Loan Participant or Note Holder.

"Indenture Agreements" means the Participation Agreement, the Lease, the Purchase Agreement, the Purchase Agreement Assignment, the Consent and Agreement, the Engine Consent and Agreement, the Bills of Sale and any other contract, agreement or instrument from time to time assigned or pledged under the Trust Indenture.

"Indenture Default" means any condition, circumstance, act or event that, with the giving of notice, the lapse of time or both, would constitute an Indenture Event of Default.

"Indenture Event of Default" means any one or more of the conditions, circumstances, acts or events set forth in Section 4.02 of the Trust Indenture.

"Indenture Indemnitee" means (i) WTC and the Mortgagee, (ii) each separate or additional trustee appointed pursuant to the Trust Indenture, (iii) the Subordination Agent, (iv) each Liquidity Provider, (v) each Pass Through Trustee, (vi) the Paying Agent, (vii) the Escrow Agent and (viii) each of the respective directors, officers, employees, agents and servants of each of the persons described in clauses (i) through (vii) inclusive above.

"Intercreditor Agreement" means that certain Intercreditor Agreement among the Pass Through Trustees, the Liquidity Providers and the Subordination Agent, dated as of the Issuance Date, provided that, for purposes of any obligation of Lessee, no amendment, modification or supplement to, or substitution or replacement of, such Intercreditor Agreement shall be effective unless consented to by Lessee.

"Interim Lease Term" means the period commencing on and including the Delivery Date, and ending on and including the day immediately preceding the Commencement Date or such earlier date on which the Term terminates in accordance with the provisions of the Lease.

"Interim Rent" is defined in Schedule 1 to the Lease.

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"IRS" means the Internal Revenue Service of the United States or any Government Entity succeeding to the functions of such Internal Revenue Service.

"Issuance Date" means March 21, 1997.

"Law" means (a) any constitution, treaty, statute, law, decree, regulation, order, rule or directive of any Government Entity, and (b) any judicial or administrative interpretation or application of, or decision under, any of the foregoing.

"Lease" or "Lease Agreement" means the Lease Agreement, dated as of even date with the Participation Agreement, between Owner Trustee and Lessee.

"Lease Default" means any condition, circumstance, act or event that, with the giving of notice, the lapse of time or both, would constitute a Lease Event of Default.

"Lease Event of Default" means any one or more of the conditions, circumstances, acts or events set forth in Section 14 of the Lease.

"Lease Supplement" means a supplement to the Lease, in the form of Exhibit A to the Lease.

"Lease Supplement No. 1" means the initial Lease Supplement, dated the Delivery Date.

"Lessee" means Continental Airlines, Inc., a Delaware corporation.

"Lessee Operative Agreements" means the Participation Agreement, the Lease, Lease Supplement No. 1, the Tax Indemnity Agreement, the BFE Bill of Sale, the Purchase Agreement Assignment and each other agreement between Lessee and any other party to the Participation Agreement, relating to the Transactions, delivered on the Delivery Date.

"Lessee Person" means Lessee, any sublessee, assignee, successor or other user or person in possession of the Aircraft, Airframe or an Engine with or without color of right, or any Affiliate of any of the foregoing (excluding any Tax Indemnitee or any related Tax Indemnitee with respect thereto, or any person using or claiming any rights with respect to the Aircraft, Airframe or an Engine directly by or through any of the persons

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in this parenthetical, but not excluding any Person claiming directly or indirectly through or under the Lease).

"Lessee's Advisor" is defined in Schedule 3 to the Participation Agreement.

"Lessor" means Owner Trustee in its capacity as lessor under the Lease.

"Lessor Lien" means, with respect to any person and in respect of any property (including, without limitation, the Trust Estate, the Trust Indenture Estate, the Aircraft, Airframe, Engines, Parts or Aircraft Documents) or any payments, any Lien on such property or payments which (a) arises from claims against such person (if such person is a trustee, whether in its individual capacity or in its capacity as a trustee) not related to any of the transactions contemplated by the Operative Agreements, (b) results from acts or omissions of such person (if such person is a trustee, whether in its individual capacity or in its capacity as a trustee) in violation of such person's obligations under any of the terms of the Operative Agreements, or not related to the transactions contemplated by the Operative Agreements, (c) is imposed as a result of Taxes against such person (if such person is a trustee, whether in its individual capacity or in its capacity as a trustee) or any of its Affiliates not required to be indemnified by Lessee under the Participation Agreement, or (d) claims against such person arising out of any transfer by such person of its interest in the Aircraft, the Trust Estate or the Operative Agreements, other than a Transfer permitted by the terms of the Operative Agreements or pursuant to the exercise of remedies set forth in Section 15 of the Lease.

"Lessor's Cost" means the aggregate of the amounts paid by Owner Trustee to Airframe Manufacturer and Lessee to purchase the Aircraft and BFE pursuant to the Purchase Agreement Assignment and the Participation Agreement, and is designated by Dollar amount in Schedule 3 to the Participation Agreement.

"Lien" means any mortgage, pledge, lien, charge, claim, encumbrance, lease or security interest affecting the title to or any interest in property.

"Liquidity Facilities" means the eight Revolving Credit Agreements (consisting of a separate Revolving Credit Agreement

with each Liquidity Provider with respect to each Pass Through Trust) between the Subordination Agent, as borrower, and a Liquidity Provider, each dated as of the Issuance Date, provided that, for purposes of any obligation of Lessee, no amendment, modification or supplement to, or substitution or replacement of, any such Liquidity Facility shall be effective unless consented to by Lessee.

"Liquidity Provider" means ABN AMRO Bank N.V., acting through its Chicago branch, or ING Bank N.V., each as a Class A Liquidity Provider, Class B Liquidity Provider, Class C-I Liquidity Provider and Class C-II Liquidity Provider (as such terms are defined in the Intercreditor Agreement) under the respective Liquidity Facilities, or any successor thereto.

"Loan Participants" mean, until the Closing shall have been consummated, the Applicable Pass Through Trustees, and after the Closing shall have been consummated, each Note Holder.

"Loss Payment Date" means the date on which payment is due pursuant to Section 10.1.2(a)(i) of the Lease.

"Maintenance Program" is defined in Annex C to the Lease.

"Majority in Interest of Note Holders" means as of a particular date of determination, the holders of a majority in aggregate unpaid Original Amount of all Equipment Notes outstanding as of such date (excluding any Equipment Notes held by Owner Trustee, Lessee, or Owner Participant or any Affiliate of any such party or any interests of Owner Trustee or Owner Participant therein by reason of subrogation pursuant to Section 4.03 of the Trust Indenture (unless all Equipment Notes then outstanding shall be held by Owner Trustee, Lessee, Owner Participant or any Affiliate of any thereof)); provided that for the purposes of directing any action or casting any vote or giving any consent, waiver or instruction hereunder any Note Holder of an Equipment Note or Equipment Notes may allocate, in such Note Holder's sole discretion, any fractional portion of the principal amount of such Equipment Note or Equipment Notes in favor of or in opposition to any such action, vote, consent, waiver or instruction.

"Make-Whole Amount" means, with respect to any Equipment Note, an amount (as determined by an independent investment banker of national standing) equal to the excess, if any, of



(a) the present value of the remaining scheduled payments of principal and interest to maturity of such Equipment Note computed by discounting such payments on a semiannual basis on each Payment Date (assuming a 360-day year of twelve 30- day months) using a discount rate equal to the Treasury Yield over

(b) the outstanding principal amount of such Equipment Note plus accrued interest to the date of determination. For purposes of determining the Make-Whole Amount, "Treasury Yield" means, at the date of determination with respect to any Equipment Note, the interest rate (expressed as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semi-annual yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note and trading in the public securities markets either as determined by interpolation between the most recent weekly average yield to maturity for two series of United States Treasury securities, trading in the public securities markets, (A) one maturing as close as possible to, but earlier than, the Average Life Date of such Equipment Note and (B) the other maturing as close as possible to, but later than, the Average Life Date of such Equipment Note, in each case as published in the most recent H.15(519) or, if a weekly average yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note is reported on the most recent H.15(519), such weekly average yield to maturity as published in such H.15(519) "H.15(519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System. The date of determination of a Make-Whole Amount shall be the third Business Day prior to the applicable payment or redemption date and the "most recent H.15(519)" means the H.15(519) published prior to the close of business on the third Business Day prior to the applicable payment or redemption date.

"Manufacturer's Purchase Price" means the amount required to be paid to the Airframe Manufacturer to purchase the Aircraft pursuant to the Purchase Agreement Assignment.

"Material Adverse Change" means, with respect to any person, any event, condition or circumstance that materially and adversely affects such person's business or consolidated financial condition, or its ability to observe or perform its obligations, liabilities and agreements under the Operative Agreements.

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"Minimum Liability Insurance Amount" is defined in Schedule 1 to the Lease.

"Mortgaged Property" is defined in Section 3.03 of the Trust Indenture.

"Mortgagee" means Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity but solely as loan trustee under the Trust Indenture.

"Mortgagee Agreements" means, collectively, the Participation Agreement, the Trust Indenture and each other agreement between Mortgagee and any other party to the Participation Agreement, relating to the Transactions, delivered on the Delivery Date.

"Mortgagee Event" means (i) in the event of a reorganization proceeding involving the Lessee under Chapter 11 of the Bankruptcy Code, (A) the trustee in such proceeding or the Lessee not assuming or agreeing to perform its obligations under the Lease, as contemplated under Section 1110, during the 60-day period under Section 1110(a)(1)(A) of the Bankruptcy Code (or such longer period as may apply under Section 1110(b) of the Bankruptcy Code) or (B) at any time after agreeing to perform or assume such obligations, such trustee or the Lessee ceasing to perform or assuming such obligations with the result that the Continuous Stay Period comes to an end or (ii) either the Equipment Notes shall have become due and payable pursuant to Section 4.04(b) of the Trust Indenture or Mortgagee has taken action or notified Owner Trustee that it intends to take action to foreclose the Lien of the Trust Indenture or otherwise commence the exercise of any significant remedy in accordance with Section 4.04(a) of the Trust Indenture.

"Net Economic Return" means the Owner Participant's net after-tax yield utilizing the multiple investment sinking fund method of analysis and aggregate net after-tax cash flow, computed on the basis of the same methodology and assumptions as were utilized by the initial Owner Participant in determining Basic Rent, Stipulated Loss Value percentages and Termination Value percentages, as of the Delivery Date, as such assumptions may be adjusted for events that have been the basis for

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adjustments to Basic Rent pursuant to Section 3.2.1(b) of the Lease or events giving rise to indemnity payments pursuant to Section 5.1 of the Tax Indemnity Agreement; provided, that, if the initial Owner Participant shall have transferred its interest, Net Economic Return shall be calculated as if the initial Owner Participant had retained its interest; provided further, that, notwithstanding the preceding proviso, solely for purposes of Section 11 of the Participation Agreement and calculating any adjustments to Basic Rent, Stipulated Loss Values and Termination Values in connection with a refunding pursuant to such Section 11 at a time when Owner Participant is a transferee (other than an Affiliate of the initial Owner Participant), the after-tax yield (but not the after-tax cash flow) component of Net Economic Return shall be calculated on the basis of the methodology and assumptions utilized by the transferee Owner Participant as of the date on which it acquired its interest.

"Net Present Value of Rents" means the present value, as of the date of determination, discounted at 10% per annum, compounded semiannually to the date of determination, of all unpaid Basic Rent payments during the then-remaining portion of the Base Lease Term, expressed as a percentage of Lessor's Cost.

"Net Worth" means, for any person, the excess of its total assets over its total liabilities.

"New Debt" means debt securities in an aggregate principal amount specified in the Refunding Information.

"Non-U.S. Person" means any Person other than a United States person, as defined in Section 7701(a)(30) of the Code.

"Note Holder" means at any time each registered holder of one or more Equipment Notes.

"Note Purchase Agreement" means the Note Purchase Agreement, dated as of the Issuance Date, among Continental Airlines, Inc., the Subordination Agent, the Escrow Agent, the Paying Agent and the Pass Through Trustee under each Pass Through Trust Agreement providing for, among other things, the issuance and sale of certain equipment notes.

"Officer's Certificate" means, in respect of any party to the Participation Agreement, a certificate signed by the Chairman, the President, any Vice President (including those with

varying ranks such as Executive, Senior, Assistant or Staff Vice President), the Treasurer or the Secretary of such party.

"Operative Agreements" means, collectively, the Participation Agreement, the Trust Agreement, the Purchase Agreement Assignment, the Consent and Agreement, the Engine Consent and Agreement, the Lease, Lease Supplement No. 1, the Trust Indenture, the initial Trust Indenture Supplement, the Bills of Sale, the Tax Indemnity Agreement and the Equipment Notes.

"Operative Indentures" means each of the indentures under which notes have been issued and purchased by the Pass Through Trustees pursuant to the Note Purchase Agreement.

"OP Jurisdiction" is defined in Schedule 3 to the Participation Agreement.

"Original Amount," with respect to an Equipment Note, means the stated original principal amount of such Equipment Note and, with respect to all Equipment Notes, means the aggregate stated original principal amounts of all Equipment Notes.

"Owner Participant" means the person executing the Participation Agreement as "Owner Participant" or, if a second person becomes an "Owner Participant" pursuant to Section 10.1.1 of the Participation Agreement, both of such persons; provided that if an Owner Participant Transfers 100% of its interest to a successor Owner Participant, such transferring Owner Participant shall thereafter no longer be considered an "Owner Participant".

"Owner Participant Agreements" means, collectively, the Participation Agreement, the Tax Indemnity Agreement, the Trust Agreement and each other agreement between Owner Participant and any other party to the Participation Agreement relating to the Transactions, delivered on the Delivery Date.

"Owner Participant's Percentage" means the percentage of Lessor's Cost allocated to the Owner Participant in Schedule 2 to the Participation Agreement.

"Owner Trustee" means First Security Bank, National Association, a national banking association, not in its individual capacity, except as expressly provided in any

Operative Agreement, but solely as Owner Trustee under the Trust Agreement.

"Owner Trustee Agreements" means, collectively, the Participation Agreement, the Lease, Lease Supplement No. 1, the Trust Agreement, the Trust Indenture, the initial Trust Indenture Supplement, the Equipment Notes, the Purchase Agreement Assignment, and each other agreement between Owner Trustee and any other party to the Participation Agreement, relating to the Transactions, delivered on the Delivery Date.

"Participants" means, collectively, Owner Participant and each Loan Participant and "Participant" means Owner Participant or a Loan Participant, individually.

"Participation Agreement" means the Participation Agreement dated as of \_\_\_\_\_ among Lessee, Owner Participant, Owner Trustee, the Applicable Pass Through Trustees, Subordination Agent and Mortgagee.

"Parts" means all appliances, parts, components, instruments, appurtenances, accessories, furnishings, seats and other equipment of whatever nature (other than (a) Engines or engines, and (b) any items leased by Lessee from a third party other than Lessor)), that may from time to time be installed or incorporated in or attached or appurtenant to the Airframe or any Engine.

"Pass Through Agreements" means the Pass Through Trust Agreements, the Note Purchase Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Liquidity Facilities and the Fee Letters referred to in Section 2.03 of each of the Liquidity Facilities provided, that no amendment, modification or supplement to, or substitution or replacement of, any such Fee Letter shall be effective for purposes of any obligation of Lessee, unless consented to by Lessee.

"Pass Through Certificates" means the pass through certificates issued by the Pass Through Trusts (and any other pass through certificates for which such pass through certificates may be exchanged).

"Pass Through Trust" means each of the four separate pass through trusts created under the Pass Through Trust Agreements.

ANNEX A BASE

"Pass Through Trust Agreement" means each of the four separate pass through trust agreements dated as of the Issuance Date by and between the Lessee and a Pass Through Trustee.

"Pass Through Trustee" means Wilmington Trust Company, a Delaware banking corporation, in its capacity as trustee under each Pass Through Trust Agreement.

"Pass Through Trustee Agreements" means the Participation Agreement, the Pass Through Trust Agreements, the Note Purchase Agreement, the Deposit Agreements, the Escrow Agreements, and the Intercreditor Agreement.

"Payment Date" means each April 1 and October 1 during the Term, commencing with the first such date to occur after the Commencement Date.

"Payment Due Rate" is defined in Schedule 1 to the Lease.

"Payment Period" means each of the consecutive semiannual periods during the Term ending on a Payment Date, the first such period commencing on and including the Commencement Date.

"Paying Agent" means Wilmington Trust Company, as Paying Agent under each of the Escrow Agreements.

"Permitted Air Carrier" means (i) any manufacturer of airframes or aircraft engines, or any Affiliate of a manufacturer of airframes or aircraft engines, (ii) any Permitted Foreign Air Carrier, (iii) any person approved in writing by Lessor or (iv) any U.S. Air Carrier.

"Permitted Country" means any country listed on Schedule 5 to the Lease.

"Permitted Foreign Air Carrier" means any air carrier with its principal executive offices in any Permitted Country and which is authorized to conduct commercial airline operations and to operate jet aircraft similar to the Aircraft under the applicable Laws of such Permitted Country.

"Permitted Government Entity" means (i) the U.S. Government or (ii) any Government Entity if the Aircraft is then registered under the laws of the country of such Government Entity.

ANNEX A BASE

"Permitted Institution" means (a) any bank, trust company, insurance company, financial institution or corporation (other than, without Lessee's consent, a commercial air carrier, a commercial aircraft operator, a freight forwarder or Affiliate of any of the foregoing), in each case with a combined capital and surplus or net worth of at least \$50,000,000.

"Permitted Lien" means any Lien described in clauses (a) through (g), inclusive, of Section 6 of the Lease.

"Permitted Sublease" means a sublease permitted under Section 7.2.7 of the Lease.

"Permitted Sublessee" means the sublessee under a Permitted Sublease.

"Persons" or "persons" means individuals, firms, partnerships, joint ventures, trusts, trustees, Government Entities, organizations, associations, corporations, government agencies, committees, departments, authorities and other bodies, corporate or incorporate, whether having distinct legal status or not, or any member of any of the same.

"Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA, or any plan within the meaning of Section 4975(e)(1) of the Code.

"Preliminary Notice" is defined in Section 17.1 of the Lease.

"Premium Termination Date" means April 1, 2010 in the case of the Series A Equipment Notes, April 1, 2007 in the case of the Series B Equipment Notes and April 1, 2003 in the case of the Series C Equipment Notes.

"PTT Percentage" means, with respect to each Applicable Pass Through Trustee, the percentage of Lessor's Cost allocated to such Pass Through Trustee in Schedule 2 to the Participation Agreement.

"Purchase Agreement" means the Purchase Agreement between Airframe Manufacturer and Lessee (including all exhibits thereto, together with all letter agreements entered into that by their terms constitute part of such Purchase Agreement), to the extent assigned pursuant to the Purchase Agreement Assignment.

ANNEX A BASE

"Purchase Agreement Assignment" means the Purchase Agreement and Engine Warranties Assignment, dated as of even date with the Participation Agreement, between Lessee and Owner Trustee.

"Purchase Date" means the last Business Day of the Base Lease Term or any Renewal Lease Term, as specified in any Purchase Notice.

"Purchase Notice" is defined in Section 17.3.1 of the Lease.

"QIB" is defined in Section 2.08 of the Trust Indenture.

"Refunding Certificate" means a certificate of an authorized representative of Owner Participant delivered pursuant to Section 11.1.1 of the Participation Agreement, setting forth (a) the Refunding Date and (b) the following information, subject to the limitations set forth in Section 11 of the Participation Agreement: (i) the principal amount of debt to be issued by Owner Trustee on the Refunding Date, (ii) the proposed adjusted debt/equity ratio and (iii) the proposed revised schedules of Basic Rent, Stipulated Loss Value percentages and Termination Value percentages, and the proposed Amortization Schedules, calculated in accordance with Section 3.2.1 of the Lease.

"Refunding Date" means the proposed date on which the outstanding Equipment Notes will be redeemed and refinanced pursuant to Section 11 of the Participation Agreement.

"Refunding Information" means the information set forth in the Refunding Certificate (other than the Refunding Date) as such information may have been revised by any verification procedures demanded by Lessee pursuant to Section 3.2.1(d) of the Lease.

"Registration Rights Agreement" means the Exchange and Registration Rights Agreement dated the Issuance Date by and among the Lessee and certain initial purchasers of the Pass Through Certificates named therein, providing for, among other things, the exchange offer with respect to such Pass Through Certificates to be registered under the Securities Act or the shelf registration of such Pass Through Certificates for a period specified therein.

ANNEX A BASE



"Renewal Lease Term" means, collectively, the Fixed Renewal Lease Terms and the Subsequent Renewal Lease Terms, in each case, if any.

"Renewal Notice" is defined in Section 17.2.1 of the Lease.

"Renewal Rent" for the Aircraft means the rent payable therefor in respect of a Renewal Lease Term determined pursuant to Section 17.2.2 of the Lease.

"Rent" means, collectively, Interim Rent, Basic Rent, Renewal Rent and Supplemental Rent.

"Replacement Airframe" means any airframe substituted for the Airframe pursuant to Section 10 of the Lease.

"Replacement Engine" means an engine substituted for an Engine pursuant to the Lease.

"Return Acceptance Supplement" means a Return Acceptance Supplement, dated as of the date the Aircraft is returned to Lessor pursuant to Section 5 of the Lease, by Lessor and Lessee substantially in the form of Exhibit B to the Lease.

"Scheduled Delivery Date" means the expected Delivery Date notified to each Participant, Owner Trustee and Mortgagee by Lessee pursuant to Section 4.1 of the Participation Agreement, which expected Delivery Date shall be a Business Day not later than the Commitment Termination Date.

"Scheduled Expiration Date" is defined in Schedule 1 to the Lease.

"Scheduled Renewal Term Expiration Date" means, in the case of the first Fixed Renewal Lease Term, the second anniversary of the Scheduled Expiration Date, in the case of the second Fixed Renewal Lease Term, the fourth anniversary of the Scheduled Expiration Date and, in the case of any Subsequent Renewal Lease Term, the day preceding the first anniversary of the commencement date of such Subsequent Renewal Lease Term.

"SEC" means the Securities and Exchange Commission of the United States, or any Government Entity succeeding to the functions of such Securities and Exchange Commission.

ANNEX A BASE

"Section 1110" means 11 U.S.C. Section 1110 of the Bankruptcy Code or any successor or analogous section of the federal bankruptcy Law in effect from time to time.

"Secured Obligations" is defined in Section 2.06 of the Trust Indenture.

"Securities Act" means the Securities Act of 1933, as amended.

"Security" means a "security" as defined in Section 2(1) of the Securities Act.

"Senior Holder" is defined in Section 2.14(c) of the Trust Indenture.

"Series" means any of Series A, Series B or Series C.

"Series A" or "Series A Equipment Notes" means Equipment Notes issued under the Trust Indenture and designated as "Series A" thereunder, in the Original Amount and maturities and bearing interest as specified in Schedule I to the Trust Indenture under the heading "Series A."

"Series B" or "Series B Equipment Notes" means Equipment Notes issued under the Trust Indenture and designated as "Series B" thereunder, in the Original Amount and maturities and bearing interest as specified in Schedule I to the Trust Indenture under the heading "Series B."

"Series C" or "Series C Equipment Notes" means Equipment Notes issued under the Trust Indenture and designated as "Series C" thereunder, in the Original Amount and maturities and bearing interest as specified in Schedule I to the Trust Indenture under the heading "Series C."

"Similar Aircraft" is defined in Schedule 1 to the Lease.

"SLV Rate" is defined in Schedule 1 to the Lease.

"Special Default" means (i) the failure by Lessee to pay any amount of Interim Rent, Basic Rent, Renewal Rent, Stipulated Loss Value or Termination Value when due or (ii) the occurrence of any Lease Default or Lease Event of Default referred to in Section 14.5 of the Lease.

"Stipulated Loss Value" means, with respect to the Aircraft, (a) during the Base Lease Term, the amount determined by multiplying (i) the percentage set forth in Schedule 3 to the Lease (as adjusted from time to time in accordance with Section 3.2.1 of the Lease) opposite the Stipulated Loss Value Date by (ii) Lessor's Cost and (b) during any Renewal Term, the amount determined pursuant to Section 17.2.3 of the Lease. Notwithstanding anything to the contrary in any Operative Agreement, Stipulated Loss Value shall always be sufficient to pay in full, as of the date of payment thereof (assuming timely payment of the Equipment Notes prior to such date), the aggregate unpaid principal amount of all Equipment Notes outstanding as of such date, together with accrued and unpaid interest on all such Equipment Notes as of such date.

"Stipulated Loss Value Date" means, for any month, the day in such month specified in Schedule 3 to the Lease or, if such day is not a Business Day, the immediately succeeding Business Day.

"Subordination Agent" means Wilmington Trust Company, as subordination agent under the Intercreditor Agreement.

"Subordination Agent Agreements" means the Participation Agreement, the Liquidity Facilities and the Intercreditor Agreement.

"Subsequent Renewal Lease Term" means each term for which the Lease is extended by Lessee, if any, after the second Fixed Renewal Lease Term.

"Supplemental Rent" means, without duplication (a) all amounts, liabilities, indemnities and obligations (other than Interim Rent, Basic Rent or Renewal Rent but including Make-Whole Amount, if any) that Lessee assumes or becomes obligated to or agrees to pay under any Lessee Operative Agreement to or on behalf of Lessor or any other person, including, without limitation, payments of Stipulated Loss Value, Termination Value and payments of indemnities under Section 9 of the Participation Agreement, (b) (i) to the extent not payable (whether or not in fact paid) under Section 6(a) of the Note Purchase Agreement (as originally in effect or amended with the consent of the Owner Participant), an amount or amounts equal to the fees payable to the relevant Liquidity Provider under Section 2.03 of each Liquidity Facility and the related Fee Letter (as defined in the

Intercreditor Agreement) multiplied by a fraction the numerator of which shall be the then outstanding aggregate principal amount of the Series A Equipment Notes, Series B Equipment Notes and Series C Equipment Notes and the denominator of which shall be the then outstanding aggregate principal amount of all "Series A Equipment Notes", "Series B Equipment Notes" and "Series C Equipment Notes" (each as defined in the Note Purchase Agreement); (ii) (x) the amount equal to interest on any Downgrade Advance (other than any Applied Downgrade Advance) payable under Section 3.07(e) of each Liquidity Facility minus Investment Earnings from such Downgrade Advance multiplied by (y) the fraction specified in the foregoing clause (i); (iii) (x) the amount equal to interest on any Non-Extension Advance (other than any Applied Non-Extension Advance) payable under Section 3.07(a)(i) of each Liquidity Facility minus Investment Earnings from such Non-Extension Advance multiplied by (y) the fraction specified in the foregoing clause (i); (iv) if any payment default shall have occurred and be continuing with respect to interest on any Series A Equipment Notes, Series B Equipment Notes or Series C Equipment Notes, (x) the excess, if any, of (1) an amount equal to interest on any Unpaid Advance, Applied Downgrade Advance or Applied Non-Extension Advance payable under Section 3.07(a) of each Liquidity Facility over (2) the sum of Investment Earnings from any Final Advance plus any amount of interest at the Payment Due Rate actually payable (whether or not in fact paid) by Lessee in respect of the overdue scheduled interest on the Equipment Notes in respect of which such Unpaid Advance, Applied Downgrade Advance or Applied Non-Extension Advance was made multiplied by (y) a fraction the numerator of which shall be the then aggregate overdue amounts of interest on the Series A Equipment Notes, Series B Equipment Notes and Series C Equipment Notes (other than interest becoming due and payable solely as a result of acceleration of any such Equipment Notes) and the denominator of which shall be the then aggregate overdue amounts of interest on all "Series A Equipment Notes", "Series B Equipment Notes" and "Series C Equipment Notes" (each as defined in the Note Purchase Agreement) (other than interest becoming due and payable solely as a result of acceleration of any such "Equipment Notes"); and (v) Lessee's pro rata share of any other amounts owed to the Liquidity Providers by the Subordination Agent as borrower under each Liquidity Facility (other than amounts due as repayment of advances thereunder or as interest on such advances), except to the extent payable pursuant to clause (ii), (iii) or (iv) above, (c) Lessee's pro rata share of all compensation and reimbursement

ANNEX A BASE

of expenses, disbursements and advances payable by Lessee under the Pass Through Trust Agreements, (d) Lessee's pro rata share of all compensation and reimbursement of expenses and disbursements payable to the Subordination Agent under the Intercreditor Agreement except with respect to any income or franchise taxes incurred by the Subordination Agent in connection with the transactions contemplated by the Intercreditor Agreement and (e) in the event Lessee requests any amendment to any Operative Agreement or Pass Through Agreement, Lessee's pro rata share of all reasonable fees and expenses (including, without limitation, fees and disbursements of counsel) of the Escrow Agents and the Paying Agents in connection therewith payable by the Pass Through Trustees under the Escrow Agreements. As used herein, "Lessee's pro rata share" means as of any time a fraction, the numerator of which is the principal balance then outstanding of Equipment Notes and the denominator of which is the aggregate principal balance then outstanding of all "Equipment Notes" (as such term is defined in each of the Operative Indentures). For purposes of this definition, the terms "Applied Downgrade Advance", "Applied Non-Extension Advance", "Cash Collateral Account", "Downgrade Advance", "Final Advance", "Investment Earnings", "Non-Extension Advance" and "Unpaid Advance" shall have the meanings specified in each Liquidity Facility.

"Tax Attribute Period" is defined in Section 1(e) of the Tax Indemnity Agreement.

"Tax Indemnitee" means (a) First Security and Owner Trustee, (b) WTC and Mortgagee, (c) each separate or additional trustee appointed pursuant to the Trust Agreement or the Trust Indenture, (d) each Participant, (e) the Trust Estate and the Trust Indenture Estate and (f) the respective successors, assigns, agents and servants of the foregoing. For purposes of this definition, the term "Owner Participant" shall include any member of an affiliated group (within the meaning of Section 1504 of the Code) of which Owner Participant is, or may become, a member if consolidated, joint or combined returns are filed for such affiliated group for federal, state or local income tax purposes.

"Tax Indemnity Agreement" means the Tax Indemnity Agreement, dated as of even date with the Participation Agreement, between Lessee and Owner Participant.

"Taxes" means all license, recording, documentary, registration and other similar fees and all taxes, levies,

imposts, duties, charges, assessments or withholdings of any nature whatsoever imposed by any Taxing Authority, together with any penalties, additions to tax, fines or interest thereon or additions thereto.

"Taxing Authority" means any federal, state or local government or other taxing authority in the United States, any foreign government or any political subdivision or taxing authority thereof, any international taxing authority or any territory or possession of the United States or any taxing authority thereof.

"Term" means the term, commencing on the Delivery Date, for which the Aircraft is leased pursuant to Section 3 of the Lease, and shall include the Interim Lease Term, the Base Lease Term and, if applicable, any Renewal Lease Term; provided that if at the scheduled end of the Term the Aircraft or Airframe is being used, or was within six (6) months prior thereto being used, by the U.S. Government pursuant to CRAF, the Term shall be deemed extended for the period necessary to accommodate usage of the Aircraft or Airframe pursuant to CRAF plus six months thereafter, and Lessee shall be obligated to pay Basic Rent with respect to any such period of extension at a semiannual rate equal to the average of the Basic Rent paid during the Base Lease Term or the applicable Renewal Lease Term, whichever shall have ended immediately prior to such extension.

"Termination Date" means any Payment Date occurring after the fifth anniversary of the Delivery Date on which the Lease shall terminate in accordance with Section 9 of the Lease.

"Termination Value" means, with respect to the Aircraft, the amount determined by multiplying (a) the percentage set forth in Schedule 4 to the Lease (as adjusted from time to time in accordance with Section 3.2.1 of the Lease) opposite the Termination Value Date by (b) Lessor's Cost. Notwithstanding anything to the contrary in any Operative Agreement, Termination Value shall always be sufficient to pay in full, as of the date of payment thereof (assuming timely payment of the Equipment Notes prior to such date), the aggregate unpaid principal amount of all Equipment Notes outstanding as of such date, together with accrued and unpaid interest on all such Equipment Notes as of such date.

ANNEX A BASE

"Termination Value Date" means, for any month, the day in such month specified in Schedule 4 to the Lease or, if such day is not a Business Day, the immediately succeeding Business Day.

"Transactions" means the transactions contemplated by the Participation Agreement and the other Operative Agreements.

"Transaction Expenses" means: (i) the reasonable and actual fees, expenses and disbursements of (1) Richards, Layton & Finger, special counsel for Mortgagee, such information to be furnished by Mortgagee, (2) Ray, Quinney & Nebeker, special counsel for the Owner Trustee under the Trust Agreement, such information to be furnished by Owner Trustee, (3) Richards, Layton & Finger, special counsel to the Loan Participants, such information to be furnished by the Subordination Agent, (4) Lytle, Soule & Curlee, special counsel in Oklahoma City, Oklahoma, such information to be furnished by Lessee, (ii) all fees, taxes and other charges payable in connection with the recording or filing of instruments and financing statements, such information to be furnished by Lessee, (iii) the initial fee and reasonable and actual disbursements of Owner Trustee under the Trust Agreement, such information to be furnished by the Owner Trustee, (iv) the initial fee and reasonable and actual disbursements of Mortgagee under the Trust Indenture, such information to be furnished by Mortgagee, (v) the fee of the Appraiser with respect to the appraisal of the Aircraft referred to in Section 5.1.2(xv) of the Participation Agreement, such information to be furnished by the Owner Participant, (vi) the reasonable and actual fees, out-of-pocket expenses and disbursements of special counsel to the Owner Participant (as defined in Schedule 3 to the Participation Agreement), such information to be furnished by the Owner Participant, and (vii) the equity placement fee and reasonable disbursements of Lessee's Advisor, such information to be furnished by Lessee.

"Transfer" means the transfer, sale, assignment or other conveyance of all or any interest in any property, right or interest.

"Transferee" means a person to which any Owner Participant, Owner Trustee or any Loan Participant or Note Holder purports or intends to Transfer any or all of its right, title or interest in the Trust Estate or in its Equipment Note and the Trust Indenture Estate, respectively, as described in Section 10.1.1(a), 10.1.2 or 10.1.3 (but excluding participants in any participation

referred to in Section 10.1.3), respectively, of the Participation Agreement.

"Trust" means the trust created by the Trust Agreement.

"Trust Agreement" means the Trust Agreement, dated as of even date with the Participation Agreement, between Owner Participant and Owner Trustee.

"Trust Estate" means all estate, right, title and interest of Owner Trustee in and to the Aircraft, the Lease, any Lease Supplement and the Purchase Agreement including, without limitation, all amounts of Basic Rent and Supplemental Rent including, without limitation, insurance proceeds (other than insurance proceeds payable to or for the benefit of Owner Participant, Note Holders or WTC) and requisition, indemnity or other payments of any kind for or with respect to the Aircraft (except amounts owing to Owner Participant, Note Holders or WTC, or to any of their respective directors, officers, employees, servants and agents, pursuant to Section 10 of the Participation Agreement). Notwithstanding the foregoing, "Trust Estate" shall not include any Excluded Payment.

"Trust Indenture" means the Trust Indenture and Mortgage \_\_\_\_\_, dated as of even date with the Participation Agreement, between Owner Trustee and Mortgagee.

"Trust Indenture Estate" is defined in the "Granting Clause" of the Trust Indenture.

"Trust Indenture Supplement" means a Trust Indenture and Mortgage \_\_\_\_\_ Supplement, substantially in the form of Exhibit A to the Trust Indenture, with appropriate modifications to reflect the purpose for which it is being used.

"UCC" means the Uniform Commercial Code as in effect in any applicable jurisdiction.

"United States" or "U.S." means the United States of America; provided, that for geographic purposes, "United States" means, in aggregate, the 50 states and the District of Columbia of the United States of America.

"U.S. Air Carrier" means any United States air carrier that is a Citizen of the United States holding an air carrier operating certificate issued by the Secretary of Transportation

ANNEX A BASE



pursuant to chapter 447 of title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6000 pounds or more of cargo, and as to which there is in force an air carrier operating certificate issued pursuant to Part 121 of the FAA Regulations, or which may operate as an air carrier by certification or otherwise under any successor or substitute provisions therefor or in the absence thereof.

"U.S. Person" means any Person described in Section 7701(a)(30) of the Code.

"U.S. Government" means the federal government of the United States, or any instrumentality or agency thereof the obligations of which are guaranteed by the full faith and credit of the federal government of the United States.

"Weighted Average Life to Maturity" means, with respect to any specified Debt, at the time of the determination thereof the number of years obtained by dividing the then Remaining Dollar-years of such Debt by the then outstanding principal amount of such Debt. The term "Remaining Dollar-years" shall mean the amount obtained by (1) multiplying the amount of each then-remaining principal payment on such Debt by the number of years (calculated at the nearest one-twelfth) that will elapse between the date of determination of the Weighted Average Life to Maturity of such Debt and the date of that required payment and (2) totaling all the products obtained in clause (1) above.

"Wet Lease" means any arrangement whereby Lessee or a Permitted Sublessee agrees to furnish the Aircraft, Airframe or any Engine to a third party pursuant to which the Aircraft, Airframe or Engine shall at all times be in the operational control of Lessee or a Permitted Sublessee, provided that Lessee's obligations under this Lease shall continue in full force and effect notwithstanding any such arrangement.

"WTC" means Wilmington Trust Company, a Delaware banking corporation, not in its capacity as Mortgagee under the Trust Indenture, but in its individual capacity.

ANNEX A BASE

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SCHEDULE 1  
TO  
PARTICIPATION AGREEMENT  
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## ACCOUNTS; ADDRESSES

ADDRESS FOR NOTICES  
-----

CONTINENTAL  
AIRLINES,  
INC.

Continental Airlines, Inc.  
2929 Allen Parkway  
Suite 2010  
Houston, Texas 77019  
Attention: Executive Vice  
President and Chief  
Financial Officer  
Facsimile: (713) 520-6329

OWNER  
PARTICIPANT

THE BOEING  
COMPANY

The Boeing Company  
P.O. Box 3707  
Seattle, Washington  
98124-3707  
Attention: Treasurer  
M/S 68-34  
Facsimile: (206) 237-8746

FIRST SECURITY  
BANK,  
NATIONAL  
ASSOCIATION

First Security Bank  
National Association  
79 South Main Street  
Salt Lake City, Utah 84111  
Attention: Corporate Trust  
Department  
Facsimile: (801) 246-5053

WILMINGTON  
TRUST  
COMPANY, AS  
MORTGAGEE

Wilmington Trust Company  
One Rodney Square  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust  
Administration  
Facsimile: (302) 651-1576

WILMINGTON  
TRUST  
COMPANY, AS  
SUBORDINATION  
AGENT

Wilmington Trust Company  
One Rodney Square  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust  
Administration  
Facsimile: (302) 651-1576

WILMINGTON  
TRUST  
COMPANY, AS  
PASS THROUGH  
TRUSTEE FOR  
THE 1997-1A  
PASS THROUGH  
TRUST

Wilmington Trust Company  
One Rodney Square  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust  
Administration  
Facsimile: (302) 651-1576

WILMINGTON  
TRUST  
COMPANY, AS  
PASS THROUGH  
TRUSTEE FOR  
THE 1997-1B  
PASS THROUGH  
TRUST

Wilmington Trust Company  
One Rodney Square  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust  
Administration  
Facsimile: (302) 651-1576

WILMINGTON  
TRUST  
COMPANY, AS  
PASS THROUGH  
TRUSTEE FOR  
THE 1997-[1C-I]  
[1C-II]  
PASS THROUGH  
TRUST

Wilmington Trust Company  
One Rodney Square  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust  
Administration  
Facsimile: (302) 651-1576

-----  
SCHEDULE 2  
TO  
PARTICIPATION AGREEMENT  
-----

COMMITMENTS

PARTICIPANT -----	PERCENTAGE OF LESSOR'S ----- COST ----	DOLLAR AMOUNT -----
OWNER PARTICIPANT	OWNER PARTICIPANT'S PERCENTAGE	
PASS THROUGH TRUSTEE	LOAN PARTICIPANT'S PTT PERCENTAGE	
TOTAL	100%	

-----  
SCHEDULE 3  
TO  
PARTICIPATION AGREEMENT  
-----

CERTAIN TERMS

DEFINED TERM

DEFINITION

BFE Amount	
Commitment Termination Date	-----
Lessor's Cost	-----
Lessee's Advisor	-----
OP Jurisdiction	-----
Special counsel to the Owner Participant	-----

[Form of Opinion of Lessee's Special Counsel]

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To the Persons Listed on Schedule I  
Attached Hereto

Re: Lease of Boeing Model \_\_\_\_\_ Aircraft with Manufacturer's  
Serial Number \_\_\_\_\_ and U.S. Registration  
Number N \_\_\_\_\_

Gentlemen:

We have been requested by Continental Airlines, Inc., a Delaware corporation (the "Company"), to act as special counsel with respect to, and to render this opinion letter in connection with, the transactions contemplated by the Participation Agreement \_\_\_\_\_, dated as of \_\_\_\_\_ (the "Participation Agreement"), among \_\_\_\_\_, as Owner Participant (the "Owner Participant"), First Security Bank, National Association, a national banking association ("First Security"), as Owner Trustee (the "Owner Trustee"), Wilmington Trust Company, a Delaware banking corporation ("WTC"), as Mortgagee (the "Mortgagee"), the Company as Lessee (the "Lessee"), and WTC, in its capacity as Subordination Agent under the Intercreditor Agreement (as defined in the Participation Agreement) and Pass Through Trustee under the Applicable Pass Through Trust Agreements (as defined in the Participation Agreement), as Loan Participant (the "Loan Participant"). Capitalized terms used herein and not otherwise defined herein have the respective meanings given those terms in the Participation Agreement.

In connection with this opinion letter we have examined, among other things, originals or copies certified or otherwise identified to our satisfaction of the following documents:

- (i) Participation Agreement;
- (ii) Lease;

- (iii) Lease Supplement No. 1;
- (iv) Tax Indemnity Agreement;
- (v) Trust Agreement;
- (vi) Trust Indenture;
- (vii) Trust Indenture Supplement No. 1;
- (viii) Purchase Agreement Assignment;
- (ix) Airframe Manufacturer Consent and Agreement;
- (x) Engine Manufacturer Consent and Agreement;
- (xi) Forms of the Equipment Notes; and
- (xii) Bills of Sale.

We have also examined and relied upon such other documents and such other corporate records, certificates and other statements of governmental officials and corporate officers and other representatives of the Company as we have deemed necessary or appropriate for the purposes of this opinion. As to certain facts material to the opinions expressed herein, we have relied upon representations and warranties contained in the Operative Agreements. The opinions expressed herein are subject to the following exceptions, assumptions, qualifications and limitations:

A. The opinions set forth below are limited to the laws of the State of New York, the federal laws of the United States of America and the General Corporation Law of the State of Delaware, except that we express no opinion with respect to (i) the laws, regulations or ordinances of any county, town or municipality or governmental subdivision or agency thereof, (ii) state securities or blue sky laws or federal securities laws, including the Securities Act and the Investment Company Act of 1940, (iii) any federal or state tax, antitrust or fraudulent transfer or conveyance laws, (iv) the Employee Retirement Income Security Act of 1974, as amended, or (v) the Act (except as expressly provided in paragraph 5 below), or any other laws, rules or regulations governing, regulating or relating to the acquisition, ownership, registration, use or sale of an aircraft, airframe or aircraft engine or to the particular nature of the equipment to be acquired by the Owner Trustee. In addition, our opinions are based upon a review of those laws, statutes, rules and regulations which, in our experience, are normally applicable to transactions of the type contemplated by the Participation Agreement.

B. The opinions set forth in paragraphs 3 and 6 below are subject to (i) limitations on enforceability arising from applicable bankruptcy, insolvency, reorganization, moratorium, receivership, fraudulent conveyance, fraudulent transfer, preferential transfer and similar laws relating to or affecting the rights and remedies of creditors or lessors generally and the effect of general principles of equity, including, without limitation, laches and estoppel as equitable defenses and concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether such enforceability is considered or applied in a proceeding in equity or at law) and considerations of impracticability or impossibility of performance, and defenses based upon unconscionability of otherwise enforceable obligations in the context of the factual circumstances under which enforcement thereof is sought and (ii) the qualification that the

remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. In addition, certain remedial and procedural provisions of the Company Documents (as defined in paragraph 2 below) and the Trust Indenture are or may be unenforceable in whole or in part, but the inclusion of such provisions does not affect the validity of those agreements and does not, in our opinion, make the remedies provided in those agreements, or otherwise available under applicable law, inadequate for the practical realization of the substantive benefits purported to be provided thereby, except for the economic consequences resulting from any delay imposed by, or any procedure required by, applicable laws, rules, regulations and by constitutional requirements. We express no opinion as to (i) any provision contained in any Operative Agreement (a) providing for indemnification or exculpation of any Person for such Person's gross negligence, willful misconduct, recklessness or unlawful conduct or in respect of liabilities under the Securities Act, (b) providing for late payment charges or an increase in interest rate upon delinquency in payment or the occurrence of a default or other specified event but only to the extent such provision is deemed to constitute a penalty or liquidated damages provision, (c) as such provision relates to the subject matter jurisdiction of federal courts or the waiver of inconvenient forum with respect to proceedings in federal courts, (d) that purports to establish (or may be construed to establish) evidentiary standards or (e) providing for the waiver of any statutory right or any broadly or vaguely stated rights or unknown future rights, or any waiver which is against public policy considerations or (ii) Section 15.8(c) of the Participation Agreement or any comparable provision of any other Operative Agreement. Under certain circumstances the requirement that the provisions of an Operative Agreement may be modified or waived only in writing or only in a specific instance and provisions to the effect that failure or delay in exercising any right, remedy, power and/or privilege will not impair or waive such right, remedy, power and/or privilege may be unenforceable to the extent that an oral agreement has been effected or a course of dealing has occurred modifying such provisions. A court may modify or limit contractual agreements regarding attorneys' fees.

C. To the extent that our opinions expressed herein involve conclusions as to the matters set forth in the opinions dated the date hereof of Richards, Layton & Finger, Ray, Quinney & Nebeker or Lytle, Soule & Curlee being delivered to you on the date hereof, we have assumed, without independent investigation, the correctness of the matters set forth in such opinions.

D. We have assumed the due authorization, execution and delivery of the Operative Agreements by each of the parties thereto, that each of such parties (other than the Company) has the power and authority to execute, deliver and perform each such Operative Agreement and has obtained or made all necessary consents, approvals, filings and registrations in connection therewith (except any required under New York law by the Company), that such execution, delivery and performance does not violate its charter, by-laws or similar instrument, that the Trust Agreement constitutes the valid, binding and enforceable obligations of the parties thereto and duly creates the trust it purports to create, that the Owner Trustee for purposes of Section 9-103(3) of the Uniform Commercial Code of the State of New York (the "UCC") is



located in Utah and that, under applicable law, the Owner Trustee would be deemed to be the owner of the Trust Estate and Trust Indenture Estate, that First Security has the legal ability to exercise its trust powers with respect to the Trust Estate in the State of New York, that value has been given by the Loan Participant to the Owner Trustee under the Trust Indenture, that the Owner Trustee has rights in the Trust Indenture Estate, that each of First Security and WTC is duly organized, validly existing and in good standing in its jurisdiction of organization and qualified to transact business in each other jurisdiction where such qualification is required.

E. We have assumed the due authorization, execution and issuance of the Equipment Notes by the Owner Trustee and the due authentication of the Equipment Notes by the Mortgagee and the delivery thereof against payment therefor, all in accordance with the Participation Agreement and the Trust Indenture, and that the Equipment Notes conform to the forms thereof examined by us.

F. We have assumed that all signatures on documents examined by us are genuine, that all persons signing such documents have legal capacity, that all documents submitted to us as originals are authentic and that all documents submitted to us as copies or specimens conform with the originals, which facts we have not independently verified.

G. We express no opinion as to (i) any provision in any Operative Agreement that is contrary to Section 2A-303, Section 9-311, or Part V of Article 9, of the UCC, or (ii) whether or not the Lease constitutes a "security interest" within the meaning of Section 1-201(37) of the UCC. We express no opinion as to whether or not the Lease constitutes a "Finance Lease" within the meaning of Section 2A-103(g) of the UCC and we express no opinion as to the enforceability of any provision of any Operative Agreement which purports to categorize the Lease as such.

H. We have not made any examination of, and express no opinion with respect to (and to the extent relevant have assumed the accuracy and sufficiency of), (i) descriptions of, the legal or beneficial ownership of, or the title or condition of title to, the Trust Estate or the Trust Indenture Estate or any other property covered by any of the Operative Agreements, (ii) except as expressly set forth in paragraphs 5 and 8 below, the existence, creation, validity or attachment of any Lien thereon, (iii) except as expressly set forth in paragraph 5 below, the perfection of any Lien thereon and (iv) the priority or enforcement of any Lien thereon.

I. In giving an opinion regarding the valid existence and good standing of the Company, we have relied solely upon certificates of public officials.

J. The opinions expressed herein are given as of the date hereof. We assume no obligation to advise you of any facts or circumstance that may come to our attention, or any changes in law that may occur after the date hereof, which may affect the opinion expressed herein.

Based on and subject to the foregoing, we are of the opinion

that:

1. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware.

2. The Company has all necessary corporate power to execute, deliver and perform its obligations under the Participation Agreement, the Lease, the Lease Supplement No. 1, the Purchase Agreement Assignment, the BFE Bill of Sale and the Tax Indemnity Agreement (collectively, the "Company Documents"). Neither the execution nor delivery of the Company Documents by the Company nor the consummation of the transactions contemplated thereby will result in any violation of (a) its Restated Certificate of Incorporation or By-laws or (b) any law, governmental rule or regulation known to us to be applicable to, or binding on, the Company, or requires the approval of the stockholders of the Company.

3. Each Company Document constitutes the valid and binding obligation of the Company and is enforceable against the Company in accordance with its terms.

4. Except for the matters referred to in clauses (i) through (iv) of paragraph 5 below, no approval, authorization or other action by or filing with any governmental authority is required for the execution and delivery by the Company of the Company Documents or the consummation of the transactions contemplated thereby to occur at the Closing.

5. Except for (i) the registration of the Aircraft with the FAA pursuant to the Act, (ii) the filing and recordation in accordance with the Act of the FAA Filed Documents, and assuming that at the time of such filing no other unrecorded document relating to the Aircraft has been filed pursuant to the Act, (iii) the filing of Financing Statements referred to in Section 5.1.12 of the Participation Agreement, and the filing of periodic continuation statements with respect thereto, and (iv) the taking of possession by the Mortgagee of the original counterparts of the Lease and Lease Supplement No. 1, (a) no further filing or recording of any document is necessary (x) to establish the Owner Trustee's title to the Airframe and Engines, and (y) to create a valid security interest in the Owner Trustee's interest as owner of the Airframe and Engines, the Lease and the Lease Supplement No. 1 covering the Aircraft, the Purchase Agreement (to the extent assigned by the Purchase Agreement Assignment) and the Purchase Agreement Assignment in favor of the Mortgagee pursuant to the Trust Indenture and (b) no further filing or recording of any document in the State of New York or under the Act is required to perfect a security interest in the Owner Trustee's interest as owner of the Airframe and Engines, the Lease and Lease Supplement No. 1 covering the Aircraft, the Purchase Agreement (to the extent assigned by the Purchase Agreement Assignment) and the Purchase Agreement Assignment in favor of the Mortgagee pursuant to the Trust Indenture.

6. Each of the Participation Agreement, the Trust Indenture, the Lease and the Equipment Notes constitutes the valid and binding obligation of First Security, in its individual capacity (but only to the extent expressly stated in such document that First Security is entering into such document in its individual capacity) and otherwise solely as Owner Trustee,

enforceable against First Security in its individual capacity (but only to the extent expressly stated in such document that First Security is entering into such document in its individual capacity) and otherwise solely as Owner Trustee in accordance with its terms.

7. So long as the Company continues to be a "citizen of the United States", as defined in section 40102 of Title 49 of the United States Code, holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo, the Owner Trustee, as lessor under the Lease, and the Mortgagee, as assignee of Owner Trustee's rights under the Lease pursuant to the Trust Indenture, will be entitled to the benefits of Section 1110 of Title 11 of the United States Code with respect to the Airframe and Engines delivered on the date hereof in connection with any case commenced by or against the Company under Chapter 11 of Title 11 of the United States Code.

8. Upon issuance, execution, authentication and delivery of the Equipment Notes at the Closing, the Trust Indenture creates the security interest in favor of the Mortgagee, as trustee for the benefit of the holders of the Equipment Notes, in the Trust Indenture Estate it purports to create to the extent that the UCC applies to a security interest in such property.

This opinion is being delivered pursuant to Section 5.1.2(xxiii)(A) of the Participation Agreement. This opinion may be relied upon by you (and any permitted Transferee under Section 10.1.1(a) or 10.1.3 of the Participation Agreement) in connection with the matters set forth herein and, without our prior written consent, may not be relied upon for any other purpose and may not be furnished to any other Person for any purpose.

Very truly yours,

## SCHEDULE I

\_\_\_\_\_, as Owner Participant

First Security Bank, National Association, individually and as Owner Trustee

Wilmington Trust Company, individually, as Mortgagee, and as Loan Participant

ABN AMRO Bank N.V., Chicago Branch as Liquidity Provider

ING Bank N.V., as Liquidity Provider

Moody's Investors Service, Inc.

Standard & Poor's Ratings Group

## [Form of Opinion of Lessee's Legal Department]

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To the Persons  
Listed on  
Schedule I Hereto

Re: Lease of Boeing Model \_\_\_\_\_ Aircraft with Manufacturer's  
Serial Number and U.S. Registration Number N

Ladies and Gentlemen:

This opinion letter is being delivered by Continental Airlines, Inc., a Delaware corporation ("Continental"), through its Legal Department in connection with the transactions contemplated by the Participation Agreement \_\_\_\_\_ dated as of \_\_\_\_\_, among \_\_\_\_\_, as Owner Participant, First Security Bank, National Association, a national banking corporation, as Owner Trustee (the "Owner Trustee"), Wilmington Trust Company, a Delaware banking corporation, as Mortgagee, Subordination Agent under the Intercreditor Agreement (as defined in the Participation Agreement) and as Pass Through Trustee under the Applicable Pass Through Trust Agreements (as defined in the Participation Agreement) (the "Mortgagee and Loan Participant"), and Continental, as Lessee (the "Participation Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given those terms in the Participation Agreement. This opinion letter is being furnished to you pursuant to Section 5.1.2 (xxiii)(B) of the Participation Agreement.

In giving the following opinions, members of Continental's Legal Department or lawyers retained by Continental's Legal Department have reviewed the Participation Agreement and the other Operative Agreements to which Continental is a party and have relied upon originals, or copies certified or otherwise identified to our satisfaction, of such records, documents, certificates and other instruments as in our judgment are necessary or appropriate to enable us to render the opinions expressed below. In addition, Continental's Legal Department has assumed and has not verified the accuracy as to factual matters of each document reviewed. As used herein, the phrase "to our knowledge" or words of similar import shall mean to actual knowledge of Continental's Legal Department after reasonable investigation, but shall not be

interpreted to impute knowledge of others (other than members of Continental's Legal Department).

Based on the foregoing, and subject to the assumptions and limitations contained herein, Continental's Legal Department is of the opinion that:

(a) Continental is an "air carrier" within the meaning of Section 40102 of the Act, operating under a certificate issued pursuant to Chapter 447 of the Act, is a "citizen of the United States" as such term is defined in Section 40102 of such Act and holds all authority, necessary licenses and certificates under such Act and the rules and regulations promulgated thereunder necessary for the conduct of its business and to perform its obligations under the Participation Agreement, the Lease, the Lease Supplement No. 1, the Purchase Agreement Assignment, the BFE Bill of Sale and the Tax Indemnity Agreement (collectively, the "Agreements").

(b) The execution, delivery and performance by Continental of each of the Agreements do not, to our knowledge, breach or result in a default under any indenture, mortgage, deed of trust, credit agreement, conditional sale contract or other loan agreement to which Continental is a party or by which Continental or its property may be bound.

(c) The execution, delivery and performance of each of the Agreements has been duly authorized by all necessary corporate action on the part of Continental, and each of the Agreements has been duly executed and delivered by Continental.

(d) There are no pending or, to our knowledge, threatened actions, suits or proceedings before any court or administrative agency or arbitrator that question the validity of any of the Agreements or that would have been required to be disclosed in Continental's Annual Report on Form 10-K filed for the year ended \_\_\_\_\_, on any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K, except such as are therein disclosed.

The foregoing opinions are limited to the federal law of the United States of America (other than (i) the Act (except as expressly provided in paragraph 1 above) or any other laws, rules or regulations governing, regulating or relating to the acquisition, ownership, registration, use or sale of an aircraft, airframe or aircraft engine or to the particular nature of the equipment to be acquired by Continental, (ii) state securities or blue sky laws, or federal securities laws, (iii) federal or state tax, antitrust or fraudulent transfer or conveyance laws, as to which we express no opinion), the General Corporation Law of the State of Delaware and the law of the State of Texas.

This opinion letter is furnished to you for the purpose indicated above, and may not be relied upon by any other Person (except any permitted Transferee under Sections 10.1.1(a) or 10.1.3 of the Participation Agreement) or for any other purpose without our written consent.

Very truly yours,

Continental Airlines, Inc.  
Legal Department

SCHEDULE I

\_\_\_\_\_, as Owner Participant

First Security Bank, National Association, individually and as Owner Trustee

Wilmington Trust Company, individually and as Mortgagee and Loan Participant

ABN AMRO Bank N.V., as a Liquidity Provider

ING Bank N.V., as a Liquidity Provider

Moody's Investors Service, Inc.

Standard & Poor's Ratings Group



## [Form of Owner Trustee Counsel's Opinion]

TO EACH OF THE PARTIES SET FORTH  
IN SCHEDULE A HERETO:

Re: Continental Airlines, Inc. 1997-1 Pass  
Through Certificates

Dear Sir or Madam:

We have acted as special counsel for First Security Bank, National Association, a national banking association, in its individual capacity ("First Security") and in its capacity as trustee (the "Owner Trustee") under Trust Agreement \_\_\_\_\_ dated as of \_\_\_\_\_ (the "Trust Agreement") between it and \_\_\_\_\_, as beneficiary (the "Owner Participant"), in connection with the transactions contemplated by the Participation Agreement (as defined below). Except as otherwise defined herein, the terms used herein shall have the meanings set forth in Annex A to the Participation Agreement \_\_\_\_\_, dated as of \_\_\_\_\_ among Continental Airlines, Inc., the Owner Participant, First Security, not in its individual capacity except as provided therein, and as Owner Trustee, and Wilmington Trust Company, not in its individual capacity except as expressly provided therein, but solely as Mortgagee, Subordination Agent under the Intercreditor Agreement (as defined in the Participation Agreement) and as Pass Through Trustee under the Applicable Pass Through Trust Agreements (as defined in the Participation Agreement) (the "Participation Agreement"). This opinion is furnished pursuant to Section 5.1.2 (xxiii)(D) of the Participation Agreement.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion.

Based upon the foregoing, we are of the opinion that:

(1) First Security is a national banking association duly organized, validly existing and in good standing under the laws of the United States, is a "citizen of the United States" within the meaning of Section 40102(a)(15) of the Act and has the full power and authority to enter into and perform its obligations under the Trust Agreement and each other Operative

Agreement to which it, in its individual capacity or as Owner Trustee, as the case may be, is a party and, as Owner Trustee, to issue, execute, and deliver and perform the Equipment Notes.

(2) The Owner Trustee is the duly appointed trustee under the Trust Agreement and the Trust Agreement creates a legal and valid trust under the laws of the State of Utah; the trust created by the Trust Agreement has been duly created and exists for the benefit of the Owner Participant, and the Trust Agreement creates for the benefit of the Owner Participant the rights and interests in the Trust Estate which the Trust Agreement by its terms purports to create; and assuming the Trust Agreement was properly authorized, executed and delivered by the Owner Participant and that the terms of the Trust Agreement are not in violation of any laws, documents, judgments, regulations or other provisions applicable to the Owner Participant, the Trust Agreement constitutes, under the laws of the State of Utah, a legal, valid and binding obligation of the Owner Participant enforceable against the Owner Participant in accordance with its terms.

(3) The Trust Agreement, the Participation Agreement, and each other Operative Agreement to which First Security or the Owner Trustee, as the case may be, is a party, and the Equipment Notes, have been duly authorized, executed and delivered by First Security, or the Owner Trustee, as the case may be, and assuming due authorization, execution and delivery by the other parties thereto is a legal, valid and binding obligation of First Security, or the Owner Trustee, as the case may be, enforceable in accordance with their respective terms.

(4) The execution and delivery by First Security of the Trust Agreement and the Participation Agreement and the execution and delivery by the Owner Trustee of the Operative Agreements to which it is a party is not, and the performance by First Security, or the Owner Trustee, as the case may be, of its respective obligations under each such agreements will not be, inconsistent with the articles of association or by-laws of First Security, do not and will not contravene any State of Utah or federal law, or any State of Utah or federal governmental rule or regulation or any judgment or order of which we have knowledge and which is applicable to it and do not and will not contravene any provision of, or result in the creation of any lien upon any property of First Security, or constitute a default under, any indenture, mortgage, contract or other instrument of which we have knowledge and to which First Security or the Owner Trustee is a party or by which either is bound or require the consent or approval of, the giving of notice to, or the registration with, or the taking of any action in respect of, or under federal law or the laws of the State of Utah or any subdivision or agency thereof.

(5) There are no fees, taxes or other charges, except taxes imposed on fees payable to First Security, required to be paid under the laws, ordinances or regulations of the State of Utah or any political subdivision thereof, including, without limitation, Salt Lake City, in connection with the execution, delivery or performance by the Lessee, Owner Trustee, Mortgagee or any Participant of the Operative Agreements solely because First Security, or the Owner Trustee as

the case may be, performs certain of its obligations under the Operative Documents in the State of Utah.

(6) There are no pending or threatened actions or proceedings against or affecting First Security or the Owner Trustee, as the case may be, before any court, governmental authority or administrative agency which, if adversely determined, could materially adversely affect the right, power or ability, either in its individual capacity or as Owner Trustee, or both, as the case may be, to enter into or perform its obligations under the Operative Agreements.

(7) The Trust Indenture (or financing statements or other notices with respect thereto) has been filed for record or recorded with the Division of Corporations and Commercial Code in the State of Utah and such offices are all the places in the State of Utah wherein such filing or recordation is necessary and no other actions or filings are necessary in the State of Utah to perfect the lien and security interest of the Mortgagee in the Trust Estate as against creditors of or purchasers from the Owner Trustee or the Lessee, or both.

(8) The Owner Trustee has received such right, title and interest in and to the Aircraft as was conveyed to the Owner Trustee on the date hereof, subject to (i) the rights of the Lessee under the Lease and the Lease Supplement; (ii) the beneficial interest of the Owner Participant in the Aircraft; and (iii) the Lien created pursuant to the Trust Indenture and the Trust Indenture Supplement; and to our knowledge there exist no Liens affecting the right, title or interest of the Owner Trustee in and to the Trust Estate resulting from claims against First Security, not related to the ownership of the Trust Estate or the administration of the Trust Estate or any other transaction contemplated by the Operative Agreements.

(9) Assuming that (i) the Aircraft is not physically located in the State of Utah at the commencement or termination of the Term, (ii) in connection with any sale of the Aircraft, such Aircraft will not be physically delivered in the State of Utah to a buyer, and (iii) the trust created by the Trust Agreement is treated as a grantor trust for federal income tax purposes in accordance with Sections 671 through 678 of the Internal Revenue Code of 1986, as amended, there are no fees, taxes or other charges (except taxes imposed on fees payable to the Owner Trustee) payable to the State of Utah or any political subdivision thereof in connection with the execution, delivery or performance by the Owner Trustee, the Mortgagee, the Lessee or any Participant of the Operative Agreements or in connection with the making by the Owner Participant of its investment in the Aircraft or its acquisition of the beneficial interest in the Trust Estate or in connection with the issuance and acquisition of the Equipment Notes, and neither the Owner Trustee, the Trust Estate nor the trust created by the Trust Agreement will be subject to any fee, tax or other governmental charge (except taxes on fees payable to the Owner Trustee) under the laws of the State of Utah or any political subdivision thereof on, based on or measured by, directly or indirectly, the gross receipts, net income or value of the Trust Estate by reason of the creation or continued existence of the trust under the terms of the Trust Agreement pursuant to

the laws of the State of Utah or the Owner Trustee's performance of its duties under the Trust Agreement within such State.

(10) Neither a Utah court nor a federal court applying Utah law or federal law, if properly presented with the issue and after having properly considered such issue, would permit the Owner Participant to terminate the Trust Agreement, except in accordance with its terms

(11) Although there is no Utah case directly on point, under the laws of the State of Utah, so long as the Trust Agreement has not been terminated in accordance with its terms, creditors of any person that is an Owner Participant, holders of a lien against the assets of any such person that is an Owner Participant, such as trustees, receivers or liquidators (whether or not an insolvency proceeding has been commenced) (collectively the "Creditors") may acquire valid claims and liens, as to the Trust Estate, only against the rights of such Owner Participant under the Trust Agreement or in the Trust Estate, and do not have, and may not through the enforcement of such Creditors' rights acquire, any greater rights than such Owner Participant with respect to the Trust Agreement or the Trust Estate.

The foregoing opinions are subject to the following assumptions, exception and qualifications:

A. The foregoing opinions are limited to the laws of the State of Utah and the federal laws of the United States of America governing the banking and trust powers of First Security and Title 11 of the United States Code entitled "Bankruptcy". In addition, we express no opinion with respect to (i) federal securities laws, including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Trust Indenture Act of 1939, as amended; (ii) the Federal Aviation Act of 1958, as amended (except with respect to the opinion set forth in paragraph 1 above concerning the citizenship of First Security); or (iii) state securities or blue sky laws. Insofar as the foregoing opinions relate to the legality, validity, binding effect and enforceability of the documents involved in these transactions, which by their terms are governed by the laws of a state other than Utah, we have assumed that such documents constitute legal, valid, binding and enforceable agreements under the laws of such state, as to which we express no opinion.

B. The foregoing opinions regarding enforceability of any document or instrument are subject (i) except as otherwise set forth in the opinions in paragraphs 10 and 11, to applicable bankruptcy, insolvency, moratorium, reorganization, receivership and similar laws affecting the rights and remedies of creditors generally, and (ii) general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law. We call to your attention that bankruptcy courts are courts in equity with wide discretion in applying the provisions of the Bankruptcy Code.

C. As to the documents involved in these transactions, we have assumed that each is a legal, valid and binding obligation of each party thereto, other than First Security or the Owner Trustee, and is enforceable against each such party in accordance with their respective terms.

D. The opinion in paragraph 1 above concerning the citizenship of First Security is based upon the facts contained in an affidavit of First Security, made by its authorized officer, which facts we have not independently verified.

E. We have assumed that all signatures, other than those of the Owner Trustee or First Security, on documents and instruments involved in these transactions are genuine, that all documents and instruments submitted to us as originals are authentic, and that all documents and instruments submitted to us conform with the originals, which facts we have not independently verified.

F. We do not purport to be experts in respect of, or express any opinion concerning laws, rules or regulations applicable to the particular nature of the equipment involved in these transactions.

G. We have made no investigation of, and express no opinion concerning, the nature of the title to any part of the equipment involved in these transactions or the priority of any mortgage or security interest.

H. We have assumed that the Participation Agreement and the transactions contemplated thereby are not within the prohibitions of Section 406 of the Employee Retirement Income Security Act of 1974.

I. In addition to any other limitation by operation of law upon the scope, meaning or purpose of this opinion, this opinion speaks only as of the date hereof. We have no obligation to advise the recipients of this opinion (or any third party) of changes of law or fact that may occur after the date hereof, even though the change may effect the legal analysis, a legal conclusion or any information contained herein.

J. The opinions expressed in this letter are solely for the use of the parties which it is addressed in matters directly related to the Participation Agreement and the transactions contemplated thereunder and these opinions may not be relied on by any other persons or for any other purpose without our prior written approval. The opinions expressed in this letter are limited to the matters set forth in this letter and no other opinions should be inferred beyond the matters expressly stated.

Very truly yours,

## SCHEDULE A

First Security Bank, National Association

Continental Airlines, Inc.

Wilmington Trust Company, individually and as Loan Participant and Mortgagee

[Owner Participant]

Standard & Poor's Rating Services

Moody's Investors Services, Inc.

ABN AMRO Bank N.V.

ING Bank N.V.

## [FORM OF WTC COUNSEL'S OPINION]

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To Each of the Parties Listed  
on Schedule A Hereto

Re: Continental Airlines, Inc. - Financing of One Boeing Model  
Aircraft Bearing Manufacturer's Serial Number

Ladies and Gentlemen:

We have acted as counsel to Wilmington Trust Company, a Delaware banking corporation ("WTC"), in connection with the Trust Indenture and Mortgage \_\_\_\_\_, dated as of \_\_\_\_\_ (the "Trust Indenture"), between WTC, as mortgagee (the "Mortgagee"), and First Security Bank, National Association (the "Owner Trustee"). Pursuant to Participation Agreement \_\_\_\_\_, dated as of \_\_\_\_\_ (the "Participation Agreement"), among Continental Airlines, Inc., as Lessee, \_\_\_\_\_, as Owner Participant, the Owner Trustee and WTC, as Mortgagee, Subordination Agent under the Intercreditor Agreement (as defined in the Participation Agreement) and as Applicable Pass Through Trustee (as defined in the Participation Agreement), financing is being provided for the acquisition of one Boeing Model \_\_\_\_\_ aircraft bearing manufacturer's serial number \_\_\_\_\_. This opinion is furnished pursuant to Section 5.1.2 (xxiii)(E) of the Participation Agreement. Capitalized terms used herein and not otherwise defined are used as defined in Annex A to the Participation Agreement or as defined in the Trust Indenture, except that reference herein to any document shall mean such document as in effect on the date hereof.

We have examined originals or copies of the following documents:

- (a) The Trust Indenture and the initial Trust Indenture Supplement;
- (b) The Participation Agreement (the documents referred to in paragraphs (a) and (b) above being collectively referred to as the "Mortgage Documents"); and
- (c) The Equipment Notes being issued today and authenticated by the Mortgagee (the "Equipment Notes").

We have also examined originals or copies of such other documents and such corporate records, certificates and other



statements of governmental officials and corporate officers and other representatives of the corporations or entities referred to herein as we have deemed necessary or appropriate for the purposes of this opinion. Moreover, as to certain facts material to the opinions expressed herein, we have relied upon representations and warranties contained in the documents referred to in this paragraph.

Based upon the foregoing and upon an examination of such questions of law as we have considered necessary or appropriate, and subject to the assumptions, exceptions and qualifications set forth below, we advise you that, in our opinion:

1. WTC has been duly incorporated and is validly existing in good standing as a banking corporation under the laws of the State of Delaware, is a "citizen of the United States" within the meaning of Section 40102(a)(15) of Title 49 of the United States Code, as amended, and has full power, authority and legal right to execute, deliver and perform its obligations under the Mortgagee Documents and to authenticate the Equipment Notes.

2. The Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, has duly authorized, executed and delivered each Mortgagee Document to which it is party, and each such document constitutes a legal, valid and binding obligation of the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, enforceable against the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, in accordance with its terms.

3. The execution, delivery and performance by the Mortgagee, Subordination Agent, Applicable Pass Through Trustee or WTC, as the case may be, of the Mortgagee Documents to which it is a party, the authentication by the Mortgagee of the Equipment Notes and the consummation by the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, of any of the transactions contemplated thereby are not in violation of the charter or by-laws of WTC or of any law, governmental rule or regulation of the State of Delaware or the United States governing the banking or trust powers of WTC or, to our knowledge, any indenture, mortgage, bank credit agreement, note or bond purchase agreement, long-term lease, license or other agreement or instrument to which WTC is a party or by which it is bound or, to our knowledge, any judgment or order applicable to WTC.

4. None of the execution and delivery by the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, of the Mortgagee Documents to which it is a party, the authentication of the Equipment Notes or the consummation of any of the transactions by the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, or the taking of any other action in respect of, any governmental authority or agency of the State of Delaware or the United States governing the banking or trust powers of WTC or under any Delaware law.

5. No taxes, fees or other charges (other than taxes payable by WTC on or measured by any compensation received by WTC for its services as Mortgagee, Subordination Agent or Applicable Pass Through Trustee) are required to be paid by the Subordination Agent, the Applicable Pass Through Trustee or the Mortgagee or the trust created by the Indenture under the laws of the State of Delaware, or any political subdivision thereof, in connection with the execution, delivery or performance of the Mortgagee Documents to which the Mortgagee, the Subordination Agent or the Applicable Pass Through Trustee is party and the Equipment Notes, which taxes, fees or other charges would not be required to be paid if WTC were not a Delaware banking corporation and did not perform its obligations as Mortgagee under the Indenture in the State of Delaware.

6. The Equipment Notes have been duly and validly authenticated by the Mortgagee in accordance with the Trust Indenture.

7. To our knowledge, there are no proceedings pending or threatened against or affecting the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC in any court or before any governmental authority, agency, arbitration board or tribunal which, if adversely determined, individually or in the aggregate, would materially and adversely affect the Mortgaged Property or the right, power and authority of the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, to enter into or perform its obligations under the Mortgagee Documents to which is party.

The foregoing opinions are subject to the following assumptions, exceptions and qualifications:

A. We are admitted to practice law in the State of Delaware and we do not hold ourselves out as being experts on the law of any other jurisdiction. The foregoing opinions are limited to the laws of the State of Delaware (and its political subdivisions to the extent set forth in paragraph 5, above) and the federal laws of the United States of America governing the banking or trust powers of WTC, except that we express no opinion with respect to (i) federal securities laws, including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the Investment Company Act of 1940, as amended, and the Trust Indenture Act of 1939, as amended, (ii) Part A of Subtitle VII of Title 49 of the United States Code, as amended (except with respect to the opinion set forth in paragraph 1 above concerning the citizenship of WTC), (iii) the Federal Communications Act of 1934, as amended, (iv) state securities or blue sky laws, or (v) laws, rules and regulations applicable to the particular nature of the equipment acquired by the Company. Insofar as the foregoing opinions relate to the validity and enforceability of the Mortgagee Documents expressed to be governed by the laws of the State of New York, we have assumed that each such document is legal, valid, binding and enforceable in accordance with its terms under such laws (as to which we express no opinion).

B. The foregoing opinions regarding enforceability are subject to (i) applicable bankruptcy, insolvency, moratorium, reorganization, receivership, fraudulent conveyance and similar laws relating to or affecting the enforcement of the rights and remedies of creditors generally, and (ii) principles of equity (regardless of whether considered and applied in a proceeding in equity or at law).

C. We have assumed that each of the parties to the Mortgagee Documents and the Equipment Notes (except the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be) has full power, authority and legal right to execute, deliver and perform each such document and that each such document has been duly authorized, executed and delivered by each such party.

D. We have assumed that all signatures (other than signatures of officers of WTC) on documents examined by us are genuine, that all documents submitted to us as originals are authentic and that all documents submitted to us as copies conform with the originals, which facts we have not independently verified.

E. We have assumed that the Participation Agreement and the transactions contemplated thereby are not within the prohibitions of Section 406 of the Employee Retirement Income Security Act of 1974.

F. No opinion is expressed as to the creation, attachment, perfection or priority of any mortgage or security interests or as to the nature or validity of title to any part of the Mortgaged Property.

G. The opinion set forth in paragraph (1) above concerning the citizenship of WTC is based upon an affidavit of WTC, made by one of its Vice Presidents, the facts set forth in which we have not independently verified.

This opinion may be relied upon by you in connection with the matters set forth herein. This opinion may also be relied upon by any transferee of a Note Holder, subject to the understanding that the opinions expressed herein are rendered as of the date hereof and only with respect to the laws, rules and regulations in effect as of such date. Otherwise, without our prior written consent, this opinion may not be relied upon by any other person or entity for any purpose.

Very truly yours,

SCHEDULE A

Mortgagee

- - - - -  
Wilmington Trust Company

Loan Participant

- - - - -  
Wilmington Trust Company

Owner Trustee

- - - - -  
First Security Bank, National Association

Owner Participant

- - - - -  
- - - - -

Lessee

- - - - -  
Continental Airlines, Inc.

Liquidity Providers

- - - - -  
ABN AMRO Bank N.V., Chicago Branch  
ING Bank N.V.

Rating Agencies

- - - - -  
Standard & Poor's Ratings Services  
Moody's Investors Service, Inc.

[Form of FAA Counsel Opinion]

Re: Continental Airlines. Inc. (the "Lessee")

To the Addressees on  
Exhibit A Attached Hereto

Ladies and Gentlemen:

Pursuant to Section 5.1.2(xxiii)(I) of Participation Agreement \_\_\_\_\_ dated as of \_\_\_\_\_ (the "Participation Agreement") among the Lessee, \_\_\_\_\_ as Owner Participant (the "Owner Participant"), the Loan Participant named therein, First Security Bank, National Association, as Owner Trustee (the "Owner Trustee") under Trust Agreement \_\_\_\_\_ dated as of \_\_\_\_\_ (the "Trust Agreement") with the Owner Participant, and Wilmington Trust Company, not in its individual capacity, except as expressly provided therein but solely as Mortgagee (the "Mortgagee"), which provides for the financing of the purchase today by the Owner Trustee of the Boeing model \_\_\_\_\_ aircraft with manufacturer's serial number \_\_\_\_\_ and United States nationality and registration marks N \_\_\_\_\_ (the "Aircraft") and two Rolls Royce model \_\_\_\_\_ aircraft engines with manufacturer's serial numbers \_\_\_\_\_ and \_\_\_\_\_ (the "Engines") and the leasing of the Aircraft and the Engines by the Owner Trustee to the Lessee, this opinion is rendered with respect to matters arising under that portion of Title 49 of the United States Code (the "Transportation Code") relating to the recordation of the instruments hereinafter described and the registration of the Aircraft pursuant to the Transportation Code. As contemplated by the Participation Agreement, title to the Aircraft has been conveyed by The Boeing Company to the Owner Trustee by an AC Form 8050-2 Aircraft Bill of Sale (the "FAA Bill of Sale"), the registration of the Aircraft will be accomplished by the filing with the Federal Aviation Administration (the "FAA") of an AC Form 8050-1 Aircraft Registration Application in the name of the Owner Trustee (the "Aircraft Registration Application"), the leasing of the Aircraft and the Engines is pursuant to Lease Agreement \_\_\_\_\_ dated as of \_\_\_\_\_ (the "Lease") between the Owner Trustee and the Lessee, as supplemented by Lease Supplement No. 1 dated this date (the "Lease Supplement"), and the creation of a security interest in the Aircraft and the Engines is pursuant to the Trust Indenture and Mortgage \_\_\_\_\_ dated as of \_\_\_\_\_ (the "Trust Indenture") between the Owner Trustee and the Mortgagee, as supplemented by Trust Indenture and Mortgage \_\_\_\_\_ Supplement No. 1 dated this date (the "Trust Supplement").

Based upon our examination of the above described instruments and of such records of the FAA as we deemed necessary to express the following opinion and as were made available to us by the FAA, it is our opinion that:

- (a) the FAA Bill of Sale, the Trust Indenture with the Trust Supplement attached and the Lease with the Lease Supplement, the Trust Indenture and the Trust Supplement attached are in due form for recording and have been duly filed for recordation with the FAA pursuant to and in accordance with the provisions of the Transportation Code today at \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, respectively;
- (b) the Aircraft Registration Application, to which were attached the Affidavits of the Owner Trustee and the Owner Participant required by Section 47.7(c)(2)(ii) of Part 47 of the Federal Aviation Regulations, and the Trust Agreement were duly filed with the FAA today at \_\_\_\_\_;
- (c) the Owner Trustee is the owner of legal title to the Aircraft, and the Aircraft and the Engines are free and clear of all Liens (as such term is defined in the Lease) except the security interest created by the Trust Indenture, as supplemented by the Trust Supplement, and the interests of the parties created by the Lease, as supplemented by the Lease Supplement;
- (d) the Aircraft is eligible for registration in the name of the Owner Trustee under the Transportation Code, and the Aircraft will be duly registered by the FAA in the name of the Owner Trustee in due course pursuant to and in accordance with the provisions of the Transportation Code;
- (e) the rights of the Owner Trustee and the Lessee under the Lease, as supplemented by the Lease Supplement, with respect to the Aircraft and the Engines are perfected;
- (f) the Trust Indenture, as supplemented by the Trust Supplement, constitutes a valid, duly perfected first priority mortgage and security interest in favor of the Mortgagee, as trustee for the benefit of the Note Holders (as such term is defined in the Trust Indenture), in the Aircraft and the Engines and a valid, duly perfected first priority security interest in and collateral assignment of all of the right, title and interest of the Owner Trustee in, to and under the Lease, as supplemented by the Lease Supplement (insofar as such security interest and collateral assignment affect an interest covered by the recording system established by the FAA pursuant to Section 44107(a) of the Transportation Code), subject only to the Lease, as supplemented by the Lease Supplement;

- (g) none of the Trust Indenture, the Trust Agreement, the Trust Supplement, the Lease or the Lease Supplement is required to be filed or recorded in any other place within the United States in order to perfect the mortgage and security interest in the Aircraft and the Engines or the security interest in and collateral assignment of the Lease, as supplemented by the Lease Supplement (insofar as such security interest and collateral assignment affect an interest covered by the recording system established by the FAA pursuant to Section 44107(a) of the Transportation Code) under the applicable laws of any jurisdiction within the United States;
- (h) no other registration of the Aircraft and no filings or recordings (other than the filings and recordings with the FAA which have been effected) are necessary to perfect in any jurisdiction within the United States the Owner Trustee's title to the Aircraft, the first priority security interest and collateral assignment created by the Trust Indenture and the Trust Supplement in the Aircraft and the Engines and in all right, title and interest of the Owner Trustee in and to the Lease, as supplemented by the Lease Supplement (insofar as such security interest and collateral assignment affect an interest covered by the recording system established by the FAA pursuant to Section 44107(a) of the Transportation Code); and
- (i) no authorization, approval, consent, license or order of, or registration or filing with, or the giving of notice to, the FAA Aircraft Registry is required for the valid authorization, delivery or performance of the Lease, the Lease Supplement, the Trust Agreement, the Trust Indenture and the Trust Supplement except for such authorizations, approvals, consents, licenses, orders, registrations, and notices as have been effected.

No opinion is herein expressed as to: (i) laws other than the federal laws of the United States; (ii) the validity or enforceability under local law of the Trust Indenture, as supplemented by the Trust Supplement; or (iii) the recognition of the perfection of the security interest and collateral assignment created by the Trust Indenture, as supplemented by the Trust Supplement, as against third parties in any legal proceedings outside the United States. Since our examination was limited to records maintained by the FAA Aircraft Registry, our opinion does not cover liens which are perfected without the filing of notice thereof with the FAA, such as federal tax liens, liens arising under Section 1368(a) of Title 29 of the United States Code and possessory artisans' liens, and was subject to the accuracy of FAA personnel in the filing, indexing and recording of instruments filed with the FAA and in the search for encumbrance cross-reference index cards for the Engines. In rendering this opinion, we have relied upon the opinion of the Assistant Chief Counsel for the Aeronautical Center dated \_\_\_\_\_ (a copy of which is attached hereto) and upon the past practice of the FAA which is consistent with said opinion.

Although this opinion is not addressed to special counsel for the Loan Participant, special counsel for the Owner Participant or counsel for the Lessee, they may rely upon it as though addressed to them.

Very truly yours,

Patricia J. Hanson



EXHIBIT A

MORTGAGEE, SUBORDINATION AGENT  
AND LOAN PARTICIPANT

-----

Wilmington Trust Company

OWNER TRUSTEE

-----

First Security Bank, National Association

OWNER PARTICIPANT

-----

-----

LESSEE

-----

Continental Airlines, Inc.

LIQUIDITY PROVIDERS

-----

ABN AMRO Bank, N.V., Chicago Branch

ING Bank, N.V.

RATING ENTITIES

-----

Moody's Investors Service, Inc.

Standard & Poor's Ratings Group

EXHIBIT A-2 to  
Note Purchase Agreement

FORM OF LEASE

\*\*\*\*\*  
 \*  
 \* CONFIDENTIAL: ANNEXES B, C AND D AND SCHEDULES 1, 2, 3 AND 4 OF THIS \*  
 \* LEASE AGREEMENT ARE SUBJECT TO RESTRICTIONS ON DISSEMINATION SET \*  
 \* FORTH IN SECTION 8 OF THE PARTICIPATION AGREEMENT (AS DEFINED HEREIN) \*  
 \*  
 \*\*\*\*\*

=====

LEASE AGREEMENT \_\_\_\_\_

Dated as of \_\_\_\_\_

Between

FIRST SECURITY BANK,  
 NATIONAL ASSOCIATION,  
 Not in its Individual Capacity,  
 except as expressly provided herein,  
 but solely as Owner Trustee,

Lessor

and

CONTINENTAL AIRLINES, INC.,

Lessee

One Boeing Model [737-524] [737-724] [757-224] Aircraft  
 Bearing United States Registration No. N\_\_\_\_\_ and  
 Bearing Manufacturer's Serial No. \_\_\_\_\_ with two  
 [CFM MODEL 56-3-B1] [CFM MODEL 56-\_\_\_\_]  
 [ROLLS-ROYCE MODEL RB211-535E4-B-37] Engines  
 Bearing Engine Manufacturer's Serial Nos. \_\_\_\_\_ and \_\_\_\_\_

=====

The right, title and interest of Lessor in and to, among other things, this Lease Agreement has been assigned to and is subject to a security interest in favor of Wilmington Trust Company, a Delaware banking corporation, as Mortgagee, under the Trust Indenture and Mortgage \_\_\_\_\_, dated as of \_\_\_\_\_, for the benefit of the holders of the Equipment Notes referred to in such Trust Indenture, all to the extent provided in such Trust Indenture. This Lease Agreement has been executed in multiple counterparts; to the extent, if any, that this Lease Agreement constitutes chattel paper (as defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in Lessor's right, title and interest in and to this Lease Agreement may be perfected through the delivery or possession of any counterpart of this Lease Agreement other than the counterpart of this Lease Agreement that contains the original receipt executed by Wilmington Trust Company, as Mortgagee.

LEASE AGREEMENT BASE

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## LEASE AGREEMENT \_\_\_\_\_

LEASE AGREEMENT \_\_\_\_\_, dated as of \_\_\_\_\_ (this "Agreement" or "Lease"), between (a) FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee (this and all other capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in Section 1 below) ("Lessor" or "Owner Trustee"), and (b) CONTINENTAL AIRLINES, INC., a Delaware corporation ("Lessee").

## RECITALS

A. Lessor and Lessee are parties to the Participation Agreement, pursuant to which, among other things, Lessor and Lessee have agreed to enter into this Agreement.

B. Pursuant to the Trust Agreement, Owner Participant has authorized Lessor to enter into this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual agreements contained herein and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

## SECTION 1. DEFINITIONS AND CONSTRUCTION

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed and interpreted in the manner described, in Annex A.

## SECTION 2. DELIVERY AND ACCEPTANCE

## 2.1 DELIVERY AND LEASE OF AIRCRAFT

Lessor hereby agrees (subject to the satisfaction or waiver of the conditions set forth in Section 5 of the Participation Agreement) to lease to Lessee for the Term and Lessee hereby agrees (subject to the satisfaction or waiver of the conditions set forth in Section 5 of the Participation Agreement) to lease from Lessor for the Term, the Aircraft, commencing immediately



upon acquisition of the Aircraft by Lessor pursuant to the Purchase Agreement Assignment.

## 2.2 ACCEPTANCE BY LESSEE

(a) By executing and delivering Lease Supplement No. 1, Lessee confirms to Lessor that Lessee has duly and irrevocably accepted delivery of the Aircraft for all purposes of this Agreement.

(b) Lessor has authorized one or more employees of Lessee, designated by Lessee in writing, as the authorized representative or representatives of Lessor to accept delivery of the Aircraft on behalf of Lessor pursuant to the Purchase Agreement Assignment and the Participation Agreement. Lessee hereby agrees that if delivery of the Aircraft shall be accepted by an employee or employees of Lessee pursuant to such authorization by Lessor, such acceptance of delivery by such employee or employees on behalf of Lessor shall, without further act, irrevocably constitute acceptance by Lessee of the Aircraft for all purposes of this Agreement.

## SECTION 3. TERM AND RENT

### 3.1 TERM

The Aircraft shall be leased hereunder for the Term, unless this Agreement or the leasing of the Aircraft is earlier terminated in accordance with any provision of this Agreement. Lessee shall have the option to renew the leasing of the Aircraft hereunder pursuant to, and subject to the terms and conditions of, Section 17, for the Renewal Lease Term.

### 3.2 RENT

#### 3.2.1 INTERIM RENT; BASIC RENT; ADJUSTMENTS TO BASIC RENT AND CERTAIN OTHER AMOUNTS

(a) Lessee shall pay Interim Rent to Lessor on the last day of the Interim Lease Term, which shall be allocated to the Interim Lease Term. During the Base Lease Term, Lessee shall pay to Lessor, on each Payment Date, Basic Rent in the amount equal to the percentage of Lessor's Cost specified in Schedule 2 for such Payment Date, which shall be allocated to the Payment Period ending on such Payment Date, if designated as a payment in arrears, or allocated to the Payment Period commencing on such

Payment Date, if designated as a payment in advance, in each case as specified in Schedule 2, as such amount may be (i) adjusted pursuant to Section 3.2.1(b) or (ii) increased in an amount equal to any increase in the amount of interest due on the Equipment Notes on the relevant Payment Date pursuant to Section 2(e) of the Registration Rights Agreement.

(b) Basic Rent, Stipulated Loss Values and Termination Values, shall be subject to adjustment as follows:

(i) In the event that Transaction Expenses paid by Lessor pursuant to Section 9.2 of the Participation Agreement are determined to be other than 1.0% of Lessor's Cost, then in each case the Basic Rent percentages set forth in Schedule 2, Stipulated Loss Value percentages set forth in Schedule 3 and the Termination Value percentages set forth in Schedule 4 shall be recalculated (upwards or downwards) by the Owner Participant, on or prior to the 120th day after the Delivery Date using the same methods and assumptions used to calculate original Basic Rent, Stipulated Loss Value and Termination Value percentages in order to (1) maintain the Owner Participant's Net Economic Return and (2) minimize the Net Present Value of Rents to Lessee to the extent possible consistent with clause (1) hereof.

(ii) In the event of a refinancing as contemplated by Section 11 of the Participation Agreement, then the Basic Rent percentages set forth in Schedule 2, Stipulated Loss Value percentages set forth in Schedule 3 and the Termination Value percentages set forth in Schedule 4 shall be recalculated (upwards and downwards) by the Owner Participant as contemplated by such Section to (1) maintain the Owner Participant's Net Economic Return and (2) to the extent possible consistent with clause (1) hereof, minimize the Net Present Value of Rents to Lessee.

(iii) In the event that Lessee is required to indemnify the Owner Participant under the Tax Indemnity Agreement, then (A) in the event that the Lessee agrees to satisfy such indemnity obligation pursuant to SECTION \_\_\_ OF THE TAX INDEMNITY AGREEMENT, the Basic Rent percentages set forth in Schedule 2, and (B) in any event, the Stipulated Loss Value percentages set forth in Schedule 3 and the Termination Value percentages set forth in Schedule 4 shall be

recalculated (upwards or downwards) by Owner Participant, using the same methods and assumptions (except to the extent such assumptions shall be varied to take into account the Loss or Foreign Tax Credit Loss (as each such term is defined in the Tax Indemnity Agreement) that is the subject of such indemnification and any prior or contemporaneous Loss or Foreign Tax Credit Loss) used to calculate the Basic Rent percentages, the Stipulated Loss Value percentages and the Termination Value percentages on the Delivery Date, in order to (1) maintain the Owner Participant's Net Economic Return and (2) to the extent possible consistent with clause (1) hereof, minimize the Net Present Value of Rents to Lessee.

(c) All adjustments pursuant to Section 3.2.1(b) shall be made as promptly as practicable after either Owner Participant or Lessee gives notice to the other that an event has occurred that requires an adjustment. Owner Participant and Lessee shall give prompt notice to the other of any event requiring an adjustment. Any recalculation of the percentages of Basic Rent, Stipulated Loss Value and Termination Value shall be prepared by Owner Participant, subject to verification at the request of Lessee in accordance with this Section 3.2.1(c), on the basis of the same methodology and assumptions used by Owner Participant in determining the percentages of Basic Rent, Stipulated Loss Value and Termination Value as of the Delivery Date, except as such assumptions have been modified to reflect the events giving rise to adjustments hereunder. Promptly after an adjustment is made hereunder, Owner Participant shall deliver to Lessee a description of such adjustment, setting forth in reasonable detail the calculation thereof. All adjustments shall (i) be made so as to avoid characterization of the Lease as a "disqualified leaseback or long-term agreement" within the meaning of Section 467 of the Code unless such adjustments are made in a manner that reflects the effect of such characterization and (ii) be in compliance with the requirements of Sections 4.02(5), 4.07(1) and, on a prospective basis, 4.08(1) of Revenue Procedure 75-28, except to the extent that on the Delivery Date the Lease constituted a "disqualified leaseback or long-term agreement" or was not in compliance with the regulations referred to in clause (ii). All adjustments required pursuant to Section 3.2.1(b) shall be set forth in a Lease Supplement or in an amendment to this Lease, and, promptly after execution thereof by Lessor and Lessee, Lessee shall give a copy thereof to Mortgagee.

(d) If Lessee believes that any calculations by Owner Participant pursuant to Section 3.2.1(c) are in error, and if, after consultation, Lessee and Owner Participant are unable to agree on an adjustment, then a nationally recognized firm of accountants selected by Lessee and reasonably satisfactory to Owner Participant shall verify such calculations. Owner Participant will make available to such firm, but not, in any circumstances, to Lessee or any representative of Lessee, the methodology and assumptions referred to in Section 3.2.1(c) and any modifications thereto made to reflect the events giving rise to adjustments hereunder (subject to the execution by such firm of a confidentiality agreement, reasonably acceptable to Owner Participant, prohibiting disclosure of such methodology and assumptions to any third party). The determination by such firm of accountants shall be final. Lessee will pay the reasonable costs and expenses of such further verification by such accountants, provided that if it results in a decrease in Basic Rent which decreases the remaining Net Present Value of Rents by ten or more basis points from the remaining Net Present Value of Rents as recalculated by the Owner Participant, then the Owner Participant will pay such costs and expenses.

(e) Notwithstanding anything to the contrary in any Operative Agreement, the amount of the payment of Basic Rent due and payable on each Payment Date shall be at least sufficient to pay in full, as of such Payment Date (assuming timely payment of the Equipment Notes prior to such Date), the aggregate principal amount of scheduled installments due on the Equipment Notes outstanding on such Payment Date, together with the accrued and unpaid interest thereon, due on such Payment Date in respect of the Equipment Notes; provided, however, that no installment of Basic Rent shall be increased to the extent such increase would be based upon (i) any attachment or diversion of Basic Rent on account of Lessor Liens, (ii) any modification of the payment terms of the Equipment Notes, other than as required or permitted by any Operative Agreement (including, without limitation, as permitted upon the occurrence of a Lease Event of Default) or (iii) the acceleration of any Equipment Note or Equipment Notes due solely to the occurrence of an Indenture Event of Default that does not constitute a Lease Event of Default.

### 3.2.2 SUPPLEMENTAL RENT

Lessee shall pay to Lessor, or to whosoever shall be entitled thereto, any and all Supplemental Rent when and as the

same shall become due and owing. Lessee will also pay to Lessor, or to whosoever shall be entitled thereto as Supplemental Rent, to the extent permitted by applicable law, interest at the Payment Due Rate on any part of any amount of Rent (including, without limitation, Supplemental Rent) not paid by 12:30 p.m., New York time, on the date when due (so long as, in the case of any person not a party to the Participation Agreement, Lessee had received timely notice of the account to which such payment was required to be made), for the period from and including the date on which the same was due to, but excluding, the date of payment in full.

### 3.3 PAYMENTS

(a) Payments of Rent by Lessee shall be paid by wire transfer of immediately available Dollars, not later than 12:30 p.m., New York time, on the date when due, to the account of Lessor specified in Schedule 1 to the Participation Agreement or to such other account in the United States as directed by Lessor to Lessee in writing at least 10 Business Days prior to the date such payment of Rent is due or, in the case of any payment of Supplemental Rent expressly payable to a person other than Lessor, to the person that shall be entitled thereto to such account in the United States as such person may specify from time to time to Lessee at least 10 Business Days prior to the date such payment of Rent is due.

(b) Except as otherwise expressly provided herein, whenever any payment of Rent shall be due on a day that is not a Business Day, such payment shall be made on the next day that is a Business Day, and, if such payment is made on such next Business Day, no interest shall accrue on the amount of such payment during such extension.

(c) So long as Lessee has not received written notice from the Mortgagee that the Trust Indenture has been discharged, and notwithstanding Section 3.3(a), Lessor hereby directs, and Lessee agrees, that all payments of Rent and all other amounts payable by Lessee hereunder, other than Excluded Payments, shall be paid directly to Mortgagee on behalf of Lessor by wire transfer of immediately available Dollars to the account of Mortgagee specified in Schedule 1 to the Participation Agreement, or to such other account in the United States as Mortgagee may specify by written notice to Lessor and Lessee at least 10 Business Days prior to the date such payment of Rent is due.

(d) Excluded Payments shall be paid by wire transfer of immediately available Dollars to the account of the person specified in the Participation Agreement or, if not so specified, to such account in the United States as may be specified by such person by written notice to Lessor and Lessee from time to time at least 10 Business Days prior to the date such payment is required to be made.

(e) All computations of interest under this Agreement shall be made on the basis of a year of 360 days comprised of twelve 30-day months.

SECTION 4. DISCLAIMER; CERTAIN AGREEMENTS OF LESSOR; SECTION 1110 MATTERS

4.1 DISCLAIMER

LESSOR LEASES AND LESSEE TAKES THE AIRCRAFT "AS-IS, WHERE-IS." LESSEE ACKNOWLEDGES AND AGREES THAT AS BETWEEN LESSEE AND EACH OF LESSOR, MORTGAGEE AND ANY PARTICIPANT (i) LESSEE HAS SELECTED THE AIRCRAFT AND MANUFACTURER THEREOF AND (ii) NONE OF LESSOR, MORTGAGEE AND ANY PARTICIPANT MAKES, HAS MADE OR SHALL BE DEEMED TO HAVE MADE, AND EACH WILL BE DEEMED TO HAVE EXPRESSLY DISCLAIMED, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO:

- (v) THE AIRWORTHINESS, VALUE, CONDITION, DESIGN, OPERATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR USE OR FOR ANY PARTICULAR PURPOSE OF THE AIRFRAME, ANY ENGINE OR ANY PART THEREOF;
- (w) THE QUALITY OF THE MATERIAL OR WORKMANSHIP WITH RESPECT TO THE AIRFRAME, ANY ENGINE OR ANY PART THEREOF;
- (x) THE ABSENCE OF LATENT OR ANY OTHER DEFECT IN THE AIRFRAME, ANY ENGINE OR ANY PART THEREOF, WHETHER OR NOT DISCOVERABLE;
- (y) THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT OR THE LIKE; OR
- (z) THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRFRAME, ANY ENGINE OR ANY PART THEREOF.

## 4.2 CERTAIN AGREEMENTS OF LESSOR

Unless a Lease Event of Default shall have occurred and be continuing, Lessor agrees to make available to Lessee such rights as Lessor may have under any warranty with respect to the Aircraft made, or made available, by Airframe Manufacturer or Engine Manufacturer or any of their respective subcontractors or suppliers, as the case may be, pursuant to and in accordance with the terms of the Purchase Agreement Assignment.

## 4.3 QUIET ENJOYMENT

So long as no Lease Event of Default shall have occurred and be continuing, Lessor shall not interfere with Lessee's rights hereunder to continued possession, use and operation of, and quiet enjoyment of, the Aircraft during the Term.

## 4.4 INVESTMENT OF FUNDS HELD AS SECURITY

## 4.4.1 INVESTMENT

Any moneys required to be paid to or retained by Lessor that are required to be paid to Lessee or applied as provided herein shall, until paid to Lessee as provided herein or applied as provided herein, be invested by Lessor from time to time as directed in writing by Lessee (or, if Lessee fails to so direct, by or as directed by Lessor in its sole discretion) and at the expense and risk of Lessee in Cash Equivalents so long as such Cash Equivalents specified by Lessee or Lessor, as the case may be, can be acquired by Lessor using its best efforts; provided, that so long as the Lien of the Trust Indenture shall not have been discharged, such moneys shall be invested and held by Mortgagee, as assignee of Lessor, in accordance with this Lease and upon discharge of such Lien, Mortgagee shall pay any such money held by it to Lessor to be held and invested in accordance with this Section.

## 4.4.2 PAYMENT OF GAIN OR LOSS

Any net gain (including interest received) realized as the result of investments pursuant to Section 4.4.1 (net of any fees, commissions and other reasonable expenses, if any, incurred in connection with such investment) shall be held and applied in the same manner as the principal amount is to be held and applied hereunder. Lessee will promptly pay to Lessor, on demand, the amount of any loss realized as the result of any such investment

(together with any fees, commissions and other reasonable expenses, if any, incurred in connection with such investment), such amount so paid to be held and applied by Lessor as contemplated in Section 4.4.1 above.

#### 4.4.3 LIMITATION OF LIABILITY

All investments under this Section 4.4 shall be at the expense and risk of Lessee, and Lessor and Mortgagee shall not be liable for any loss resulting from any investment made under this Section 4.4 other than by reason of its willful misconduct or gross negligence. Any such investment may be sold (without regard to its maturity) by Lessor without instructions whenever such sale is necessary to make a distribution required by this Lease.

#### 4.5 Title Transfers by Lessor

If Lessor shall be required to transfer title to the Aircraft, Airframe or any Engine to Lessee or any other person pursuant to this Lease, then (a) Lessor shall (1) transfer to Lessee or such other person, as the case may be, all of Lessor's right, title and interest in and to the Aircraft, Airframe or such Engine, as the case may be, free and clear of all Lessor Liens, (2) so long as the Lien of the Trust Indenture has not been discharged, comply with the Trust Indenture relating to the release of the Aircraft, Airframe or such Engine, (3) assign to Lessee or such other person, as the case may be, if and to the extent permitted under the Purchase Agreement, all warranties of Airframe Manufacturer and Engine Manufacturer with respect to the Aircraft, Airframe or such Engine, and (4) assign to Lessee or such other person, as the case may be, if and to the extent permitted, all claims, if any, for damage to the Aircraft, Airframe or such Engine, in each case free of Lessor Liens, and without recourse or warranty of any kind whatsoever (except as to the transfer described in clause (1) above and as to the absence of such Lessor Liens, as aforesaid), and (b) Lessor shall promptly deliver to Lessee or such other person, as the case may be, a bill of sale and agreements of assignment, evidencing such transfer and assignment, and such other instruments of transfer, all in form and substance reasonably satisfactory to Lessee (or such other person, as the case may be), as Lessee (or such other person, as the case may be) may reasonably request.



## 4.6 LESSOR'S INTEREST IN CERTAIN ENGINES

Lessor hereby agrees for the benefit of each lessor, conditional seller, indenture trustee or secured party of any engine leased to, or purchased by, Lessee or any Permitted Sublessee subject to a lease, conditional sale, trust indenture or other security agreement that Lessor, its successors and assigns will not acquire or claim, as against such lessor, conditional seller, indenture trustee or secured party, any right, title or interest in any engine as the result of such engine being installed on the Airframe at any time while such engine is subject to such lease, conditional sale, trust indenture or other security agreement and owned by such lessor or conditional seller or subject to a trust indenture or security interest in favor of such indenture trustee or secured party.

## 4.7 LEASE FOR U.S. FEDERAL INCOME TAX LAW PURPOSES; SECTION 1110 OF BANKRUPTCY CODE

(a) Lessee and Lessor agree that this Lease is, and shall be treated as, a lease for U.S. federal income tax purposes of the Aircraft, Airframe, Engines and Parts.

(b) It is the intention of each of Lessee and Lessor that Lessor (and Mortgagee as assignee of Lessor under the Trust Indenture) shall be entitled to the benefits of Section 1110 with respect to the right to take possession of the Aircraft, Airframe, Engines and Parts as provided in this Lease.

## SECTION 5. RETURN OF AIRCRAFT

## 5.1 COMPLIANCE WITH ANNEX B

Lessee shall comply with each of the provisions of Annex B hereto, which provisions are hereby incorporated by this reference as if set forth in full herein.

## 5.2 STORAGE AND RELATED MATTERS

If Lessor gives written notice to Lessee not less than 60 days nor more than 120 days prior to the end of the Term requesting storage of the Aircraft upon its return hereunder, Lessee will provide Lessor, or cause Lessor to be provided, with outdoor parking facilities for the Aircraft for a period up to 30 days, commencing on the date of such return, and upon request of Lessor to Lessee made at least 10 days prior to the end of such

initial 30 day period, for an additional 30 day period commencing upon expiration of such initial period, at such storage facility in the 48 contiguous states of the United States as Lessee may select. Lessee shall, at Lessor's written request, maintain insurance (if available) for the Aircraft during such storage period, provided that Lessor shall reimburse Lessee for Lessee's out-of-pocket cost of providing such insurance. Such storage shall be at Lessor's risk, and Lessor shall pay all applicable storage fees, except that Lessee shall pay the parking fees for the initial 30 day storage period; provided that Lessee's obligation to provide parking shall be subject to Lessor entering into an agreement prior to the commencement of the storage period with the storage facility providing, among other things, that Lessor shall bear all maintenance charges and other costs (other than parking fees for the initial 30 day period) incurred.

### 5.3 RETURN OF OTHER ENGINES

In the event that any Engine owned by Lessor shall not be installed on the Airframe at the time of return hereunder, Lessee shall be required to return the Airframe hereunder with a Replacement Engine meeting the requirements of, and in accordance with, Section 10 hereof and Annex B hereto. Thereupon, Lessor will transfer to Lessee the Engine constituting part of such Aircraft but not installed on such Airframe at the time of the return of the Airframe.

### 5.4 FUEL

Upon the return of the Airframe upon any termination of this Lease, Lessor shall pay Lessee, as compensation for any fuel or oil contained in the fuel or oil tanks of such Airframe, the value of such fuel or oil at the price paid by Lessee for such fuel or oil, provided that if the Aircraft is being returned in connection with the exercise of remedies pursuant to Section 15, Lessor shall have no obligation to make such payment to Lessee until Lessor shall have been paid all amounts due to it pursuant to Section 15.

## SECTION 6. LIENS

Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any Lien on or with respect to the Aircraft, the Airframe, any Engine or any Part, title to any of the foregoing or any interest of Lessee therein, or the Lessee's

rights in and to this Lease or any Permitted Sublease, except (a) the respective rights of Lessor, Mortgagee, the Participants or Lessee under the Operative Agreements, or of any Permitted Sublessee under any Permitted Sublease; (b) Lessor Liens; (c) the rights of others under agreements or arrangements to the extent permitted by the terms of Sections 7.2 and 7.3; (d) Liens for Taxes of Lessee (and its U.S. federal tax law consolidated group), or Liens for Taxes of any Tax Indemnitee (and its U.S. federal tax law consolidated group) for which Lessee is obligated to indemnify such Tax Indemnitee under any of the Lessee Operative Agreements, in any such case either not yet due or being contested in good faith by appropriate proceedings so long as such Liens and such proceedings do not involve any material risk of the sale, forfeiture or loss of the Aircraft, the Airframe, any Engine or the interest of any Participant therein or impair the lien of the Trust Indenture; (e) materialmen's, mechanics', workers', repairers', employees' or other like Liens arising in the ordinary course of business for amounts the payment of which is either not yet delinquent for more than 60 days or is being contested in good faith by appropriate proceedings, so long as such Liens and such proceedings do not involve any material risk of the sale, forfeiture or loss of the Aircraft, the Airframe, any Engine or the interest of any Participant therein or impair the lien of the Trust Indenture; (f) Liens arising out of any judgment or award against Lessee (or against any Permitted Sublessee), so long as such judgment shall, within 60 days after the entry thereof, have been discharged or vacated, or execution thereof stayed pending appeal or shall have been discharged, vacated or reversed within 60 days after the expiration of such stay, and so long as during any such 60-day period there is not, or any such judgment or award does not involve, any material risk of the sale, forfeiture or loss of the Aircraft, the Airframe, any Engine or the interest of any Participant therein or impair the lien of the Trust Indenture, and (g) any other Lien with respect to which Lessee (or any Permitted Sublessee) shall have provided a bond, cash collateral or other security adequate in the reasonable opinion of Lessor. Lessee shall promptly take (or cause to be taken) such action as may be necessary duly to discharge (by bonding or otherwise) any Lien not excepted above if the same shall at any time arise in respect of the Aircraft, the Airframe, any Engine or any Part during the Term.

## SECTION 7. REGISTRATION, OPERATION, POSSESSION, SUBLEASING AND RECORDS

## 7.1 REGISTRATION AND OPERATION

## 7.1.1 REGISTRATION AND RECORDATION

Subject to the compliance by Lessor and Owner Participant with their respective obligations under Section 13 of the Participation Agreement, Lessee shall cause the Aircraft to be, and at all times during the Term to remain, duly registered with the FAA under the Act or with such other country of registry as shall be permitted under Section 7.1.2 below, in the name of Lessor as owner and lessor (except to the extent that such registration under the Act cannot be effected with the FAA because of Lessor's or Owner Participant's failure to comply with the citizenship requirements for registration of the Aircraft under the Act). Lessor shall execute and all such documents as Lessee (or any Permitted Sublessee) may reasonably request for the purpose of effecting and continuing such registration. Unless Mortgagee has given Lessee notice that the Trust Indenture has been discharged, Lessee shall also cause the Trust Indenture to be duly recorded and at all times maintained of record as a first-priority perfected mortgage (subject to Permitted Liens) on the Aircraft, the Airframe and each of the Engines (except to the extent such perfection or priority cannot be maintained solely as a result of the failure by Lessor or Mortgagee to execute and deliver any necessary documents).

## 7.1.2 REREGISTRATION

So long as no Lease Event of Default shall have occurred and be continuing, Lessee may, by written notice to Lessor, request to change the country of registration of the Aircraft. Any such change in registration shall be effected only in compliance with, and subject to all of the conditions set forth in, Section 7.6.11 of the Participation Agreement.

## 7.1.3 MARKINGS

If permitted by applicable Law, on or reasonably promptly after the Delivery Date, Lessee will cause to be affixed to, and maintained in, the cockpit of the Airframe and on each Engine, in each case, in a clearly visible location (it being understood that the location of such placards, as identified to the Owner Participant prior to the Delivery Date, shall be deemed to be in

compliance with this requirement), a placard of a reasonable size and shape bearing the legend, in English, set forth in Schedule 6. Such placards may be removed temporarily, if necessary, in the course of maintenance of the Airframe or Engines. If any such placard is damaged or becomes illegible, Lessee shall promptly replace it with a placard complying with the requirements of this Section 7.1.3.

#### 7.1.4 COMPLIANCE WITH LAWS

Lessee shall not, and shall not allow any other person to, operate, use, maintain, service, repair or overhaul the Aircraft (a) in violation of any Law binding on or applicable to the Aircraft, the Airframe or any Engine, or (b) in violation of any airworthiness certificate, license or registration of any Government Entity relating to the Aircraft, the Airframe or any Engine, except (1) immaterial or non-recurring violations with respect to which corrective measures are taken promptly by Lessee or a Permitted Sublessee, as the case may be, upon discovery thereof, and (2) to the extent Lessee or any Permitted Sublessee is contesting the validity or application of any such Law or requirement relating to any such certificate, license or registration in good faith in any reasonable manner which does not involve any material risk of the sale, forfeiture or loss of the Aircraft, the Airframe, any Engine or the interest of any Participant therein, any material risk of criminal liability or of material civil penalty against Lessor, Mortgagee or any Participant or impair the lien of the Trust Indentures.

#### 7.1.5 OPERATION

Lessee agrees not to operate, use or locate the Aircraft, the Airframe or any Engine, or allow the Aircraft, the Airframe or any Engine to be operated, used or located (a) in any area excluded from coverage by any insurance required by the terms of Section 11, except in the case of a requisition by the U.S. Government where Lessee obtains an indemnity in lieu of such insurance from the U.S. Government, or insurance from the U.S. Government, covering such area, in accordance with Section 11.3 or (b) in any recognized area of hostilities unless fully covered in accordance with Annex D by war-risk insurance as required by the terms of Section 11 (including, without limitation, Section 11.3), unless in any case referred to in this Section 7.1.5 the Aircraft is only temporarily operated, used or located in such area as a result of an emergency, equipment malfunction,

navigational error, hijacking, weather condition or other similar unforeseen circumstances, so long as Lessee diligently and in good faith proceeds to remove the Aircraft from such area.

## 7.2 POSSESSION

Lessee will not, without the prior written consent of Lessor, sublease or otherwise in any manner deliver, transfer or relinquish possession of the Aircraft, the Airframe or any Engine or install any Engine, or permit any Engine to be installed, on any airframe other than the Airframe; provided, however, subject to the provisions of Section 7.3, that if and for so long as no Lease Event of Default shall have occurred and be continuing, then Lessee may, without such prior written consent:

### 7.2.1 INTERCHANGE AND POOLING

Subject or permit any Permitted Sublessee to subject any Engine to normal interchange agreements or pooling agreements or arrangements, in each case customary in the commercial airline industry and entered into by Lessee or such Permitted Sublessee, as the case may be, in the ordinary course of business; provided, however, that if Lessor's title to any such Engine is divested under any such agreement or arrangement, then such Engine shall be deemed to have suffered an Event of Loss as of the date of such divestiture, with the effect that Lessee shall be required to replace such Engine with a Replacement Engine meeting the requirements of, and in accordance with, Section 10.

### 7.2.2 TESTING AND SERVICE

Deliver or permit any Permitted Sublessee to deliver possession of the Aircraft, Airframe, any Engine or any Part (i) to the manufacturer thereof or to any third-party maintenance provider, for testing, service, repair, maintenance or overhaul work on the Aircraft, Airframe, any Engine or any Part, or, to the extent required or permitted by the terms of Annex C, for alterations or modifications in or additions to the Aircraft, Airframe or any Engine or (ii) to any Person for the purpose of transport to a Person referred to in the preceding clause (i).

### 7.2.3 TRANSFER TO U.S. GOVERNMENT

Transfer or permit any Permitted Sublessee to transfer possession of the Aircraft, Airframe or any Engine to the U.S. Government, in which event Lessee shall promptly notify Lessor

and Mortgagee in writing of any such transfer of possession and, in the case of any transfer pursuant to CRAF, in such notification shall identify by name, address and telephone numbers the Contracting Office Representative or Representatives for the Military Airlift Command of the United States Air Force to whom notices must be given and to whom requests or claims must be made to the extent applicable under CRAF.

#### 7.2.4 INSTALLATION OF ENGINES ON OWNED AIRCRAFT

Install or permit any Permitted Sublessee to install an Engine on an airframe owned by Lessee or such Permitted Sublessee, as the case may be, free and clear of all Liens, except (a) Permitted Liens and those that do not apply to the Engines and (b) the rights of third parties under normal interchange or pooling agreements and arrangements of the type that would be permitted under Section 7.2.1.

#### 7.2.5 INSTALLATION OF ENGINES ON OTHER AIRFRAMES

Install or permit any Permitted Sublessee to install an Engine on an airframe leased to Lessee or such Permitted Sublessee, or purchased by Lessee or such Permitted Sublessee subject to a mortgage, security agreement, conditional sale or other secured financing arrangement, but only if (a) such airframe is free and clear of all Liens, except (i) the rights of the parties to such lease, or any such secured financing arrangement, covering such airframe and (ii) Liens of the type permitted by clauses (a) and (b) of Section 7.2.4 and (b) Lessee or Permitted Sublessee, as the case may be, shall have received from the lessor, mortgagee, secured party or conditional seller, in respect of such airframe, a written agreement (which may be a copy of the lease, mortgage, security agreement, conditional sale or other agreement covering such airframe), whereby such Person agrees that it will not acquire or claim any right, title or interest in, or Lien on, such Engine by reason of such Engine being installed on such airframe at any time while such Engine is subject to this Lease or is owned by Lessor.

#### 7.2.6 INSTALLATIONS OF ENGINES ON FINANCED AIRCRAFT

Install or permit any Permitted Sublessee to install an Engine on an airframe owned by Lessee or such Permitted Sublessee, leased to Lessee or such Permitted Sublessee, or

purchased by Lessee or such Permitted Sublessee subject to a conditional sale or other security agreement under circumstances where neither Section 7.2.4 or 7.2.5 is applicable; provided, however, that any such installation shall be deemed an Event of Loss with respect to such Engine, and Lessee shall comply with Section 10.2 hereof in respect thereof.

#### 7.2.7 SUBLEASING

With respect to the Aircraft, Airframe or any Engine, enter into a sublease with any Permitted Air Carrier, but only if:

(a) Lessee shall provide written notice to Lessor and Mortgagee (such notice in the event of a sublease to a U.S. Air Carrier to be given promptly after entering into any such sublease or, in the case of a sublease to any other Permitted Air Carrier, 10 days in advance of entering into such sublease);

(b) At the time that Lessee enters into such sublease, such Permitted Air Carrier shall not be subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding, and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person;

(c) Any such sublease (i) shall not extend beyond the expiration of the Basic Term or any Renewal Term then in effect unless Lessee shall have irrevocably committed to purchase the Aircraft, (ii) shall include provisions for the maintenance, operation, possession, inspection and insurance of the Aircraft that are the same in all material respects as the applicable provisions of this Lease and (iii) shall be expressly subject and subordinate to all the terms of this Agreement and to the rights, powers and remedies of Lessor hereunder, including, without limitation, Lessor's rights under Section 15 to repossess the Aircraft, Airframe and Engines and to terminate such sublease upon the occurrence of a Lease Event of Default;

(d) In connection with a sublease to a Permitted Foreign Air Carrier, (1) the United States maintains diplomatic relations with the country of domicile of such Permitted Foreign Air Carrier (or, in the case of Taiwan, diplomatic relations at least as good as those in effect on the Delivery Date) and (2) Lessee shall have furnished Lessor and Mortgagee a favorable opinion of counsel, reasonably satisfactory to Lessor, in the country of



domicile of such Permitted Foreign Air Carrier, that (i) the terms of such sublease are the legal, valid and binding obligations of the parties thereto enforceable under the laws of such jurisdiction, (ii) it is not necessary for Owner Participant, Lessor or Mortgagee to register or qualify to do business in such jurisdiction, if not already so registered or qualified, as a result, in whole or in part, of the proposed sublease, (iii) Lessor's title to, and Mortgagee's Lien in respect of, the Aircraft, Airframe and Engines will be recognized in such jurisdiction, (iv) the Laws of such jurisdiction of domicile require fair compensation by the government of such jurisdiction, payable in a currency freely convertible into Dollars, for the loss of title to the Aircraft, Airframe or Engines in the event of the requisition by such government of such title (unless Lessee shall provide insurance in the amounts required with respect to hull insurance under Section 11 covering the requisition of title to the Aircraft, Airframe or Engines by the government of such jurisdiction so long as the Aircraft, Airframe or Engines are subject to such sublease) and (v) the agreement of such Permitted Air Carrier that its rights under the sublease are subject and subordinate to all the terms of this Lease is enforceable against such Permitted Air Carrier under applicable law;

(e) Lessee shall furnish to Lessor, Mortgagee and Owner Participant evidence reasonably satisfactory to Lessor that the insurance required by Section 11 remains in effect;

(f) All necessary documents shall have been duly filed, registered or recorded in such public offices as may be required fully to preserve the title of Lessor, and the first priority security interest (subject to Permitted Liens) of Mortgagee, in the Aircraft, Airframe and Engines;

(g) Lessee shall reimburse Lessor, Mortgagee and Owner Participant for all of their reasonable out-of-pocket fees and expenses, including, without limitation, reasonable fees and disbursements of counsel, incurred by Lessor, Mortgagee and Owner Participant in connection with any such sublease;

(h) For all purposes of this Section 7.2.7, the term "sublease" shall be deemed to include interchange agreements with respect to the Aircraft or Airframe; and

(i) No such sublease shall be made to a Permitted Foreign Air Carrier prior to the close of the Tax Attribute Period, unless Lessee prepays on a lump-sum basis any liability due under the Tax Indemnity Agreement as a result of such sublease based upon the assumption that such sublease were to continue for the remainder of the term of such sublease.

7.3 CERTAIN LIMITATIONS ON SUBLEASING OR OTHER RELINQUISHMENT OF POSSESSION

Notwithstanding anything to the contrary in Section 7.2:

(a) The rights of any person that receives possession of the Aircraft in accordance with Section 7.2 shall be subject and subordinate to all the terms of this Lease, and to Lessor's rights, powers and remedies hereunder, including, without limitation (i) Lessor's right to repossess the Aircraft pursuant to Section 15, (ii) Lessor's right to terminate and avoid such sublease, delivery, transfer or relinquishment of possession upon the occurrence of a Lease Event of Default and (iii) the right to require such person to forthwith deliver the Aircraft, the Airframe and Engines subject to such transfer upon the occurrence of a Lease Event of Default;

(b) Lessee shall remain primarily liable hereunder for the performance of all the terms of this Lease to the same extent as if such transfer had not occurred, and no transfer of possession of the Aircraft, the Airframe, any Engine or any Part shall in any way discharge or diminish any of Lessee's obligations to Lessor hereunder or under any Operative Agreement;

(c) Lessee shall ensure that no sublease, delivery, transfer or relinquishment permitted under Section 7.2 shall affect the United States registration of the Aircraft, unless also made in accordance with the provisions of Section 7.1.2.

(d) Any event that constitutes or would, with the passage of time, constitute an Event of Loss under paragraph (c), (d), or (e) of the definition of such term (as set forth in Annex A) shall not be deemed to violate the provisions of Section 7.2; and

(e) Any Wet Lease shall not constitute a delivery, transfer or relinquishment of possession for purposes of Section 7.2 and shall not be prohibited by the terms hereof.

SECTION 8. MAINTENANCE; REPLACEMENT AND POOLING OF PARTS; ALTERATIONS, MODIFICATIONS AND ADDITIONS; OTHER LESSEE COVENANTS

8.1 MAINTENANCE; REPLACEMENT AND POOLING OF PARTS; ALTERATIONS, MODIFICATIONS AND ADDITIONS

At all times during the Term, Lessee shall comply with, or cause to be complied with, each of the provisions of Annex C, which provisions are hereby incorporated by this reference as if set forth in full herein.

8.2 INFORMATION, CERTIFICATES, NOTICES AND REPORTS

8.2.1 FINANCIAL INFORMATION

Lessee will furnish to Lessor:

- (a) Within 90 days after the end of each of the first three fiscal quarters in each fiscal year of Lessee, a consolidated balance sheet of Lessee as of the end of such quarter and related statements of income and cash flows for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding period in the preceding fiscal year, prepared in accordance with GAAP; provided that so long as Lessee is subject to the reporting requirements of the Securities Exchange Act of 1934, a copy of Lessee's report on Form 10-Q for such fiscal quarter (excluding exhibits) will satisfy this paragraph (a).
- (b) Within 120 days after the end of each fiscal year of Lessee, a consolidated balance sheet of Lessee as of the end of such fiscal year and related statements of income and cash flows of Lessee for such fiscal year, in comparative form with the preceding fiscal year, prepared in accordance with GAAP, together with a report of Lessee's independent certified public accountants with respect to their audit of such financial statements; provided that so long as Lessee is subject to the reporting requirements of the Securities Exchange Act of 1934, a copy of Lessee's report on Form 10-K for such fiscal year (excluding exhibits) will satisfy this paragraph (b).

## 8.2.2 ANNUAL CERTIFICATE

Within 120 days after the close of each fiscal year of Lessee, Lessee shall deliver to Lessor and Mortgagee an Officer's Certificate of Lessee to the effect that such officer is familiar with or has reviewed or caused to be reviewed the relevant terms of this Lease and the other Lessee Operative Agreements and that such officer does not have knowledge of the existence as at the date of such certificate of any Lease Event of Default.

## 8.2.3 INFORMATION FOR FILINGS

Lessee shall promptly furnish to Owner Participant or Lessor such information (other than with respect to the citizenship of Owner Participant and Lessor) within Lessee's or any Permitted Sublessee's possession, or reasonably available to or obtainable by Lessee or such Permitted Sublessee, as may be required to enable Lessor timely to file any reports required to be filed by it as lessor under the Lease or to enable Owner Participant to timely file any reports required to be filed by it, as the beneficiary of the Trust Estate, in either case, with any Government Entity because of, or in connection with, the interest of Owner Participant or Lessor in the Aircraft, Airframe or Engines, this Lease or any other part of the Trust Estate; provided, however, that with respect to any such information which Lessee reasonably deems commercially sensitive or confidential, Owner Participant or Lessor, as the case may be, shall afford Lessee a reasonable opportunity to seek from any such Government Entity a waiver of the obligation of Owner Participant or Lessor to file any such information, or shall consent to the filing of such information directly by Lessee in lieu of filing by Owner Participant or Lessor, and if any such waiver or consent is evidenced to the reasonable satisfaction of Owner Participant or Lessor, as the case may be, then Lessee shall not be required to furnish such information to Owner Participant or Lessor.

## SECTION 9. VOLUNTARY TERMINATION UPON OBSOLESCENCE

## 9.1 RIGHT OF TERMINATION

(a) Lessee shall have the right at its option to terminate this Lease during the Base Lease Term, effective only on a Termination Date occurring on or after the fifth anniversary of the Delivery Date, if:

(i) Lessee makes a good faith determination that the Aircraft either has become economically obsolete or is surplus to Lessee's requirements and the Chief Financial Officer or Treasurer of Lessee so certifies in writing to Lessor; and

(ii) written notice of Lessee's exercise of its option to terminate this Agreement shall be given to Lessor not less than 90 days prior to the proposed Termination Date specified in such notice.

(b) Lessor shall notify Lessee and Mortgagee of Lessor's intention to sell or retain the Aircraft, as provided in this Section 9, no less than 30 days after Lessee gives Lessor written notice pursuant to Section 9.1(a)(ii). Any failure by Lessor to give such notice of its election shall be deemed to be an election to sell the Aircraft, as provided in this Section 9.

(c) Any termination pursuant to this Section 9 shall become effective on the date of the sale, if any, pursuant to Section 9.2 or upon the date of termination and payment by Lessee and Lessor in accordance with Section 9.3 if Lessor elects to retain the Aircraft.

## 9.2 ELECTION BY LESSOR TO SELL

### 9.2.1 BIDS; CLOSING OF SALE

Unless Lessor has given Lessee notice of Lessor's election to retain the Aircraft, Lessee, as agent for Lessor, shall, until the date ten Business Days prior to the proposed Termination Date, use commercially reasonable efforts to obtain bids for a cash purchase of the Aircraft and Lessor may, if it desires to do so, also seek to obtain such bids. In the event Lessee receives any bid, Lessee shall promptly, and in any event at least ten Business Days prior to the proposed date of sale, certify to Lessor in writing the amount and terms of such bid, the proposed date of such sale and the name and address of the person (who shall not be Lessee or any Affiliate of Lessee or any person with whom Lessee or any such Affiliate has an arrangement for the future use of the Aircraft by Lessee or any such Affiliate) submitting such bid. In the event Lessor receives any bid on or prior to the date ten Business Days prior to the proposed Termination Date, Lessor shall, at least ten Business Days prior to the proposed date of sale, certify to Lessee in writing the

amount and terms of such bid, the proposed date of such sale and the name and address of the person submitting such bid.

#### 9.2.2 CLOSING OF SALE

(a) On the proposed Termination Date (i) Lessee shall deliver the Airframe and Engines or engines constituting part of the Aircraft to the bidder, if any, which shall have submitted the highest cash bid on or before the date ten Business Days prior to such Termination Date, in the same manner as if delivery were made to Lessor pursuant to Section 5 and Annex B and in full compliance with the terms thereof, and shall duly transfer to Lessor title to any such engines not owned by Lessor, all in accordance with the terms of Section 5 and Annex B, and (ii) Lessor shall simultaneously therewith transfer the Airframe and Engines or engines to such bidder, in the manner described in Section 4.5, against cash paid to Lessor in the amount of such highest bid and in the manner and in funds of the type specified in Section 3.3.

(b) All proceeds of any sale described in Section 9.2.2(a) shall be paid to and retained by Lessor and, on such Termination Date, and as a condition precedent to such sale and the delivery of the Aircraft and Engines or engines to such bidder, Lessee shall pay to Lessor, in the manner and in funds of the type specified in Section 3.3:

(i) all unpaid Basic Rent due at any time prior to such Termination Date; plus

(ii) an amount equal to the excess, if any, of the Termination Value for the Aircraft, computed as of such Termination Date, over the proceeds of such sale; plus

(iii) as provided in Section 3.2.2, interest on the amounts specified in the foregoing clause (i) at the Payment Due Rate from and including the date on which any such amount was due to the date of payment of such amount in full.

As a further condition precedent to such sale and delivery, Lessee shall pay all Supplemental Rent due by Lessee to Lessor, Mortgagee or the Participants under this Lease (including, without limitation, (A) Supplemental Rent in respect of Make-Whole Amount, if any, payable pursuant to Section 2.10(b) of the Trust Indenture in connection with a prepayment of the Equipment

Notes upon such sale, (B) all interest charges provided for hereunder or under any other Lessee Operative Agreement with respect to the late payment of any amounts so payable, and (C) the reasonable out-of-pocket fees and expenses incurred by Lessor, Mortgagee and Owner Participant in connection with such termination and sale).

(c) Upon and subject to any such sale and receipt of proceeds by Lessor, and full and final payment of all amounts described in Section 9.2.2(b), and compliance by Lessee with all the other provisions of this Section 9.2,

(i) Lessor will transfer to Lessee, in accordance with Section 4.5, any Engines constituting part of the Aircraft but which were not then installed on the Airframe and sold therewith; and

(ii) the obligation of Lessee to pay Basic Rent, on or after the Payment Date with reference to which Termination Value is computed, shall cease, and the Term for the Aircraft shall end effective as of the date of such sale.

(d) A sale of the Aircraft pursuant to this Section 9.2.2 shall take place only on a Termination Date. Subject to Section 9.3, if no sale shall have occurred on or as of the proposed Termination Date, this Agreement shall continue in full force and effect, and all of Lessee's obligations shall continue, including, without limitation, its obligation to pay Rent, in each case, as if the notice under Section 9.1 shall not have been given and, subject to Section 9.2.3(b), Lessee may give another notice pursuant to Section 9.1.

#### 9.2.3 WITHDRAWAL OF NOTICE OF TERMINATION

(a) Lessee may withdraw any notice given pursuant to Section 9.1 at any time on or before the date ten Business Days prior to the proposed Termination Date, whereupon this Agreement shall continue in full force and effect and all of Lessee's obligations shall continue, including, without limitation, its obligation to pay Rent, in each case, as if the notice under Section 9.1 shall not have been given and Lessee may give another notice pursuant to Section 9.1; provided that Lessee shall not be entitled to give more than five notices pursuant to Section 9.1.

(b) Lessee shall pay all reasonable out-of-pocket fees and expenses of Lessor, Mortgagee and Owner Participant in connection with any notice of termination withdrawn by Lessee or in connection

with any notice of termination pursuant to which a sale of the Aircraft fails to occur.

### 9.3 RETENTION OF AIRCRAFT BY LESSOR

(a) If Lessor shall elect to retain the Aircraft in accordance with Section 9.1, on the proposed Termination Date:

(i) Lessor shall pay, or cause to be paid, in the manner and in funds of the type specified in Section 3.3, to the Mortgagee an amount sufficient to prepay all outstanding Equipment Notes pursuant to Section 2.10(b) of the Trust Indenture;

(ii) subject to receipt by Mortgagee of the funds described in paragraph (i) above, Lessee shall deliver the Airframe and Engines or engines constituting part of the Aircraft to Lessor pursuant to Section 5 and Annex B and in full compliance with the terms thereof, and shall duly transfer to Lessor title to any such engines not owned by Lessor, all in accordance with the terms of Section 5 and Annex B;

(iii) Lessee shall pay to Lessor, in the manner and in funds of the type specified in Section 3.3:

- (1) all unpaid Basic Rent due at any time prior to such Termination Date and all Basic Rent due on such Termination Date if payable in arrears with respect to the Payment Period then ended; plus
- (2) as provided in Section 3.2.2, interest on the amounts specified in the foregoing clause (1) at the Payment Due Rate from and including the date on which any such amount was due to the date of payment of such amount in full; and

(iv) Lessee shall also pay all Supplemental Rent due and payable by Lessee to Lessor, Mortgagee or the other Participants under this Lease (other than any Supplemental Rent in respect of Make-Whole Amount, if any, payable pursuant to Section 2.10(b) of the Trust Indenture in connection with a prepayment of the Equipment Notes upon such sale), including without limitation all interest charges provided for hereunder or under any other Lessee



Operative Agreement with respect to the late payment of any amounts, so payable, and the reasonable out-of-pocket fees and expenses incurred by Lessor, Mortgagee and Owner Participant in connection with such termination and sale.

(b) Upon full and final payment to Lessor, Mortgagee and the Participants of the amounts described in Section 9.3(a), and compliance by Lessee with all the other applicable provisions of this Section 9.3,

(i) Lessor will transfer to Lessee, in accordance with Section 4.5, any Engines constituting part of the Aircraft but which were not then installed on the Airframe and sold therewith; and

(ii) The obligation of Lessee to pay Basic Rent otherwise due on or after the Termination Date shall cease, and the Term for the Aircraft shall end effective as of such Termination Date.

#### SECTION 10. LOSS, DESTRUCTION, REQUISITION, ETC.

##### 10.1 EVENT OF LOSS WITH RESPECT TO AIRCRAFT

###### 10.1.1 NOTICE AND ELECTION

(a) Upon the occurrence of an Event of Loss with respect to the Airframe, and any Engine or Engines installed thereon at the time of such Event of Loss, Lessee shall promptly (and in any event within 15 days after such occurrence) give Lessor and Mortgagee written notice of such Event of Loss. Within 45 days after such occurrence, Lessee shall give Lessor and Mortgagee written notice of Lessee's election to make payment in respect of such Event of Loss, as provided in Section 10.1.2, or to replace the Airframe, and any such Engines, as provided in Section 10.1.3.

(b) Any failure by Lessee to give such notice of its election shall be deemed to be an election of the option set forth in Section 10.1.2. In addition, Lessee shall not be entitled to elect the option set forth in Section 10.1.3 if, at the time Lessor receives such notice from Lessee, there shall have occurred and be continuing a Special Default.

(c) For purposes of Section 10.1.2, an Event of Loss with respect to the Airframe shall be deemed to constitute an Event of

Loss with respect to the Aircraft. For purposes of Section 10.1.3, any Engine not actually suffering an Event of Loss shall not be required to be replaced.

#### 10.1.2 PAYMENT OF LOSS AND TERMINATION OF LEASE

(a) If Lessee elects, in accordance with Section 10.1.1, to make payment in respect of any such Event of Loss, then Lessee shall pay, in the manner and in funds of the type specified in Section 3.3, the following amounts:

(i) on or before the Business Day next following the earlier of (x) the 120th day following the date of the occurrence of such Event of Loss, and (y) the fourth Business Day following the receipt of insurance proceeds with respect to such occurrence (but in any event not earlier than the date of Lessee's election under Section 10.1.1 to make payment under this Section 10.1.2), Lessee shall pay to Lessor:

- (1) all unpaid Interim Rent, Basic Rent or Renewal Rent, as the case may be, due at any time prior to the Stipulated Loss Value Date that is on or immediately preceding the Loss Payment Date; plus
- (2) the Stipulated Loss Value of the Aircraft computed as of the Stipulated Loss Value Date used in the foregoing clause (1) for the computation of unpaid Rent; plus
- (3) if the Stipulated Loss Value Date used in the foregoing clause (1) is a Payment Date on which Basic Rent payable in arrears is due, the amount of such Basic Rent; plus
- (4) as provided in Section 3.2.2, interest on the amount specified in the foregoing clause (1) at the Payment Due Rate from and including the date on which any such amount was due to the date of payment of such amount in full; plus
- (5) interest on the amounts specified in the foregoing clauses (2) and (3) at the SLV Rate from and including the Stipulated Loss Value Date used in the foregoing clause (1) for the computation of unpaid Rent to the date such amount is due, and

thereafter at the Payment Due Rate to the date of payment of such amounts in full;

provided that, in the event that the Commencement Date or a Payment Date shall occur (x) on or after the Stipulated Loss Value Date used in the foregoing clause (1) for the computation of unpaid Rent, and (y) on or before the date of payment of the amounts specified above in this subparagraph (i), then Lessee shall pay the Interim Rent, Basic Rent or the Renewal Rent, as the case may be, due on such Commencement Date or Payment Date, and thereupon such amounts payable under this subparagraph (i) shall be reduced by the amount of such payment of Interim Rent, Basic Rent or Renewal Rent, as the case may be; and

(ii) on or before the date required for payment of the amounts specified in paragraph (i) above, Lessee shall also pay to Lessor, Mortgagee and the other Participants all other amounts due and payable by Lessee to Lessor, Mortgagee and the other Participants under this Lease, the Participation Agreement or any other Lessee Operative Agreement.

(b) Upon payment in full of all amounts described in the foregoing paragraph (a), (i) the obligation of Lessee to pay Interim Rent, Basic Rent or Renewal Rent hereunder with respect to the Aircraft shall terminate, (ii) the Term for the Aircraft shall end and (iii) Lessor will transfer the Aircraft to Lessee, as-is and where-is, and subject to any insurer's salvage rights, but otherwise in the manner described in Section 4.5.

#### 10.1.3 REPLACEMENT OF AIRFRAME AND ENGINES

(a) If Lessee elects, in accordance with Section 10.1.1, to replace the Airframe, and any Engines actually suffering the Event of Loss, then Lessee shall, as promptly as possible and in any event within 120 days after the occurrence of such Event of Loss, convey or cause to be conveyed to Lessor, in compliance with Section 10.3 and as replacement for the Airframe, and any such Engine, title to a Replacement Airframe (which shall comply with paragraph (b) below), and for each such Engine a Replacement Engine, in each case free and clear of all Liens other than Permitted Liens. If Lessee makes such election, but for any reason fails or is unable to effect such replacement within such time period and in compliance with the requirements set forth in

Section 10.3, then Lessee shall be deemed to have initially made the election set forth in Section 10.1.2 with the effect that Lessee shall immediately pay, in the manner and in funds of the type specified in Section 3.3, the amounts required under, and in accordance with, Section 10.1.2.

(b) Any such Replacement Airframe shall be an airframe that is the same model as the Airframe to be replaced thereby, or an improved model, and that has a value, utility and remaining useful life (without regard to hours or cycles remaining until the next regular maintenance check), at least equal to the Airframe to be replaced thereby (assuming that such Airframe had been maintained in accordance with the Lease). Any such Replacement Engine shall meet the requirements of, and be conveyed by Lessee to Lessor in accordance with, Section 10.2 (other than the notice requirement set forth in Section 10.2.1).

## 10.2 EVENT OF LOSS WITH RESPECT TO AN ENGINE

### 10.2.1 NOTICE

Upon the occurrence of an Event of Loss with respect to an Engine under circumstances in which an Event of Loss with respect to the Airframe has not occurred, Lessee shall promptly (and in any event within 15 days after such occurrence) give Lessor written notice of such Event of Loss.

### 10.2.2 REPLACEMENT OF ENGINE

Lessee shall, promptly and in any event within 60 days after the occurrence of such Event of Loss, convey or cause to be conveyed to Lessor, in compliance with Section 10.3 and as replacement for the Engine with respect to which any Event of Loss occurred, title to a Replacement Engine free and clear of all Liens other than Permitted Liens. Such Replacement Engine shall be an engine manufactured by Engine Manufacturer that is the same model as the Engine to be replaced thereby, or an improved model, and that is suitable for installation and use on the Airframe, and that has a value, utility and remaining useful life (without regard to hours and cycles remaining until overhaul) at least equal to the Engine to be replaced thereby (assuming that such Engine had been maintained in accordance with the Lease).

## 10.2.3 ENGINE EXCHANGE

Upon not less than five (5) Business Days' prior written notice to Lessor, Lessee may replace any Engine leased hereunder with another engine (the "Exchanged Engine") meeting the requirements of Section 10.2.2. Such Exchanged Engine shall be deemed to be a "Replacement Engine" and Lessor and Lessee shall comply with the provisions of Section 10.3 with regard to the Exchanged Engine and the Engine so replaced.

## 10.3 CONDITIONS TO ANY REPLACEMENT

## 10.3.1 DOCUMENTS

Prior to or at the time of conveyance of title to any Replacement Airframe or Replacement Engine to Lessor, Lessee shall take each of the following actions:

(a) furnish Lessor with a full warranty bill of sale duly conveying to Lessor such Replacement Airframe or Replacement Engine, in form and substance reasonably satisfactory to Lessor and cause such Replacement Airframe to be duly registered in the name of Lessor pursuant to the Act;

(b) cause (i) a Lease Supplement subjecting such Replacement Airframe or Replacement Engine to this Lease, duly executed by Lessee, to be delivered to Lessor for execution and, upon such execution, to be filed for recordation with the FAA pursuant to the Act, (ii) a Trust Indenture Supplement, subjecting such Replacement Airframe or Replacement Engine to the Trust Indenture, to be delivered to Lessor for execution and, upon execution, to be filed for recordation with the FAA pursuant to the Act and (iii) such Financing Statements and other filings, as Lessor or Mortgagee may reasonably request, duly executed by Lessee and, to the extent applicable, Lessor and Mortgagee (and Lessor and Mortgagee shall execute and deliver the same), to be filed in such locations as any such party may reasonably request;

(c) furnish such evidence of compliance with the insurance provisions of Section 11 with respect to such Replacement Airframe or Replacement Engine as Lessor may reasonably request;

(d) furnish an opinion or opinions of Lessee's counsel (which may be Lessee's legal department) reasonably satisfactory to Lessor and addressed to Lessor and Mortgagee to the effect that (i) such full warranty bill of sale referred to in

Section 10.3.1(a) constitutes an effective instrument for the conveyance of title to the Replacement Airframe or Replacement Engine and (ii) in the case of a Replacement Airframe, Lessor and Mortgagee, as assignee of Lessor, will be entitled to the benefits of Section 1110 with respect to the Replacement Airframe, provided that such opinion referred to in this clause (ii) need not be delivered to the extent that immediately prior to such replacement the benefits of Section 1110 were not, solely by reason of a change in law or court interpretation thereof, available to Lessor or Mortgagee, as assignee of Lessor;

(e) furnish an opinion of Lessee's aviation law counsel reasonably satisfactory to Lessor and addressed to Lessor and Mortgagee as to the due registration of any such Replacement Airframe and the due filing for recordation of each Lease Supplement and Trust Indenture Supplement with respect to such Replacement Airframe or Replacement Engine under the Act;

(f) with respect to any Replacement Airframe, furnish an opinion of tax counsel, selected by Owner Participant and reasonably satisfactory to Lessee, as to the federal income tax consequences (without any requirement as to the nature of such Federal income tax consequences) to Lessor and Owner Participant of any such replacement;

(g) with respect to the replacement of the Airframe, and any Engine installed thereon at the time of the subject Event of Loss, if requested by Lessor and at Lessor's expense, furnish a certified report of a qualified independent aircraft appraiser, reasonably satisfactory to Lessor, certifying that such Replacement Airframe and any such Replacement Engine complies with the value, utility and remaining useful life requirements set forth in Section 10.1.3(b).

Lessor and Lessee understand and agree that if at the time of any replacement of the Airframe or any Engine, as contemplated in this Section 10, the Airframe was registered in a jurisdiction other than the United States, then the requirements set forth above in this Section 10.3.1 relating to compliance with the requirements of the Act or the FAA, shall be deemed to refer to the comparable applicable Law of, and the Aviation Authority of, such other jurisdiction.

## 10.3.2 OTHER OBLIGATIONS

(a) Lessor and Lessee agree that, upon any Replacement Airframe becoming the Airframe hereunder, and upon any Replacement Engine becoming an Engine hereunder, this Lease shall continue to be, and shall be treated as, a lease for U.S. federal income tax purposes of, among other things, such Replacement Airframe and such Replacement Engine. Without limiting the foregoing, Lessee and Lessor intend that Lessor shall, in all events, be entitled to the benefits of Section 1110 with respect to any Replacement Airframe or Replacement Engine and Lessee and Lessor shall cooperate and take such action as the other may reasonably request so as to ensure that Lessor shall be entitled to such benefits.

(b) No Event of Loss with respect to an Engine, or with respect to an Airframe, shall result in, or otherwise allow or permit (other than as provided in Section 10.1.2(b)), any reduction, deferral, discharge or other change in the timing or amount of any Rent payable by Lessee hereunder, and (subject to such Section 10.1.2(b)) Lessee shall pay all such Rent and other amounts as though such Event of Loss had not occurred.

## 10.4 CONVEYANCE TO LESSEE

Upon compliance by Lessee with the applicable terms of Sections 10.1.3, 10.2 and 10.3.1, Lessor will transfer to Lessee the Airframe or Engine, as the case may be, with respect to which such Event of Loss occurred, in accordance with Section 4.5.

## 10.5 APPLICATION OF PAYMENTS

Any amounts, other than insurance proceeds in respect of damage or loss not constituting an Event of Loss (the application of which is provided for in Section 11), received at any time by Lessor, Lessee or any Permitted Sublessee from any Government Entity or any other Person in respect of any Event of Loss will be applied as follows:

## 10.5.1 REPLACEMENT OF AIRFRAME AND ENGINES

If such amounts are received with respect to the Airframe, and any Engine installed thereon at the time of such Event of Loss, upon compliance by Lessee with the applicable terms of Section 10.1.3 with respect to the Event of Loss for which such

amounts are received, such amounts shall be paid over to, or retained by, Lessee.

#### 10.5.2 LOSS OF ENGINE

If such amounts are received with respect to an Engine (other than an Engine installed on the Airframe at the time such Airframe suffers an Event of Loss), upon compliance by Lessee with the applicable terms of Section 10.2.2 with respect to the Event of Loss for which such amounts are received, such amounts shall be paid over to, or retained by, Lessee.

#### 10.5.3 PAYMENT OF LOSS

If such amounts are received, in whole or in part, with respect to the Airframe, and Lessee makes, has made or is deemed to have made the election set forth in Section 10.1.2, such amounts shall be applied as follows:

(a) first, if the sum described in Section 10.1.2 has not then been paid in full by Lessee, such amounts shall be paid to Lessor (or to Mortgagee so long as Mortgagee has not given notice to Lessee that the Trust Indenture has been duly discharged, except with respect to Excluded Payments) to the extent necessary to pay in full such sum;

(b) second, the remainder, if any, shall be paid to Lessee.

#### 10.6 REQUISITION OF AIRCRAFT FOR USE

If any Government Entity shall requisition for use the Airframe and the Engines or engines installed thereon, and if the same does not constitute an Event of Loss, Lessee shall promptly notify Lessor and Mortgagee of such requisition and all of Lessee's obligations under this Agreement shall continue to the same extent as if such requisition had not occurred; provided, however, that if the Airframe and Engines or engines installed thereon are not returned to Lessor by Lessee at the end of the Term or within 30 days thereafter, and Lessor, upon notice given not less than 30 days nor more than 120 days before the end of the Term, shall have elected to treat such event as constituting an Event of Loss with respect to the Aircraft, Lessee shall then be deemed to have made the election set forth in Section 10.1.2 with the effect that Lessee shall be obligated to pay the Stipulated Loss Value and all other amounts payable pursuant to Section 10.1.2 with respect to the Aircraft as if an Event of



Loss had occurred as of the end of the Term. If Lessor shall not have elected to treat such event as an Event of Loss, Lessee shall be obligated to return the Airframe and Engines or engines to Lessor pursuant to, and in all other respects to comply with the provisions of, Section 5 promptly upon their return by such Government Entity, and Lessee shall pay to Lessor upon such return an amount equal to the average daily Basic Rent payable by Lessee during the Term for each day after the end of the Term to but excluding the day of such return, up to a maximum of 30 days.

#### 10.7 REQUISITION OF AN ENGINE FOR USE

If any Government Entity shall requisition for use any Engine but not the Airframe, Lessee will replace such Engine by complying with the applicable terms of Sections 10.2 and 10.3 to the same extent as if an Event of Loss had occurred with respect to such Engine, and any payments received by Lessor or Lessee from such Government Entity with respect to such requisition shall be paid or retained in accordance with Section 10.5.2.

#### 10.8 APPLICATION OF PAYMENTS

All payments received by Lessor or Lessee, or any Permitted Sublessee, from any Government Entity for the use of the Airframe and Engines or engines installed thereon during the Term shall be paid over to, or retained by, Lessee and all payments received by Lessor or Lessee from any Government Entity for the use of the Airframe and Engines or engines installed thereon after the Term shall be paid over to, or retained by, Lessor; provided that, if such requisition constitutes an Event of Loss, or Lessor has elected under Section 10.6 to treat such requisition as an Event of Loss, then all such payments shall be paid over to Lessor (or to Mortgagee so long as Mortgagee has not given notice to Lessee that the Trust Indenture has been duly discharged), and held as provided in Section 10.5.

#### 10.9 APPLICATION OF PAYMENTS DURING EXISTENCE OF A LEASE EVENT OF DEFAULT

Any amount described in this Section 10 that is payable or creditable to, or retainable by, Lessee shall not be paid or credited to, or retained by, Lessee if at the time such payment, credit or retention would otherwise occur a Special Default shall have occurred and be continuing, but shall instead be held by or paid over to Lessor (or to Mortgagee so long as Mortgagee has not

given notice to Lessee that the Trust Indenture has been duly discharged) as security for the obligations of Lessee under this Lease and the other Lessee Operative Agreements and shall be invested pursuant to Section 4.4 hereof unless and until Lessor shall have demanded liquidated damages pursuant to Section 15.1.3 or 15.1.4 and such amount is applied, at the option of Lessor, or upon the written request of Lessee to Lessor, from time to time during the continuance of a Lease Event of Default, to Lessee's obligations under this Lease as and when due, it being understood that any such application shall be made to such obligations of Lessee as Lessor may determine in its sole discretion. At such time as there shall not be continuing any Special Default, such amount shall be paid to Lessee to the extent not previously applied in accordance with this Section 10.9.

#### SECTION 11. INSURANCE

##### 11.1 LESSEE'S OBLIGATION TO INSURE

Lessee shall comply with, or cause to be complied with, each of the provisions of Annex D, which provisions are hereby incorporated by this reference as if set forth in full herein.

##### 11.2 INSURANCE FOR OWN ACCOUNT

Nothing in Section 11 shall limit or prohibit (a) Lessee from maintaining the policies of insurance required under Annex D with higher limits than those specified in Annex D, or (b) Lessor, Mortgagee or Owner Participant from obtaining insurance for its own account (and any proceeds payable under such separate insurance shall be payable as provided in the policy relating thereto); provided, however, that no insurance may be obtained or maintained that would limit or otherwise adversely affect the coverage of any insurance required to be obtained or maintained by Lessee pursuant to this Section 11 and Annex D.

##### 11.3 INDEMNIFICATION BY GOVERNMENT IN LIEU OF INSURANCE

Lessor agrees to accept, in lieu of insurance against any risk with respect to the Aircraft described in Annex D, indemnification from, or insurance provided by, the U.S. Government, or upon the written consent of Lessor, other Government Entity, against such risk in an amount that, when added to the amount of insurance (including permitted self-insurance), if any, against such risk that Lessee (or any Permitted Sublessee) may continue to maintain, in accordance with

this Section 11, during the period of such requisition or transfer, shall be at least equal to the amount of insurance against such risk otherwise required by this Section 11.

#### 11.4 APPLICATION OF INSURANCE PROCEEDS

As between Lessor and Lessee, all insurance proceeds received as a result of the occurrence of an Event of Loss with respect to the Aircraft or any Engine under policies required to be maintained by Lessee pursuant to this Section 11 will be applied in accordance with Section 10.5. All proceeds of insurance required to be maintained by Lessee, in accordance with Section 11 and Section B of Annex D, in respect of any property damage or loss not constituting an Event of Loss with respect to the Aircraft, Airframe or any Engine will be applied in payment (or to reimburse Lessee) for repairs or for replacement property, and any balance remaining after such repairs or replacement with respect to such damage or loss shall be paid over to, or retained by, Lessee.

#### 11.5 APPLICATION OF PAYMENTS DURING EXISTENCE OF DEFAULT

Any amount described in this Section 11 that is payable or creditable to, or retainable by, Lessee shall not be paid or credited to, or retained by, Lessee if at the time such payment, credit or retention would otherwise occur a Special Default shall have occurred and be continuing, but shall instead be held by or paid over to Lessor (or to Mortgagee so long as Mortgagee has not given notice to Lessee that the Trust Indenture has been duly discharged) as security for the obligations of Lessee under this Lease and shall be invested pursuant to Section 4.4 hereof unless and until Lessor shall have demanded liquidated damages pursuant to Section 15.1.3 or 15.1.4 and such amount is applied, at the option of Lessor, or upon the written request of Lessee to Lessor, from time to time during the continuance of a Lease Event of Default, to Lessee's obligations under this Lease and the other Lessee Operative Agreements as and when due, it being understood that any such application shall be made to such obligations of Lessee as Lessor may determine in its sole discretion. At such time as there shall not be continuing any Special Default, such amount shall be paid to Lessee to the extent not previously applied in accordance with this Section 11.5.

## SECTION 12. INSPECTION

(a) At all reasonable times Lessor, Mortgagee or the Owner Participant, and their respective authorized representatives (the "Inspecting Parties") may (not more than once every 12 months unless a Lease Event of Default has occurred and is continuing then such inspection right shall not be so limited) inspect the Aircraft, Airframe and Engines (including, without limitation, the Aircraft Documents) and any such Inspecting Party may make copies of such Aircraft Documents not reasonably deemed confidential by Lessee or such Permitted Sublessee.

(b) Any inspection of the Aircraft hereunder shall be limited to a visual, walk-around inspection and shall not include the opening of any panels, bays or other components of the Aircraft, and no such inspection shall interfere with Lessee's or any Permitted Sublessee's maintenance and operation of the Aircraft, Airframe and Engines.

(c) With respect to such rights of inspection, Lessor, Owner Participant and Mortgagee shall not have any duty or liability to make, or any duty or liability by reason of not making, any such visit, inspection or survey.

(d) Each Inspecting Party shall bear its own expenses in connection with any such inspection (including the cost of any copies made in accordance with Section 12(a)).

## SECTION 13. ASSIGNMENT; MERGER; SUCCESSOR OWNER TRUSTEE

## 13.1 IN GENERAL

This Lease and the other Lessee Operative Agreements shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and permitted assigns. Except as otherwise expressly permitted by the terms of the Lease or any other Lessee Operative Agreement, Lessee will not, without the prior written consent of Lessor and Mortgagee, assign any of its rights under this Lease. Except as otherwise provided herein (including, without limitation, under the provisions of Section 15 hereof), Lessor and Mortgagee may not assign or convey any of its right, title and interest in and to this Lease or the Aircraft without the prior written consent of Lessee, such consent not to be unreasonably withheld.

## 13.2 MERGER OF LESSEE

## 13.2.1 IN GENERAL

Lessee shall not consolidate with or merge into any other person under circumstances in which Lessee is not the surviving corporation, or convey, transfer or lease in one or more transactions all or substantially all of its assets to any other person, unless:

(a) such person is organized, existing and in good standing under the Laws of the United States, any State of the United States or the District Columbia and, upon consummation of such transaction, such person will be a U.S. Air Carrier;

(b) such person executes and delivers to Lessor and Mortgagee a duly authorized, legal, valid, binding and enforceable agreement, reasonably satisfactory in form and substance to Lessor, containing an effective assumption by such person of the due and punctual performance and observance of each covenant, agreement and condition in the Lessee Operative Agreements to be performed or observed by Lessee;

(c) such person makes such filings and recordings with the FAA pursuant to the Act as shall be necessary to evidence such consolidation or merger; and

(d) immediately after giving effect to such consolidation or merger no Lease Event of Default shall have occurred and be continuing.

## 13.2.2 EFFECT OF MERGER

Upon any such consolidation or merger of Lessee with or into, or the conveyance, transfer or lease by Lessee of all or substantially all of its assets to, any Person in accordance with this Section 13.2, such Person will succeed to, and be substituted for, and may exercise every right and power of, Lessee under the Lessee Operative Agreements with the same effect as if such person had been named as "Lessee" therein. No such consolidation or merger, or conveyance, transfer or lease, shall have the effect of releasing Lessee or such Person from any of the obligations, liabilities, covenants or undertakings of Lessee under the Lease.

## 13.3 ASSIGNMENT SECURITY FOR LESSOR'S OBLIGATIONS

In order to secure the indebtedness evidenced by the Equipment Notes, Lessor has agreed in the Trust Indenture, among other things, to assign to Mortgagee this Lease and to mortgage the Aircraft, Airframe and Engines in favor of Mortgagee, subject to the reservations and conditions therein set forth. Lessee hereby accepts and consents to the assignment of all Lessor's right, title and interest in and to this Lease pursuant to the terms of the Trust Indenture. In accordance with Section 3.3(c), Lessee agrees to pay directly to Mortgagee (or, after receipt by Lessee of notice from Mortgagee of the discharge of the Trust Indenture, to Lessor), all amounts of Rent (other than Excluded Payments) due or to become due hereunder and assigned to Mortgagee and Lessee agrees that Mortgagee's right to such payments hereunder shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, the circumstances set forth in Section 16 hereof. Notwithstanding the foregoing assignment of this Lease, the obligations of Lessee to Lessor to perform the terms and conditions of this Lease shall remain in full force and effect.

## 13.4 SUCCESSOR OWNER TRUSTEE

Lessee agrees that in the case of the appointment of any successor Owner Trustee pursuant to the terms of the Participation Agreement and the Trust Agreement, such successor Owner Trustee shall, upon written notice by such successor Owner Trustee to Lessee, succeed to all the rights, powers and title of Lessor hereunder and shall be deemed to be Lessor and the owner of the Aircraft and the other assets of the Trust Estate for all purposes hereof without the necessity of any consent or approval by Lessee and without in any way altering the terms of this Lease or Lessee's obligations hereunder. An appointment and designation of a successor Owner Trustee shall not exhaust the right to appoint and designate further successor or additional Owner Trustees pursuant to the Participation Agreement and the Trust Agreement, and such right may be exercised repeatedly as long as this Lease shall be in effect.

## SECTION 14. LEASE EVENTS OF DEFAULT

The occurrence of any one or more of the following circumstances, conditions, acts or events, for any reason whatsoever and whether any such circumstance, condition, act or

event shall be voluntary or involuntary or come about or be effected by operation of Law or pursuant to or in compliance with any judgment, decree, order, rule or regulation of any Government Entity, shall constitute a Lease Event of Default so long as it shall not have been remedied:

#### 14.1 PAYMENTS

Lessee shall fail to pay any amount of Interim Rent, Basic Rent, Renewal Rent, Stipulated Loss Value or Termination Value within ten (10) Business Days after the same shall have become due; or Lessee shall fail to pay any Supplemental Rent (other than Stipulated Loss Value or Termination Value) when due and such failure shall continue for a period in excess of ten (10) Business Days from and after the date of any written notice to Lessee from Lessor of the failure to make such payment when due; provided that any such failure to pay any Excluded Payment shall not constitute a Lease Event of Default until written notice is given by the Owner Participant to Lessee and Mortgagee that such failure constitutes a Lease Event of Default and such failure shall have continued for a period in excess of ten (10) Business Days after such notice.

#### 14.2 INSURANCE

Lessee shall fail to carry and maintain, or cause to be carried and maintained, insurance on and in respect of the Aircraft, Airframe and Engines in accordance with the provisions of Section 11.

#### 14.3 OTHER COVENANTS

Lessee shall fail to observe or perform (or caused to be observed and performed) in any material respect any other covenant, agreement or obligation set forth herein or in any other Lessee Operative Agreement (other than the covenants, agreements and obligations set forth in the Tax Indemnity Agreement), and such failure shall continue unremedied for a period of 30 days from and after the date of written notice thereof to Lessee from Lessor or Mortgagee, unless such failure is capable of being corrected and Lessee shall be diligently proceeding to correct such failure, in which case there shall be no Lease Event of Default unless and until such failure shall continue unremedied for a period of 180 days after receipt of such notice.

## 14.4 REPRESENTATIONS AND WARRANTIES

Any representation or warranty made by Lessee herein, in the Participation Agreement or in any other Lessee Operative Agreement (other than the representations and warranties of Lessee in the Tax Indemnity Agreement) (a) shall prove to have been untrue or inaccurate in any material respect as of the date made, (b) such untrue or inaccurate representation or warranty is material at the time in question, (c) and the same shall remain uncured (to the extent of the adverse impact of such incorrectness on the interest of the Participants or Lessor) for a period in excess of 30 days from and after the date of written notice thereof from Lessor or Mortgagee to Lessee.

## 14.5 BANKRUPTCY AND INSOLVENCY

(a) Lessee shall consent to the appointment of or the taking of possession by a receiver, trustee or liquidator of itself or of substantially all of its property, or Lessee shall admit in writing its inability to pay its debts generally as they come due, or does not pay its debts generally as they become due or shall make a general assignment for the benefit of creditors, or Lessee shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, liquidation or other relief in a case under any bankruptcy Laws or other insolvency Laws (as in effect at such time), or Lessee shall seek relief by voluntary petition, answer or consent, under the provisions of any other bankruptcy or other similar Law providing for the reorganization or winding-up of corporations (as in effect at such time) or Lessee's board of directors shall adopt a resolution authorizing any of the foregoing; or

(b) an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of Lessee, a receiver, trustee or liquidator of Lessee or of substantially all of its property, or substantially all of the property of Lessee shall be sequestered, and any such order, judgment or decree of appointment or sequestration shall remain in force undismitted, unstayed and unvacated for a period of 90 days after the date of entry thereof; or

(c) a petition against Lessee in a case under any bankruptcy Laws or other insolvency Laws (as in effect at such time) is filed and not withdrawn or dismissed within 90 days thereafter, or if, under the provisions of any Law providing for



reorganization or winding-up of corporations which may apply to Lessee, any court of competent jurisdiction assumes jurisdiction, custody or control of Lessee or of substantially all of its property and such jurisdiction, custody or control remains in force unrelinquished, unstayed and unterminated for a period of 90 days.

## SECTION 15. REMEDIES AND WAIVERS

### 15.1 REMEDIES

If any Lease Event of Default shall occur and be continuing, Lessor may, at its option and at any time and from time to time, exercise any one or more of the following remedies as Lessor in its sole discretion shall elect:

#### 15.1.1 RETURN AND REPOSSESSION

Lessor may cause Lessee, upon giving written notice to Lessee, to return promptly, and Lessee shall return promptly, the Airframe and Engines as Lessor may so demand, to Lessor or its order in the manner and condition required by, and otherwise in accordance with, all the provisions of Section 5 as if the Airframe or Engine were being returned at the end of the Base Lease Term or any Renewal Lease Term or Lessor, at its option, may enter upon the premises where the Airframe or any Engine, or any Part thereof, are located and take immediate possession of and remove the same by summary proceedings or otherwise, all without liability accruing to Lessor for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise.

#### 15.1.2 SALE AND USE

Lessor may sell the Airframe and/or any Engine at public or private sale, at such times and places, and to such Persons (including Lessor, Mortgagee or any Participant), as Lessor may determine; or Lessor may otherwise dispose of, hold, use, operate, lease to others or keep idle the Airframe and/or any Engine, as Lessor, in its sole discretion, may determine, all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto, except as hereinafter set forth in this Section 15, and except to the extent that such proceeds would constitute, under applicable Law, a mitigation of Lessor's damages suffered or incurred as a result of the subject

Lease Event of Default. Lessor shall give Lessee at least 15 days prior written notice of the date fixed for any public sale of the Airframe and/or any Engine or of the date on or after which will occur the execution of any contract providing for any private sale.

#### 15.1.3 CERTAIN LIQUIDATED DAMAGES

Whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under Section 15.1.1 or 15.1.2 with respect to the Airframe and/or any Engine, or any Part thereof, Lessor, by written notice to Lessee specifying a payment date (which shall be the Stipulated Loss Value Date next occurring not less than 10 days after the date of such notice), may demand Lessee to pay to Lessor, and Lessee shall pay to Lessor, on the payment date so specified and in the manner and in funds of the type specified in Section 3.3, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Interim Rent, Basic Rent or Renewal Rent, as the case may be, for the Aircraft in respect of all periods commencing on or after the date specified for payment in such notice), the following amounts:

(a) all unpaid Interim Rent, Basic Rent or Renewal Rent, as the case may be, due at any time prior to the Stipulated Loss Value Date specified in such notice; plus

(b) whichever of the following amounts Lessor, in its sole discretion shall specify in such notice:

(i) an amount equal to the excess, if any, of the present value, computed as of the Stipulated Loss Value Date specified in such notice, discounted to such date at a rate per annum equal to the Debt Rate, compounded semiannually, of all unpaid Interim Rent and Basic Rent during the then remaining portion of the Base Lease Term or, if a Renewal Term has commenced, of all unpaid Renewal Rent during the remaining portion of such Renewal Term, over the Fair Market Rental Value of the Aircraft for the remainder of the Term, after discounting such Fair Market Rental Value to its then present value (at a rate per annum equal to the Debt Rate, compounded semiannually) as of the Stipulated Loss Value Date specified in such notice, or

(ii) an amount equal to the excess, if any, of the Stipulated Loss Value for the Aircraft, computed as of the Stipulated Loss Value Date specified in such notice, over the Fair Market Sales Value of the Aircraft, as of the Stipulated Loss Value Date specified in such notice; plus

(c) interest on the amounts specified in the foregoing clause (a) at the Payment Due Rate from and including the date on which any such amount was due to the date of payment of such amount; plus

(d) interest on the amount specified in the foregoing clause (b)(i) or (b)(ii), according to Lessor's election, at the Payment Due Rate from and including the Stipulated Loss Value Date specified in such notice to the date of payment of such amount.

#### 15.1.4 LIQUIDATED DAMAGES UPON SALE

If Lessor, pursuant to Section 15.1.2 or applicable Law, shall have sold the Airframe and/or any Engine, Lessor, in lieu of exercising its rights under Section 15.1.3 with respect to the Aircraft, Airframe or any Engine, as the case may be, may, if Lessor shall so elect, upon giving written notice to Lessee, demand Lessee to pay Lessor, and Lessee shall pay to Lessor, on the date of such sale and in the manner and in funds of the type specified in Section 3.3, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Interim Rent, Basic Rent or Renewal Rent, as the case may be, for the Aircraft in respect of all periods commencing on or after the date of such sale), the following amounts:

- (a) all unpaid Interim Rent, Basic Rent or Renewal Rent, as the case may be, due at any time prior to the Stipulated Loss Value Date on or immediately preceding the date of such sale; plus
- (b) an amount equal to the excess, if any, of (i) the Stipulated Loss Value of the Airframe and/or any Engine, as the case may be, computed as of the Stipulated Loss Value Date used in the foregoing clause (a) for the computation of unpaid Rent, over (ii) the proceeds of such sale, minus all reasonable costs of Lessor and Mortgagee in connection with the sale; plus
- (c) if the date of such sale is not a Stipulated Loss Value Date, an amount equal to interest on the outstanding

principal amount of the Equipment Notes at the rate per annum borne thereby from and including the Stipulated Loss Value Date used in the foregoing clause (a) for the computation of unpaid Rent to the date of such sale; plus

- (d) interest on the amounts specified in the foregoing clause (a) at the Payment Due Rate from and including the date on which any such amount was due to the date of payment of such amount; plus
- (e) interest on the sum of the amounts specified in the foregoing clause (b) at the Payment Due Rate from and including the date of such sale to the date of payment of such amounts.

#### 15.1.5 RESCISSION

Lessor may (i) at its option, rescind or terminate this Lease as to the Aircraft, Airframe or any Engine, or any Part thereof, or (ii) exercise any other right or remedy that may be available to it under applicable Law or proceed by appropriate court action to enforce the terms hereof.

#### 15.1.6 OTHER REMEDIES

In addition to the foregoing remedies (but without duplication of amounts otherwise paid under this Section 15), Lessee shall be liable for any and all unpaid Rent due hereunder before, during or after (except as otherwise provided herein) the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses of Lessor, Mortgagee the Owner Participant and the Note Holders, including, without limitation, interest on overdue Rent at the rate as herein provided, incurred by reason of the occurrence of any Lease Event of Default or the exercise of Lessor's remedies with respect thereto, including all reasonable costs and expenses incurred in connection with the return of the Airframe or any Engine, in accordance with the terms of Section 5 or in placing the Airframe or any Engine, in the condition and airworthiness required by Section 5.

#### 15.2 LIMITATIONS UNDER CRAF

Notwithstanding the provisions of Section 15.1, during any period that the Aircraft, Airframe or any Engine is subject to

CRAF in accordance with the provisions of Section 7.2.3 and in the possession of the U.S. Government, Lessor shall not, as a result of any Lease Event of Default, exercise its remedies hereunder in such manner as to limit Lessee's control under this Lease (or any Permitted Sublessee's control under any Permitted Sublease) of the Aircraft, Airframe or such Engine, unless at least 30 days' (or such other period as may then be applicable under CRAF) written notice of default hereunder shall have been given by Lessor or Mortgagee by registered or certified mail to Lessee (and any Permitted Sublessee) with a copy to the Contracting Officer Representative or Representatives for the Military Airlift Command of the United States Air Force to whom notices must be given under the contract governing Lessee's (or any Permitted Sublessee's) participation in CRAF with respect to the Aircraft, Airframe or any Engine.

#### 15.3 RIGHT TO PERFORM FOR LESSEE

If Lessee (i) fails to make any payment of Rent required to be made by it hereunder or (ii) fails to perform or comply with any of its agreements contained herein and such failure continues for a period of thirty days after written notice thereof is given by Lessor or Mortgagee to Lessee, Lessor or Mortgagee may (but shall not be obligated to) make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the expenses of Lessor or Mortgagee incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Payment Due Rate, shall be deemed Supplemental Rent, payable by Lessee upon demand by Lessor or Mortgagee, whichever is entitled thereto. No such payment, performance or compliance shall be deemed to cure any Lease Default or Lease Event of Default or otherwise relieve Lessee of its obligations with respect thereto.

#### 15.4 DETERMINATION OF FAIR MARKET RENTAL VALUE AND FAIR MARKET SALES VALUE

For the purpose of this Section 15, the "Fair Market Rental Value" or the "Fair Market Sales Value" of the Aircraft, Airframe or any Engine, shall be determined on an "as is, where is" basis and shall take into account customary brokerage and other out-of-pocket fees and expenses which typically would be incurred in connection with a re-lease or sale of the Aircraft, Airframe or any Engine. Any such determination shall be made by an Appraiser

selected by Lessor and the costs and expenses associated therewith shall be borne by Lessee, unless Lessor does not obtain possession of the Aircraft, Airframe and Engines pursuant to this Section 15, in which case an Appraiser shall not be appointed and Fair Market Rental Value and Fair Market Sales Value for purposes of this Section 15 shall be zero.

#### 15.5 REMEDIES CUMULATIVE

Nothing contained in this Lease shall be construed to limit in any way any right, power, remedy or privilege of Lessor hereunder or under any other Operative Agreement or now or hereafter existing at law or in equity. Each and every right, power, remedy and privilege hereby given to, or retained by, Lessor in this Lease shall be in addition to and not in limitation of every other right, power, remedy and privilege given under the Operative Agreements or now or hereafter existing at law or in equity. Each and every right, power, remedy and privilege of Lessor under this Lease and any other Operative Agreement may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by Lessor. All such rights, powers, remedies and privileges shall be cumulative and not mutually exclusive, and the exercise of one shall not be deemed a waiver of the right to exercise any other. Lessee hereby waives to the extent permitted by applicable Law any right which it may have to require Lessor to choose or elect remedies.

#### SECTION 16. LESSEE'S OBLIGATIONS; NO SETOFF, COUNTERCLAIM, ETC.

(a) Lessee's obligation to pay Rent hereunder shall be absolute and unconditional, and shall not be affected by any event or circumstance, including, without limitation: (i) any setoff, counterclaim, recoupment, defense or other right that Lessee may have against Lessor, Mortgagee, any Participant, any Note Holder, or any other Person for any reason whatsoever; (ii) any defect in the title, airworthiness, condition, design, operation or fitness for use of, or any damage to or loss or destruction of, the Aircraft, Airframe or any Engine, or any interruption or cessation in the use or possession thereof by Lessee for any reason whatsoever; (iii) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee or any other Person; or (iv) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(b) If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise except as specifically provided herein, Lessee nonetheless agrees to pay an amount equal to each Rent payment at the time such payment would have become due and payable in accordance with the terms hereof had this Agreement not been terminated in whole or in part. Lessee hereby waives, to the extent permitted by applicable law, any and all rights that it may now have or that at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Agreement, except in accordance with the express terms hereof.

(c) Nothing set forth in this Section 16 shall be construed to prohibit Lessee from separately pursuing any claim that it may have from time to time against Lessor or any other Person with respect to any matter (other than the absolute and unconditional nature of Lessee's obligations hereunder to pay Rent, and other than the matters specified in paragraphs (a) and (b) above).

#### SECTION 17. RENEWAL AND PURCHASE OPTIONS

##### 17.1 NOTICES GENERALLY

(a) At least 120 days prior to the Scheduled Expiration Date or, if a Renewal Lease Term is then in effect, prior to the Scheduled Renewal Term Expiration Date of such Renewal Lease Term, Lessee may provide notice to Lessor that Lessee may exercise either the option to extend the leasing of the Aircraft for a Renewal Lease Term pursuant to Section 17.2 or the option to purchase the Aircraft on the Scheduled Expiration Date or Scheduled Renewal Term Expiration Date of such Renewal Lease Term, as the case may be, pursuant to Section 17.3 (a "Preliminary Notice").

(b) If any such Preliminary Notice is given by Lessee, then Lessee may provide a further notice specifying which option it intends to elect, with respect to the relevant period, pursuant to Section 17.2.1 or 17.3.1, as the case may be.

##### 17.2 RENEWAL OPTIONS

###### 17.2.1 RENEWAL NOTICE

(a) If Lessee has given a Preliminary Notice, as specified in Section 17.1, and subject to the terms and conditions of this Section 17.2, Lessee may exercise its option to extend the

leasing of the Aircraft hereunder until the next Scheduled Renewal Term Expiration Date, on the same terms, provisions and conditions (except as contemplated by this Section 17) set forth herein and in the other Lessee Operative Agreements with respect to the Base Lease Term, by delivery of a notice (a "Renewal Notice") to Lessor not less than 90 days prior to (i) if the Base Lease Term is then in effect, the Scheduled Expiration Date, or (ii) if a Renewal Lease Term is then in effect, the Scheduled Renewal Term Expiration Date for such Renewal Lease Term.

(b) Notwithstanding anything to the contrary in this Agreement or any other Operative Agreement:

(i) No Preliminary Notice or Renewal Notice shall be binding on Lessor or oblige Lessor to extend the leasing of the Aircraft hereunder for a Renewal Lease Term if any Lease Event of Default shall have occurred and be continuing on and as of the date that such Renewal Lease Term would otherwise commence.

(ii) Any Renewal Notice shall be revocable by Lessee until 10 Business Days after the Renewal Rent is determined in accordance with Sections 17.2.2 and unless revoked by written notice by Lessee to Lessor shall thereafter become irrevocable and shall constitute an unconditional obligation of Lessee to extend the leasing of the Aircraft hereunder for the Renewal Lease Term to which such Renewal Notice relates.

(iii) Lessee shall not be entitled to give any Renewal Notice if it has (x) not delivered a Preliminary Notice or (y) delivered a Purchase Notice to Lessor.

#### 17.2.2 RENEWAL RENT

(a) During the Renewal Lease Term, Lessee shall pay to Lessor on each Payment Date, in the manner and in the funds of the type specified in Section 3.3, Renewal Rent in arrears.

(b) The Renewal Rent payable by Lessee on each Payment Date during any Fixed Renewal Lease Term shall be the lower of (i) an amount equal to one-half of the average of the semiannual Basic Rent amounts payable during the Base Lease Term and (ii) the Fair Market Rental Value of the Aircraft for such Renewal Lease Term. The Renewal Rent payable by Lessee on each Payment Date during any Subsequent Renewal Lease Term shall be the Fair Market Rental



Value of the Aircraft for such Renewal Lease Term. Any such Fair Market Rental Value shall be determined not more than 120 days and not less than 100 days prior to the date of commencement of such Renewal Lease Term by mutual agreement of Lessor and Lessee or, if they shall be unable to agree, by an appraisal in accordance with Section 17.4.

#### 17.2.3 STIPULATED LOSS AND TERMINATION VALUES

(a) For any Renewal Lease Term, Stipulated Loss Value Dates and Termination Value Dates shall be extended throughout such Renewal Lease Term on the same days and for the same months as during the Base Lease Term.

(b) Stipulated Loss Value and Termination Value amounts that are payable during any such Renewal Lease Term shall be determined at the same time that the Renewal Rent for such Renewal Lease Term is determined under Section 17.2.2. Stipulated Loss Values and Termination Values for any such Renewal Lease Term shall, commencing on the first day of such Renewal Lease Term, be equal to the Fair Market Sales Value of the Aircraft, computed as of the first day of such Renewal Lease Term, and shall decline ratably on a monthly basis to the Fair Market Sales Value of the Aircraft as of the last day of such Renewal Lease Term.

(c) Any Fair Market Sales Value of the Aircraft, for purposes of calculating Stipulated Loss Value and Termination Value amounts applicable during any such Renewal Lease Term, shall be determined by mutual agreement of Lessor and Lessee or, if they shall be unable to agree, by an appraisal in accordance with Section 17.4.

#### 17.3 PURCHASE OPTION

##### 17.3.1 PURCHASE NOTICE

(a) Subject to Section 17.1 and the terms and conditions of this Section 17.3, Lessee may elect to purchase the Aircraft, on any Purchase Date, at a purchase price equal to the lesser of 50% of Lessor's Cost and the Fair Market Sales Value of the Aircraft computed as of the Purchase Date.

(b) Lessee may exercise such option to purchase the Aircraft, by delivery of a notice (a "Purchase Notice") to Lessor

not less than 90 days prior to the Purchase Date specified in such Purchase Notice.

(c) Notwithstanding anything to the contrary in this Agreement or any other Operative Agreement:

(i) Any Purchase Notice (whether delivered or deemed to have been delivered) shall be revocable until 10 Business Days after the determination of the Fair Market Sales Value in accordance with Section 17.3.2 and unless revoked by written notice by Lessee to Lessor shall thereafter become irrevocable and shall constitute an unconditional obligation of Lessee to purchase the Aircraft under this Section 17.3.

(ii) Lessee shall not be entitled to give any Purchase Notice in respect of any Purchase Date if it has delivered a Renewal Notice for a Renewal Lease Term that would commence immediately following such Purchase Date.

#### 17.3.2 DETERMINATION OF FAIR MARKET SALES VALUE

The Fair Market Sales Value of the Aircraft shall be determined not more than 120 days and not less than 100 days prior to the applicable Purchase Date by mutual agreement of Lessor and Lessee or, if they shall be unable to agree, by an appraisal in accordance with Section 17.4.

#### 17.3.3 TITLE

Upon full and final payment by Lessee of (a) the applicable purchase price of the Aircraft, (b) all unpaid Rent due and payable through and including the Purchase Date and (c) all other amounts due and payable by Lessee under this Agreement, Lessor will transfer to Lessee title to the Aircraft in accordance with Section 4.5.

#### 17.4 APPRAISALS

Whenever Fair Market Rental Value or Fair Market Sales Value of the Aircraft is required to be determined by an appraisal under this Section 17, Lessee and Lessor shall appoint a mutually satisfactory Appraiser to conduct such appraisal. If Lessee and Lessor fail to agree upon a satisfactory Appraiser then each shall promptly appoint a separate Appraiser and such Appraisers shall jointly determine such amount. If either Lessee or Lessor fails to so appoint an Appraiser, the determination of the single

Appraiser appointed shall be final. If two Appraisers are appointed and within 7 days after the appointment of the latter of such two Appraisers, they cannot agree upon such amount, such two Appraisers shall, within 8 days after such latter appointment, appoint a third Appraiser and such amount shall be determined by such three Appraisers, who shall make their separate appraisals within 7 days following the appointment of the third Appraiser, and any determination so made shall be conclusive and binding upon Lessor and Lessee. If no such third Appraiser is appointed within such 8-day period, either Lessor or Lessee may apply to the American Arbitration Association to make such appointment, and both parties shall be bound by such appointment. The foregoing appraisal procedure shall in any event be completed no less than 125 days before the end of the Base Lease Term or the current Renewal Lease Term, as the case may be. If three Appraisers are appointed and the difference between the determination which is farther from the middle determination and the middle determination is more than 125% of the difference between the middle determination and the third determination, then such farther determination shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon Lessor and Lessee. Otherwise, the average of all three determinations shall be final and binding upon Lessor and Lessee. The fees and expenses of all such Appraisers and such appraisal procedure shall be borne equally by Lessee and Lessor, provided that if Lessee elects not to renew this Lease or purchase the Aircraft following the conclusion of such appraisal, Lessee shall pay all expenses of such appraisal.

## SECTION 18. MISCELLANEOUS

### 18.1 AMENDMENTS

No provision of this Agreement may be amended, supplemented, waived, modified, discharged, terminated or otherwise varied orally, but only by an instrument in writing that specifically identifies the provision of this Agreement that it purports to amend, supplement, waive, modify, discharge, terminate or otherwise vary and is signed by Lessor and Lessee. Each such amendment, supplement, waiver, modification, discharge, termination or variance shall be effective only in the specific instance and for the specific purpose for which it is given. No provision of this Agreement shall be varied or contradicted by oral communication, course of dealing or performance or other

manner not set forth in an agreement, document or instrument in writing and signed by Lessor and Lessee.

#### 18.2 SEVERABILITY

If any provision hereof shall be held invalid, illegal or unenforceable in any respect in any jurisdiction, then, to the extent permitted by Law (a) all other provisions hereof shall remain in full force and effect in such jurisdiction and (b) such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction. If, however, any Law pursuant to which such provisions are held invalid, illegal or unenforceable may be waived, such Law is hereby waived by the parties hereto to the full extent permitted, to the end that this Agreement shall be deemed to be a valid and binding agreement in all respects, enforceable in accordance with its terms.

#### 18.3 THIRD-PARTY BENEFICIARY

This Agreement is not intended to, and shall not, provide any person not a party hereto (other than Mortgagee, the Participants, the Indenture Indemnitees and the Persons referred to in Section 4.6) with any rights of any nature whatsoever against either of the parties hereto, and no person not a party hereto (other than Mortgagee, the Participants, the Indenture Indemnitees and the Persons referred to in Section 4.6) shall have any right, power or privilege in respect of, or have any benefit or interest arising out of, this Agreement.

#### 18.4 REPRODUCTION OF DOCUMENTS

This Agreement, all annexes, schedules and exhibits hereto and all agreements, instruments and documents relating hereto, including, without limitation (a) consents, waivers and modifications that may hereafter be executed and (b) financial statements, certificates and other information previously or hereafter furnished to any party hereto, may be reproduced by such party by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process, and such party may destroy any original documents so reproduced. Any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such party in the regular course of

business) and any enlargement, facsimile or further reproduction of such reproduction likewise is admissible in evidence.

#### 18.5 COUNTERPARTS

This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts (or upon separate signature pages bound together into one or more counterparts), each of which when so executed shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument.

#### 18.6 NOTICES

Unless otherwise expressly permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents, waivers and other communications required or permitted to be made, given, furnished or filed hereunder shall be in writing (it being understood that the specification of a writing in certain instances and not in others does not imply an intention that a writing is not required as to the latter), shall refer specifically to this Agreement and shall be personally delivered, sent by facsimile or telecommunication transmission (which in either case provides written confirmation to the sender of its delivery), sent by registered mail or certified mail, return receipt requested, postage prepaid, or sent by overnight courier service, in each case to the respective address or facsimile number set forth for such party in Schedule 1 to the Participation Agreement, or to such other address or number as either party hereto may hereafter specify by notice to the other party hereto. Each such notice, request, demand, authorization, direction, consent, waiver or other communication shall be effective when received or, if made, given, furnished or filed (a) by facsimile or telecommunication transmission, when confirmed, or (b) by registered or certified mail, three Business Days after being deposited, properly addressed, with the U.S. Postal Service.

#### 18.7 GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE

(a) THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS AGREEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK.

(b) EACH PARTY HERETO HEREBY IRREVOCABLY AGREES, ACCEPTS AND SUBMITS ITSELF TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN THE CITY AND COUNTY OF NEW YORK AND OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, IN CONNECTION WITH ANY LEGAL ACTION, SUIT OR PROCEEDING WITH RESPECT TO ANY MATTER RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

(c) EACH PARTY HERETO HEREBY IRREVOCABLY CONSENTS AND AGREES TO THE SERVICE OF ANY AND ALL LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE MADE BY MAILING COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, AT THE ADDRESS SET FORTH PURSUANT TO SECTION 18.7. EACH PARTY HERETO HEREBY AGREES THAT SERVICE UPON IT, OR ANY OF ITS AGENTS, IN EACH CASE IN ACCORDANCE WITH THIS SECTION 18.8(C), SHALL CONSTITUTE VALID AND EFFECTIVE PERSONAL SERVICE UPON SUCH PARTY, AND EACH PARTY HERETO HEREBY AGREES THAT THE FAILURE OF ANY OF ITS AGENTS TO GIVE ANY NOTICE OF SUCH SERVICE TO ANY SUCH PARTY SHALL NOT IMPAIR OR AFFECT IN ANY WAY THE VALIDITY OF SUCH SERVICE ON SUCH PARTY OR ANY JUDGMENT RENDERED IN ANY ACTION OR PROCEEDING BASED THEREON.

(d) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY LEGAL ACTION OR PROCEEDING BROUGHT HEREUNDER IN ANY OF THE ABOVE-NAMED COURTS, THAT SUCH ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT VENUE FOR THE ACTION OR PROCEEDING IS IMPROPER OR THAT THIS AGREEMENT OR ANY OTHER OPERATIVE AGREEMENT MAY NOT BE ENFORCED IN OR BY SUCH COURTS.

(e) EACH PARTY HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN ANY COURT IN ANY JURISDICTION BASED UPON OR ARISING OUT OF OR RELATING TO THIS AGREEMENT.

#### 18.8 ENTIRE AGREEMENT

This Agreement, together with the other Operative Agreements, on and as of the date hereof constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and all prior or contemporaneous understandings or agreements, whether written or oral, between the parties hereto with respect to such subject matter are hereby superseded in their entireties.

[This space intentionally left blank.]

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease Agreement to be duly executed as of the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION  
as Lessor, not in its individual  
capacity, except as expressly  
provided herein, but solely as  
Owner Trustee under the Trust  
Agreement

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

CONTINENTAL AIRLINES, INC.,  
as Lessee

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

Receipt of this original counterpart of the foregoing Lease Agreement is hereby acknowledged on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

WILMINGTON TRUST COMPANY,  
as Mortgagee

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

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease Agreement to be duly executed as of the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION  
as Lessor, not in its  
individual capacity, except as  
expressly provided herein, but  
solely as Owner Trustee under the  
Trust Agreement

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

CONTINENTAL AIRLINES, INC.,  
as Lessee

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

ANNEX A  
[SEE PARTICIPATION AGREEMENT ANNEX A]

ANNEXES B-D  
[INTENTIONALLY OMITTED]



LEASE SUPPLEMENT NO. \_\_\_

LEASE SUPPLEMENT No. \_\_, dated \_\_\_\_\_, 199\_, between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement \_\_\_\_\_, dated as of \_\_\_\_\_, with the Owner Participant named therein (such Owner Trustee, in its capacity as such Owner Trustee being herein called "Lessor"), and CONTINENTAL AIRLINES, INC., a Delaware corporation, as Lessee ("Lessee").

Lessor and Lessee have heretofore entered into that certain Lease Agreement \_\_\_\_\_, dated as of \_\_\_\_\_, relating to one Boeing Model \_\_\_\_\_ aircraft (herein called the "Lease" and the defined terms therein being hereinafter used with the same meanings). The Lease provides for the execution and delivery of this Lease Supplement for the purpose of leasing the Airframe and Engines under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof.

The Lease relates to the Airframe and Engines described below, and a counterpart of the Lease to which this Lease Supplement is attached and of which this Lease Supplement is a part, is being filed for recordation on the date hereof with the Federal Aviation Administration as one document.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessee has been duly authorized by Lessor to accept, and does hereby irrevocably accept on behalf of Lessor delivery of the Aircraft from Airframe Manufacturer under, and for all purposes of, the Aircraft Bill of Sale, the Participation Agreement and the Purchase Agreement Assignment.

2. Lessor hereby delivers and leases to Lessee under the Lease and Lessee hereby accepts and leases from Lessor under the Lease the following described Boeing \_\_\_\_\_ aircraft (the "Aircraft"), which Aircraft as of the date hereof consists of the following components:

(i) Airframe: U.S. Registration No. \_\_\_\_\_;  
manufacturer's serial no. \_\_\_\_\_; and

(ii) Engines: two (2) \_\_\_\_\_ engines  
bearing, respectively, manufacturer's serial nos. \_\_\_\_\_ and  
\_\_\_\_\_ (each of which engines has 750 or more rated takeoff  
horsepower or the equivalent of such horsepower).

3. The Delivery Date of the Aircraft is the date of this Lease Supplement set forth in the opening paragraph hereof.

4. Lessee hereby confirms to Lessor that Lessee has duly and irrevocably accepted the Aircraft under and for all purposes hereof, of the Lease and of the other Lessee Operative Agreements.

5. All of the terms and provisions of this Lease Supplement are hereby incorporated by reference in the Lease to the same extent as if fully set forth therein.

6. This Lease Supplement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

7. To the extent, if any, that this Lease Supplement constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease Supplement may be created through the transfer or possession of any counterpart other than the original executed counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the Mortgagee on the signature page thereof.

[This space intentionally left blank.]

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease Supplement to be duly executed as of the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION  
as Lessor, not in its  
individual capacity, except  
as expressly provided herein,  
but solely as Owner Trustee  
under the Trust Agreement

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

CONTINENTAL AIRLINES, INC.,  
as Lessee

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

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease Supplement to be duly executed as of the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION  
as Lessor, not in its individual  
capacity, except as expressly  
provided herein, but solely as  
Owner Trustee under the Trust  
Agreement

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

CONTINENTAL AIRLINES, INC.,  
as Lessee

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

Receipt of this original counterpart of the foregoing Lease Supplement is hereby acknowledged on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

WILMINGTON TRUST COMPANY,  
as Mortgagee

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

## RETURN ACCEPTANCE SUPPLEMENT

RETURN ACCEPTANCE SUPPLEMENT dated \_\_\_\_\_, between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement \_\_\_\_\_, dated as of \_\_\_\_\_, with the Owner Participant named therein (such Owner Trustee, in its capacity as such Owner Trustee being herein called "Lessor"), and CONTINENTAL AIRLINES, INC., a Delaware corporation, as Lessee ("Lessee").

Lessor and Lessee have heretofore entered into that certain Lease Agreement \_\_\_\_\_, dated as of \_\_\_\_\_, relating to one Boeing Model \_\_\_\_\_ aircraft (herein called the "Lease" and the defined terms therein being hereinafter used with the same meanings). The Lease relates to the Airframe and Engines described below.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. This Return Acceptance Supplement is executed by Lessor and Lessee to confirm that on the date hereof the following described Airframe and Engines were returned by Lessor to Lessee:

(i) Airframe: U.S. Registration No. \_\_\_\_\_;  
manufacturer's serial no. \_\_\_\_\_; and

(ii) Engines: two (2) \_\_\_\_\_ engines bearing,  
respectively, manufacturer's serial nos. \_\_\_\_\_  
and \_\_\_\_\_.

2. This Return Acceptance Supplement is intended to be delivered in \_\_\_\_\_.

3. Lessor and Lessee agree that the return of the Aircraft is in compliance with Section 5 and Annex B of the Lease, except as set forth below:

4. Lessor and Lessee agree that the Lease is terminated, except for the provisions thereof that expressly survive termination.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Return Acceptance Supplement to be duly executed as of the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION  
as Lessor, not in its individual  
capacity, except as expressly  
provided herein, but solely as  
Owner Trustee under the Trust  
Agreement

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

CONTINENTAL AIRLINES, INC.,  
as Lessee

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

SCHEDULES 1-4  
[INTENTIONALLY OMITTED]

SCHEDULE 5 - PERMITTED COUNTRIES  
LEASE AGREEMENT \_\_\_

## PERMITTED COUNTRIES

Argentina	Malta
Australia	Mexico
Austria	Morocco
Bahamas	Netherlands
Belgium	New Zealand
Brazil	Norway
Canada	Paraguay
Chile	Peoples Republic of China
Denmark	Philippines
Egypt	Portugal
Ecuador	Republic of China (Taiwan)
Finland	Singapore
France	South Africa
Germany	South Korea
Greece	Spain
Hungary	Sweden
Iceland	Switzerland
India	Thailand
Indonesia	Tobago
Ireland	Trinidad
Italy	United Kingdom
Japan	Uruguay
Luxembourg	Venezuela
Malaysia	

PLACARDS

Leased from

First Security Bank, National Association,  
not in its individual capacity but solely as  
Owner Trustee, Owner and Lessor

and  
Mortgaged to

Wilmington Trust Company,  
not in its individual capacity but solely as Mortgagee



EXHIBIT A-3 to  
Note Purchase Agreement

FORM OF LEASED AIRCRAFT INDENTURE

-----  
TRUST INDENTURE AND MORTGAGE \_\_\_\_

Dated as of \_\_\_\_\_, 199\_

Between

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
not in its individual capacity,  
except as expressly stated herein,  
but solely as Owner Trustee,

Owner Trustee

and

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
except as expressly stated herein,  
but solely as Mortgagee,

Mortgagee

-----  
EQUIPMENT NOTES COVERING  
ONE BOEING \_\_\_\_\_ AIRCRAFT  
BEARING U.S. REGISTRATION MARK N\_\_\_\_\_  
LEASED BY CONTINENTAL AIRLINES, INC.  
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(iv)

TRUST INDENTURE AND MORTGAGE \_\_\_\_, dated as of \_\_\_\_\_, 199\_ ("Trust Indenture"), between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as expressly stated herein, but solely as Owner Trustee under the Trust Agreement referred to below (together with its successors under the Trust Agreement, the "Owner Trustee"), and WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity, except as expressly stated herein, but solely as Mortgagee hereunder (together with its successors hereunder, the "Mortgagee").

## W I T N E S S E T H

WHEREAS, all capitalized terms used herein shall have the respective meanings set forth or referred to in Article I hereof;

WHEREAS, the Owner Participant and the Owner Trustee in its individual capacity have entered into the Trust Agreement whereby, among other things, (i) the Owner Trustee has established a certain trust for the use and benefit of the Owner Participant subject, however, to the Trust Indenture Estate created pursuant hereto for the use and benefit of, and with the priority of payment to, the holders of Equipment Notes issued hereunder, and (ii) the Owner Trustee has been authorized and directed to execute and deliver this Agreement;

WHEREAS, the parties hereto desire by this Trust Indenture, among other things, (i) to provide for the issuance by the Owner Trustee of the Equipment Notes and (ii) to provide for the assignment, mortgage and pledge by the Owner Trustee to the Mortgagee, as part of the Trust Indenture Estate hereunder, among other things, of all of the Owner Trustee's right, title and interest in and to the Aircraft and, except as hereinafter expressly provided, all of the Owner Trustee's right, title and interest in, to and under the Lease and the Participation Agreement and all payments and other amounts received hereunder or thereunder in accordance with the terms hereof or thereof, as security for, among other things, the Owner Trustee's and the Lessee's obligations to the Noteholders and the Indenture Indemnitees;

WHEREAS, all things have been done to make the Equipment Notes, when executed by the Owner Trustee and authenticated and delivered by the Mortgagee hereunder, the valid, binding and enforceable obligations of the Owner Trustee; and

WHEREAS, all things necessary to make this Trust Indenture the valid, binding and legal obligation of the Owner Trustee for the uses and purposes herein set forth, in accordance with its terms, have been done and performed and have happened;

## GRANTING CLAUSE

NOW, THEREFORE, THIS TRUST INDENTURE AND MORTGAGE WITNESSETH, that, to secure the prompt payment of the Original Amount of, interest on, Make-Whole Amount, if any, and all other amounts due with respect to, all Equipment Notes from time to time outstanding hereunder according to their tenor and effect and to secure the performance and observance by the Owner Trustee of all the agreements, covenants and provisions contained herein and in the Participation Agreement and the Equipment Notes, for the benefit of the Note Holders, the Loan Participants and each of the Indenture Indemnitees and the prompt payment of all amounts from time to time owing hereunder, under the Participation Agreement and the Lease to the Loan Participants, the Note Holders or any Indenture Indemnitee by the Owner Trustee or the Lessee and for the uses and purposes and subject to the terms and provisions hereof, and in consideration of the premises and of the covenants herein contained, and of the acceptance of the Equipment Notes by the holders thereof, and for other good and valuable consideration the receipt and adequacy whereof are hereby acknowledged, the Owner Trustee has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto the Mortgagee, its successors in trust and assigns, for the security and benefit of the Loan Participants, the Note Holders and each of the Indenture Indemnitees, a first priority security interest in and mortgage lien on all right, title and interest of the Owner Trustee in, to and under the following described property, rights and privileges, whether now or hereafter acquired, other than Excluded Payments (which, collectively, excluding Excluded Payments but including all property hereafter specifically subject to the Lien of this Trust Indenture by the terms hereof or any supplement hereto, are included within, and are referred to as, the "Trust Indenture Estate"), to wit:

(1) The Airframe which is one Boeing \_\_\_\_\_ aircraft with the FAA Registration number of N\_\_\_\_\_ and the manufacturer's serial number of \_\_\_\_\_ and Engines, each of which Engines is a \_\_\_\_\_ engine with the manufacturer's serial numbers of \_\_\_\_\_ and \_\_\_\_\_, is of 750 or more rated takeoff horsepower or the equivalent of such horsepower (such Airframe and Engines more particularly described in the Indenture Supplement executed and delivered as provided herein) as the same is now and will hereafter be constituted, whether now owned by the Owner Trustee or hereafter acquired, leased or intended to be leased under the Lease, and in the case of such Engines, whether or not any such Engine shall be installed in or attached to the Airframe or any other airframe, together with (a) all Parts of whatever nature, which are from time to time included within the definitions of "Airframe" or "Engines", whether now owned or hereafter acquired, including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Airframe and Engines (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts) and (b) all Aircraft Documents;



(2) All right, title, interest, claims and demands of the Owner Trustee, as Lessor, in, to and under the Lease, together with all rights, powers, privileges, options and other benefits of the Owner Trustee as lessor under the Lease, including the immediate and continuing right to receive and collect all Rent, income, revenues, issues, profits, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable to or receivable by the Lessor under the Lease pursuant thereto, and, subject to Section 5.02 hereof, the right to make all waivers and agreements, to give and receive copies of all notices and other instruments or communications, to accept surrender or redelivery of the Aircraft or any part thereof, as well as all the rights, powers and remedies on the part of the Owner Trustee as Lessor under the Lease, to take such action upon the occurrence of a Lease Event of Default thereunder, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by Law, and to do any and all other things whatsoever which the Owner Trustee or any lessor is or may be entitled to do under or in respect of the Lease and any right to restitution from the Lessee or any other Person in respect of any determination of invalidity of the Lease;

[(3) Each Permitted Sublease assignment and each assigned Permitted Sublease (to the extent assigned under such Permitted Sublease assignment), and including, without limitation, all rents or other payments of any kind made under such assigned Permitted Sublease (to the extent assigned under such Permitted Sublease assignment);](1)

[(3)/(4)] All right, title, interest, claims and demands of the Owner Trustee in, to and under:

(a) the Purchase Agreement and the GTA;

(b) the Purchase Agreement Assignment, with the Consent and Agreement and the Engine Consent and Agreement attached thereto;

(c) the Bills of Sale; and

(d) any and all other contracts, agreements and instruments relating to the Airframe and Engines or any rights or interests therein to which the Owner Trustee is now or may hereafter be a party;

together with all rights, powers, privileges, licenses, easements, options and other benefits of the Owner Trustee under each contract, agreement and instrument referred to in this clause [(3)/(4)],

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(1) Insert bracketed language if the Lease provides for an assignment of a permitted sublease.

including the right to receive and collect all payments to the Owner Trustee thereunder now or hereafter payable to or receivable by the Owner Trustee pursuant thereto and, subject to Section 5.02 hereof, the right to make all waivers and agreements, to give and receive notices and other instruments or communications, or to take any other action under or in respect of any thereof or to take such action upon the occurrence of a default thereunder, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by Law, and to do any and all other things which the Owner Trustee is or may be entitled to do thereunder and any right to restitution from the Lessee, the Owner Participant or any other Person in respect of any determination of invalidity of any thereof;

[(4)/(5)] All rents, issues, profits, revenues and other income of the property subjected or required to be subjected to the Lien of this Trust Indenture, including all payments or proceeds payable to the Owner Trustee after termination of the Lease with respect to the Aircraft as the result of the sale, lease or other disposition thereof, and all estate, right, title and interest of every nature whatsoever of the Owner Trustee in and to the same;

[(5)/(6)] Without limiting the generality of the foregoing, all insurance and requisition proceeds with respect to the Aircraft or any part thereof, including the insurance required under Section 11 of the Lease;

[(6)/(7)] Without limiting the generality of the foregoing, all rights of the Owner Trustee to amounts paid or payable by Lessee to the Owner Trustee under the Participation Agreement and all rights of the Owner Trustee to enforce payments of any such amounts thereunder;

[(7)/(8)] Without limiting the generality of the foregoing, all monies and securities from time to time deposited or required to be deposited with the Mortgagee pursuant to any terms of this Trust Indenture or the Lease or required hereby or by the Lease to be held by the Mortgagee hereunder as security for the obligations of the Lessee under the Lease or of the Owner Trustee hereunder; and

[(8)/(9)] All proceeds of the foregoing;

excluding, however, in all events from each of foregoing clauses (1) through [(8)/(9)] inclusive all Excluded Payments and the right to specifically enforce the same or to sue for damages for the breach thereof as provided in Section 5.02 hereof.

Concurrently with the delivery of this Trust Indenture, the Owner Trustee will deliver to the Mortgagee the original executed counterpart of the Lease and the Lease Supplement No. 1 (to each of which a chattel paper receipt is attached), and executed copies of the Participation Agreement, the Purchase Agreement and the GTA (to the extent assigned by the

Purchase Agreement Assignment), the Purchase Agreement Assignment, with the Consent and Agreement and the Engine Consent and Agreement attached thereto.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Mortgagee, and its successors and assigns, in trust for the equal and proportionate benefit and security of the Loan Participants, the Note Holders and the Indenture Indemnitees, except as provided in Section 2.14 and Article III hereof without any preference, distinction or priority of any one Equipment Note over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and in all cases and as to all property specified in paragraphs (1) through [(8)] inclusive above, subject to the terms and provisions set forth in this Trust Indenture.

It is expressly agreed that anything herein contained to the contrary notwithstanding, the Owner Trustee shall remain liable under the Indenture Agreements, to perform all of the obligations assumed by it thereunder, except to the extent prohibited or excluded from doing so pursuant to the terms and provisions thereof, and the Mortgagee, the Loan Participants, the Note Holders and the Indenture Indemnitees shall have no obligation or liability under the Indenture Agreements, by reason of or arising out of the assignment hereunder, nor shall the Mortgagee, the Loan Participants, the Note Holders or the Indenture Indemnitees be required or obligated in any manner to perform or fulfill any obligations of the Owner Trustee under or pursuant to the Indenture Agreements, or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

The Owner Trustee does hereby constitute the Mortgagee the true and lawful attorney of the Owner Trustee, irrevocably, granted for good and valuable consideration and coupled with an interest and with full power of substitution, and with full power (in the name of the Owner Trustee or otherwise) to ask for, require, demand, receive, compound and give acquittance for any and all monies and claims for monies (in each case including insurance and requisition proceeds but in all cases excluding Excluded Payments) due and to become due under or arising out of the Indenture Agreements, and all other property which now or hereafter constitutes part of the Trust Indenture Estate, to endorse any checks or other instruments or orders in connection therewith and to file any claims or to take any action or to institute any proceedings which the Mortgagee may deem to be necessary or advisable in the premises. Without limiting the generality of the foregoing, but subject to the rights of the Owner Trustee and the Owner Participant under Sections 2.13, 4.03 and 4.04(a) hereof, during the continuance of any Event of Default under this Trust Indenture, the Mortgagee shall have the right under such power of attorney to accept any offer in connection with the exercise of remedies as set forth herein of any purchaser to purchase the Airframe and Engines and upon such purchase to execute

and deliver in the name of and on behalf of the Owner Trustee an appropriate bill of sale and other instruments of transfer relating to the Airframe and Engines, when purchased by such purchaser, and to perform all other necessary or appropriate acts with respect to any such purchase, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Owner Trustee or otherwise, which the Mortgagee may deem necessary or appropriate to protect and preserve the right, title and interest of the Mortgagee in and to such Rents and other sums and the security intended to be afforded hereby; provided, however, that no action of the Mortgagee pursuant to this paragraph shall increase the obligations or liabilities of the Owner Trustee to any Person beyond those obligations and liabilities specifically set forth in this Trust Indenture and in the other Operative Agreements. Under the Lease, Lessee is directed, so long as this Trust Indenture shall not have been fully discharged, to make all payments of Rent (other than Excluded Payments) and all other amounts which are required to be paid to or deposited with the Owner Trustee pursuant to the Lease (other than Excluded Payments) directly to, or as directed by, the Mortgagee at such address or addresses as the Mortgagee shall specify, for application as provided in this Trust Indenture. The Owner Trustee agrees that promptly upon receipt thereof, it will transfer to the Mortgagee any and all monies from time to time received by it constituting part of the Trust Indenture Estate, for distribution by the Mortgagee pursuant to this Trust Indenture, except that the Owner Trustee shall accept for distribution pursuant to the Trust Agreement any amounts distributed to it by the Mortgagee under this Trust Indenture.

The Owner Trustee agrees that at any time and from time to time, upon the written request of the Mortgagee, the Owner Trustee will promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents as the Mortgagee may reasonably deem necessary or desirable to perfect, preserve or protect the mortgage, security interests and assignments created or intended to be created hereby or to obtain for the Mortgagee the full benefits of the assignment hereunder and of the rights and powers herein granted.

The Owner Trustee does hereby warrant and represent that it has not assigned or pledged, and hereby covenants and agrees that it will not assign or pledge, so long as the assignment hereunder shall remain in effect, and the Lien hereof shall not have been released pursuant to Section 10.01 hereof, any of its right, title or interest hereby assigned, to anyone other than the Mortgagee, and that it will not, except as otherwise provided in this Trust Indenture and except with respect to Excluded Payments to which it is entitled, (i) accept any payment from Lessee [or any Permitted Sublessee](1) under any Indenture Agreement, (ii) enter into any agreement amending or supplementing any Indenture Agreement, (iii) execute any waiver or modification of, or consent under, the terms of, or exercise any rights, powers or

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(2) Insert bracketed language if the Lease provides for the assignment of a permitted sublease.

privileges under, any Indenture Agreement, (iv) settle or compromise any claim arising under any Indenture Agreement or (v) submit or consent to the submission of any dispute, difference or other matter arising under or in respect of any Indenture Agreement to arbitration thereunder.

The Owner Trustee does hereby agree that it will not without the written consent of the Mortgagee:

(a) receive or collect or agree to the receipt or collection of any payment (other than Excluded Payments) of Rent, including Basic Rent, Stipulated Loss Value, Termination Value or any other payment to be made pursuant to Section 9 or 10 of the Lease prior to the date for the payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Mortgagee hereunder) any payment of Rent, including Basic Rent, Stipulated Loss Value, Termination Value or any other payment to be made pursuant to Section 9 or 10 of the Lease, then due or to accrue in the future under the Lease in respect of the Airframe and Engines; or

(b) except as contemplated by the Trust Agreement in connection with the appointment of a successor owner trustee, sell, mortgage, transfer, assign or hypothecate (other than to the Mortgagee hereunder) its interest in the Airframe and Engines or any part thereof or in any amount to be received by it from the use or disposition of the Airframe and Engines, other than amounts distributed to it pursuant to Article III hereof.

It is hereby further agreed that any and all property described or referred to in the granting clauses hereof which is hereafter acquired by the Owner Trustee shall ipso facto, and without any other conveyance, assignment or act on the part of the Owner Trustee or the Mortgagee, become and be subject to the Lien herein granted as fully and completely as though specifically described herein, but nothing contained in this paragraph shall be deemed to modify or change the obligations of the Owner Trustee contained in the foregoing paragraphs.

The Owner Trustee does hereby ratify and confirm the Lease and does hereby agree that it will not violate any covenant or agreement made by it therein, herein or in any other Owner Trustee Agreement.

Notwithstanding the Granting Clause or any of the preceding paragraphs, there is hereby excluded from the foregoing sale, transfer, assignment, grant, pledge and security interest all Excluded Payments. Further, nothing in the Granting Clause or the preceding paragraphs shall impair any of the rights of the Owner Trustee or the Owner Participant under Section 2.13, 4.03, 4.04, 4.08, 5.02 or 5.03 hereof.

IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto as follows:

ARTICLE I

DEFINITIONS

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed in the manner described, in Annex A to the Lease.

ARTICLE II

THE EQUIPMENT NOTES

SECTION 2.01. FORM OF EQUIPMENT NOTES

The Equipment Notes shall be substantially in the form set forth below:

THIS EQUIPMENT NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR PURSUANT TO THE SECURITIES LAWS OF ANY STATE. ACCORDINGLY, THIS EQUIPMENT NOTE MAY NOT BE SOLD UNLESS EITHER REGISTERED UNDER THE ACT AND SUCH APPLICABLE STATE LAWS OR AN EXEMPTION FROM SUCH REGISTRATIONS IS AVAILABLE.

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
AS OWNER TRUSTEE UNDER TRUST AGREEMENT \_\_\_\_  
DATED AS OF \_\_\_\_\_, 199\_.

SERIES [\_\_\_\_\_] LIMITED RECOURSE EQUIPMENT NOTE DUE [\_\_\_\_\_] ISSUED IN CONNECTION WITH THE BOEING MODEL \_\_\_\_\_ AIRCRAFT BEARING UNITED STATES REGISTRATION NUMBER N\_\_\_\_\_.

No. \_\_\_\_\_ Date: [\_\_\_\_\_, \_\_\_\_]

\$ \_\_\_\_\_

INTEREST RATE

MATURITY DATE

[\_\_\_\_\_]

[\_\_\_\_\_]

FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee (herein in such capacity called the "Owner Trustee") under that certain Trust Agreement \_\_\_\_, dated as of \_\_\_\_\_, 199\_, between the Owner Participant named therein and First Security Bank, National Association (herein as such Trust Agreement may be supplemented or amended from time to time called the "Trust Agreement"), hereby promises to pay to \_\_\_\_\_, or the registered assignee thereof, the principal sum of \$ \_\_\_\_\_ (the "Original Amount"), together with interest on the amount of the Original Amount remaining unpaid from time to time (calculated on the basis of a year of 360 days comprised of twelve 30-day months) from the date hereof until paid in full at a rate per annum equal to the Debt Rate. The Original Amount of this Equipment Note shall be payable in installments on the dates set forth in Schedule I hereto equal to the corresponding percentage of the Original Amount of this Equipment Note set forth in Schedule I hereto. Accrued but unpaid interest shall be due and payable in semiannual installments commencing on \_\_\_\_\_, 199\_, and thereafter on April 1 and October 1 of each year, to and including \_\_\_\_\_. Notwithstanding the foregoing, the final payment made on this Equipment Note shall be in an amount sufficient to discharge in full the unpaid Original Amount and all accrued and unpaid interest on, and any other amounts due under, this Equipment Note. Notwithstanding anything to the contrary contained herein, if any date on which a payment under this Equipment Note becomes due and payable is not a Business Day, then such payment shall not be made on such scheduled date but shall be made on the next succeeding Business Day and if such payment is made on such next succeeding Business Day, no interest shall accrue on the amount of such payment during such extension.

For purposes hereof, the term "Trust Indenture" means the Trust Indenture and Mortgage \_\_\_\_, dated as of \_\_\_\_\_, 199\_, between the Owner Trustee and Wilmington Trust Company (the "Mortgagee"), as the same may be amended or supplemented from time to time. All other capitalized terms used in this Equipment Note and not defined herein shall have the respective meanings assigned in the Trust Indenture.

This Equipment Note shall bear interest, payable on demand, at the Payment Due Rate (calculated on the basis of a year of 360 days comprised of twelve 30-day months) on any overdue Original Amount, any overdue Make-Whole Amount, if any, and (to the extent permitted by applicable Law) any overdue interest and any other amounts payable hereunder which are overdue, in each case for the period the same is overdue. Amounts shall be overdue if not paid when due (whether at stated maturity, by acceleration or otherwise).

The interest rate borne by this Equipment Note shall be subject to adjustments to the extent, and under the circumstances, specified by the Registration Rights Agreement.

All payments of Original Amount, interest, Make-Whole Amount, if any, and other amounts, if any, to be made by the Owner Trustee hereunder and under the Trust Indenture or the Participation Agreement shall be payable only from the income and proceeds from the Trust Estate to the extent included in the Trust Indenture Estate and only to the extent that the Owner Trustee shall have sufficient income or proceeds from the Trust Estate to the extent included in the Trust Indenture Estate to enable the Mortgagee to make such payments in accordance with the terms of Section 2.03 and Article III of the Trust Indenture, and each holder hereof, by its acceptance of this Equipment Note, agrees that it will look solely to the income and proceeds from the Trust Indenture Estate to the extent available for distribution to the holder hereof as above provided and that none of the Owner Participant, the Owner Trustee and the Mortgagee is personally liable or liable in any manner extending to any assets other than the Trust Indenture Estate to the holder hereof for any amounts payable or any liability under this Equipment Note or, except as provided in the Trust Indenture or in the Participation Agreement, for any liability under the Trust Indenture or the Participation Agreement; provided, however, that nothing herein contained shall limit, restrict or impair the right of the Mortgagee, subject always to the terms and provisions of the Trust Indenture, to accelerate the maturity of this Equipment Note upon occurrence of an Event of Default under the Trust Indenture in accordance with Section 4.04(b) of the Trust Indenture, to bring suit and obtain a judgment against the Owner Trustee on this Equipment Note for purposes of realizing upon the Trust Indenture Estate and to exercise all rights and remedies provided under the Trust Indenture or otherwise realize upon the Trust Indenture Estate as provided under the Trust Indenture.

There shall be maintained an Equipment Note Register for the purpose of registering transfers and exchanges of Equipment Notes at the Corporate Trust Office of the Mortgagee or at the office of any successor in the manner provided in Section 2.07 of the Trust Indenture.

The Original Amount and interest and other amounts due hereunder shall be payable in Dollars in immediately available funds at the Corporate Trust Office of the Mortgagee, or as otherwise provided in the Trust Indenture. Each such payment shall be made on the date such payment is due and without any presentment or surrender of this Equipment Note, except that in the case of any final payment with respect to this Equipment Note, the Equipment Note shall be surrendered promptly thereafter to the Mortgagee for cancellation.

The holder hereof, by its acceptance of this Equipment Note, agrees that, except as provided in the Trust Indenture, each payment of the Original Amount, Make-Whole Amount, if any, and interest received by it hereunder shall be applied, first, to the payment of accrued interest on this Equipment Note (as well as any interest on any overdue Original Amount, any overdue Make-Whole Amount, if any, or, to the extent permitted by Law, any overdue interest and other amounts hereunder) to the date of such payment, second, to the payment of the



Original Amount of this Equipment Note then due, third, to the payment of Make-Whole Amount, if any, and any other amount due hereunder or under the Trust Indenture, and fourth, the balance, if any, remaining thereafter, to the payment of installments of the Original Amount of this Equipment Note remaining unpaid in the inverse order of their maturity.

This Equipment Note is one of the Equipment Notes referred to in the Trust Indenture which have been or are to be issued by the Owner Trustee pursuant to the terms of the Trust Indenture. The Trust Indenture Estate is held by the Mortgagee as security, in part, for the Equipment Notes. The provisions of this Equipment Note are subject to the Trust Indenture. Reference is hereby made to the Trust Indenture for a complete statement of the rights and obligations of the holder of, and the nature and extent of the security for, this Equipment Note and the rights and obligations of the holders of, and the nature and extent of the security for, any other Equipment Notes executed and delivered under the Trust Indenture, as well as for a statement of the terms and conditions of the Trust created by the Trust Indenture, to all of which terms and conditions in the Trust Indenture each holder hereof agrees by its acceptance of this Equipment Note.

As provided in the Trust Indenture and subject to certain limitations therein set forth, this Equipment Note is exchangeable for a like aggregate Original Amount of Equipment Notes of different authorized denominations, as requested by the holder surrendering the same.

Prior to due presentment for registration of transfer of this Equipment Note, the Owner Trustee and the Mortgagee shall treat the person in whose name this Equipment Note is registered as the owner hereof for all purposes, whether or not this Equipment Note be overdue, and neither the Owner Trustee nor the Mortgagee shall be affected by notice to the contrary.

This Equipment Note is subject to redemption as provided in Sections 2.10, 2.11 and 2.12 of the Trust Indenture but not otherwise. This Equipment Note is also subject to exchange and to purchase by the Owner Participant or the Owner Trustee as provided in Section 2.13 of the Trust Indenture but not otherwise. In addition, this Equipment Note may be accelerated as provided in Section 4.04 of the Trust Indenture.

[The indebtedness evidenced by this Equipment Note is, to the extent and in the manner provided in the Trust Indenture, subordinate and subject in right of payment to the prior payment in full of the Secured Obligations (as defined in the Trust Indenture) in respect of [Series A Equipment Notes](1) [Series A and Series B Equipment Notes](2), and this Equipment

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(3) To be inserted in the case of a Series B Equipment Note.

(4) To be inserted in the case of a Series C Equipment Note.

Note is issued subject to such provisions. The Note Holder of this Equipment Note, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Mortgagee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Trust Indenture and (c) appoints the Mortgagee his attorney-in-fact for such purpose.]\*

Unless the certificate of authentication hereon has been executed by or on behalf of the Mortgagee by manual signature, this Equipment Note shall not be entitled to any benefit under the Trust Indenture or be valid or obligatory for any purpose.

THIS EQUIPMENT NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

\* \* \*

IN WITNESS WHEREOF, the Owner Trustee has caused this Equipment Note to be executed in its corporate name by its officer thereunto duly authorized on the date hereof.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
not in its individual capacity  
but solely as Owner Trustee

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

MORTGAGEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Equipment Notes referred to in the within-mentioned Trust Indenture.

WILMINGTON TRUST COMPANY, as  
Mortgagee

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

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\* To be inserted for each Equipment Note other than any Series A Equipment Note.

SCHEDULE I  
EQUIPMENT NOTE AMORTIZATION

Payment Date -----	Percentage of Original Amount to be Paid -----
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[SEE SCHEDULE I TO TRUST INDENTURE  
WHICH IS INSERTED UPON ISSUANCE]

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SECTION 2.02. ISSUANCE AND TERMS OF EQUIPMENT NOTES

The Equipment Notes shall be dated the date of issuance thereof, shall be issued in three separate series consisting of Series A, Series B and Series C and in the maturities and principal amounts and shall bear interest as specified in Schedule I hereto. On the date of the consummation of the Transaction, each Equipment Note shall be issued to the Subordination Agent on behalf of the Pass Through Trustees under the Pass Through Trust Agreements. The Equipment Notes shall be issued in registered form only. The Equipment Notes shall be issued in denominations of \$1,000 and integral multiples thereof, except that one Equipment Note of each Series may be in an amount that is not an integral multiple of \$1,000.

Each Equipment Note shall bear interest at the Debt Rate (calculated on the basis of a year of 360 days comprised of twelve 30-day months) on the unpaid Original Amount thereof from time to time outstanding, payable in arrears on \_\_\_\_\_, 199\_, and on each April 1 and October 1 thereafter until maturity. The Original Amount of each Equipment Note

shall be payable on the dates and in the installments equal to the corresponding percentage of the Original Amount as set forth in Schedule I hereto which shall be attached as Schedule I to the Equipment Notes. Notwithstanding the foregoing, the final payment made under each Equipment Note shall be in an amount sufficient to discharge in full the unpaid Original Amount and all accrued and unpaid interest on, and any other amounts due under, such Equipment Note. Each Equipment Note shall bear interest at the Payment Due Rate (calculated on the basis of a year of 360 days comprised of twelve 30-day months) on any part of the Original Amount, Make-Whole Amount, if any, and, to the extent permitted by applicable Law, interest and any other amounts payable thereunder not paid when due for any period during which the same shall be overdue, in each case for the period the same is overdue. Amounts shall be overdue if not paid when due (whether at stated maturity, by acceleration or otherwise). Notwithstanding anything to the contrary contained herein, if any date on which a payment under any Equipment Note becomes due and payable is not a Business Day then such payment shall not be made on such scheduled date but shall be made on the next succeeding Business Day and if such payment is made on such next succeeding Business Day, no interest shall accrue on the amount of such payment during such extension.

The Owner Trustee agrees to pay to the Mortgagee for distribution in accordance with Section 3.04 hereof: (i) to the extent not payable (whether or not in fact paid) under Section 6(a) of the Note Purchase Agreement (as originally in effect or amended with the consent of the Owner Participant), an amount equal to the fees payable to the relevant Liquidity Provider under Section 2.03 of each Liquidity Facility and the related Fee Letter (as defined in the Intercreditor Agreement) multiplied by a fraction the numerator of which shall be the then outstanding aggregate principal amount of the Series A Equipment Notes, Series B Equipment Notes and Series C Equipment Notes and the denominator of which shall be the then outstanding aggregate principal amount of all "Series A Equipment Notes", "Series B Equipment Notes" and "Series C Equipment Notes" (each as defined in the Note Purchase Agreement); (ii) (x) the amount equal to interest on any Downgrade Advance (other than any Applied Downgrade Advance) payable under Section 3.07(e) of each Liquidity Facility minus Investment Earnings from such Downgrade Advance multiplied by (y) the fraction specified in the foregoing clause (i); (iii) (x) the amount equal to interest on any Non-Extension Advance (other than any Applied Non-Extension Advance) payable under Section 3.07(a)(i) of each Liquidity Facility minus Investment Earnings from such Non-Extension Advance multiplied by (y) the fraction specified in the foregoing clause (i); and (iv) if any payment default shall have occurred and be continuing with respect to interest on any Series A Equipment Note, Series B Equipment Note or Series C Equipment Note, (x) the excess, if any, of (1) the amount equal to interest on any Unpaid Advance, Applied Downgrade Advance or Applied Non-Extension Advance payable under Section 3.07(a)(i) of each Liquidity Facility over (2) the sum of Investment Earnings from any Final Advance plus any amount of interest at the Payment Due Rate actually payable (whether or not in fact paid) by the Owner Trustee on the overdue scheduled interest on the Equipment Notes in respect of which such Unpaid Advance, Applied Downgrade Advance or Applied Non-

Extension Advance was made multiplied by (y) a fraction the numerator of which shall be the then aggregate overdue amounts of interest on the Series A Equipment Notes, Series B Equipment Notes and Series C Equipment Notes (other than interest becoming due and payable solely as a result of acceleration of any such Equipment Notes) and the denominator of which shall be the then aggregate overdue amounts of interest on all "Series A Equipment Notes", "Series B Equipment Notes" and "Series C Equipment Notes" (each as defined in the Note Purchase Agreement) (other than interest becoming due and payable solely as a result of acceleration of any such "Equipment Notes"). For purposes of this paragraph, the terms "Applied Downgrade Advance", "Applied Non-Extension Advance", "Cash Collateral Account", "Downgrade Advance", "Final Advance", "Investment Earnings", "Non-Extension Advance" and "Unpaid Advance" shall have the meanings specified in each Liquidity Facility or the Intercreditor Agreement referred to therein.

The Equipment Notes shall be executed on behalf of the Owner Trustee by its President or one of its Vice Presidents, Assistant Vice Presidents or Assistant Secretaries or other authorized officer. Equipment Notes bearing the signatures of individuals who were at any time the proper officers of the Owner Trustee shall bind the Owner Trustee, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Equipment Notes or did not hold such offices at the respective dates of such Equipment Notes. The Owner Trustee may from time to time execute and deliver Equipment Notes with respect to the Aircraft to the Mortgagee for authentication upon original issue and such Equipment Notes shall thereupon be authenticated and delivered by the Mortgagee upon the written request of the Owner Trustee signed by a Vice President or Assistant Vice President or other authorized officer of the Owner Trustee; provided, however, that each such request shall specify the aggregate Original Amount of all Equipment Notes to be authenticated hereunder on original issue with respect to the Aircraft. No Equipment Note shall be secured by or entitled to any benefit under this Trust Indenture or be valid or obligatory for any purposes, unless there appears on such Equipment Note a certificate of authentication in the form provided for herein executed by the Mortgagee by the manual signature of one of its authorized officers and such certificate upon any Equipment Notes be conclusive evidence, and the only evidence, that such Equipment Note has been duly authenticated and delivered hereunder.

The aggregate Original Amount of the Equipment Notes issued hereunder shall not exceed \_\_\_% of Lessor's Cost.

#### SECTION 2.03. PAYMENTS FROM TRUST INDENTURE ESTATE ONLY

(a) Without impairing any of the other rights, powers, remedies, privileges, liens or security interests of the Note Holders under this Trust Indenture, each Note Holder, by its acceptance of an Equipment Note, agrees that as between it and the Owner Trustee, except as expressly provided in this Trust Indenture, the Participation Agreement or any other Operative

Agreement, (i) the obligation to make all payments of the Original Amount of, interest on, Make-Whole Amount, if any, and all other amounts due with respect to the Equipment Notes, and the performance by the Owner Trustee of every obligation or covenant contained in this Trust Indenture and in the Participation Agreement or any of the other Operative Agreements, shall be payable only from the income and proceeds from the Trust Estate to the extent included in the Trust Indenture Estate and only to the extent that the Owner Trustee shall have sufficient income or proceeds from the Trust Estate to the extent included in the Trust Indenture Estate to enable the Mortgagee to make such payments in accordance with the terms of Article III hereof, and all of the statements, representations, covenants and agreements made by the Owner Trustee (when made in such capacity) contained in this Trust Indenture and any agreement referred to herein other than the Trust Agreement, unless expressly otherwise stated, are made and intended only for the purpose of binding the Trust Estate and establishing the existence of rights and remedies which can be exercised and enforced against the Trust Estate; therefore, anything contained in this Trust Indenture or such other agreements to the contrary notwithstanding (except for any express provisions or representations that the Owner Trustee is responsible for, or is making, in its individual capacity, for which there would be personal liability of the Owner Trustee), no recourse shall be had with respect to this Trust Indenture or such other agreements against the Owner Trustee in its individual capacity or against any institution or person which becomes a successor trustee or co-trustee or any officer, director, trustee, servant or direct or indirect parent or controlling Person or Persons of any of them, and (ii) none of the Owner Trustee, in its individual capacity, the Owner Participant, the Mortgagee and any officer, director, trustee, servant, employee, agent or direct or indirect parent or controlling Person or Persons of any of them shall have any personal liability for any amounts payable hereunder, under the Participation Agreement or any of the other Operative Agreements or under the Equipment Notes except as expressly provided herein, in the Lease or in the Participation Agreement; provided, however, that nothing contained in this Section 2.03(a) shall be construed to limit the exercise and enforcement in accordance with the terms of this Trust Indenture or such other agreements of rights and remedies against the Trust Indenture Estate.

(b) If (i) all or any part of the Trust Estate becomes the property of, or the Owner Trustee or Owner Participant becomes, a debtor subject to the reorganization provisions of the Bankruptcy Code, (ii) pursuant to such reorganization provisions, including Section 1111(b) of the Bankruptcy Code, the Owner Trustee (in its individual capacity) or the Owner Participant is required, by reason of the Owner Trustee (in its individual capacity) or the Owner Participant being held to have recourse liability to any Note Holder or the Mortgagee, directly or indirectly (other than the recourse liability of the Owner Trustee (in its individual capacity) or the Owner Participant under the Participation Agreement, the Lease or this Trust Indenture or by separate agreement), to make payment on account of any amount payable as principal, Make-Whole Amount, if any, interest or other amounts on the Equipment Notes and (iii) any Note Holder or the Mortgagee actually receives any Excess Amount (as hereinafter defined) which reflects any payment by the Owner Trustee (in its individual capacity) or the Owner Participant

on account of clause (ii) above, then such Note Holder or the Mortgagee, as the case may be, shall promptly refund to the Owner Trustee (in its individual capacity) or the Owner Participant (whichever shall have made such payment) such Excess Amount.

For purposes of this Section 2.03(b), "Excess Amount" means the amount by which such payment exceeds the amount that would have been received by a Note Holder or the Trustee if the Owner Trustee (in its individual capacity) or the Owner Participant had not become subject to the recourse liability referred to in clause (ii) above. Nothing contained in this Section 2.03(b) shall prevent a Note Holder or the Mortgagee from enforcing any personal recourse obligation (and retaining the proceeds thereof) of the Owner Trustee (in its individual capacity) or the Owner Participant under the Participation Agreement, the Lease or this Trust Indenture (and any exhibits or annexes hereto or thereto) or from retaining any amount paid by Owner Participant under Section 2.13 or 4.03 hereof.

#### SECTION 2.04. METHOD OF PAYMENT

(a) The Original Amount of, interest on, Make-Whole Amount, if any, and other amounts due under each Equipment Note or hereunder will be payable in Dollars by wire transfer of immediately available funds not later than 12:30 p.m., New York City time, on the due date of payment to the Mortgagee at the Corporate Trust Office for distribution among the Note Holders in the manner provided herein. The Owner Trustee shall not have any responsibility for the distribution of such payment to any Note Holder. Notwithstanding the foregoing or any provision in any Equipment Note to the contrary, the Mortgagee will use reasonable efforts to pay or cause to be paid, if so directed in writing by any Note Holder (with a copy to the Owner Trustee), all amounts paid by the Owner Trustee hereunder and under such holder's Equipment Note or Equipment Notes to such holder or a nominee therefor (including all amounts distributed pursuant to Article III of this Trust Indenture) by transferring, or causing to be transferred, by wire transfer of immediately available funds in Dollars, prior to 2:00 p.m., New York City time, on the due date of payment, to an account maintained by such holder with a bank located in the continental United States the amount to be distributed to such holder, for credit to the account of such holder maintained at such bank. If the Mortgagee shall fail to make any such payment as provided in the immediately foregoing sentence after its receipt of funds at the place and prior to the time specified above, the Mortgagee, in its individual capacity and not as trustee, agrees to compensate such holders for loss of use of funds at Debt Rate until such payment is made and the Mortgagee shall be entitled to any interest earned on such funds until such payment is made. Any payment made hereunder shall be made without any presentment or surrender of any Equipment Note, except that, in the case of the final payment in respect of any Equipment Note, such Equipment Note shall be surrendered to the Mortgagee for cancellation promptly after such payment. Notwithstanding any other provision of this Trust Indenture to the contrary, the Mortgagee shall not be required to make, or cause to be made, wire transfers as aforesaid prior to the first Business Day on which it is practicable for the Mortgagee to do so in

view of the time of day when the funds to be so transferred were received by it if such funds were received after 12:30 p.m., New York City time, at the place of payment. Prior to the due presentment for registration of transfer of any Equipment Note, the Owner Trustee and the Mortgagee shall deem and treat the Person in whose name any Equipment Note is registered on the Equipment Note Register as the absolute owner and holder of such Equipment Note for the purpose of receiving payment of all amounts payable with respect to such Equipment Note and for all other purposes, and none of the Owner Trustee or the Mortgagee shall be affected by any notice to the contrary. So long as any signatory to the Participation Agreement or nominee thereof shall be a registered Note Holder, all payments to it shall be made to the account of such Note Holder specified in Schedule I thereto and otherwise in the manner provided in or pursuant to the Participation Agreement unless it shall have specified some other account or manner of payment by notice to the Mortgagee consistent with this Section 2.04.

(b) The Mortgagee, as agent for the Owner Trustee, shall exclude and withhold at the appropriate rate from each payment of Original Amount of, interest on, Make-Whole Amount, if any, and other amounts due hereunder or under each Equipment Note (and such exclusion and withholding shall constitute payment in respect of such Equipment Note) any and all United States withholding taxes applicable thereto as required by Law. The Mortgagee agrees to act as such withholding agent and, in connection therewith, whenever any present or future United States taxes or similar charges are required to be withheld with respect to any amounts payable hereunder or in respect of the Equipment Notes, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Note Holders, that it will file any necessary United States withholding tax returns or statements when due, and that as promptly as possible after the payment thereof it will deliver to each Note Holder (with a copy to the Owner Trustee and the Lessee) appropriate receipts showing the payment thereof, together with such additional documentary evidence as any such Note Holder may reasonably request from time to time.

If a Note Holder which is a Non-U.S. Person has furnished to the Mortgagee a properly completed, accurate and currently effective U.S. Internal Revenue Service Form 1001 or W-8 (or such successor form or forms as may be required by the United States Treasury Department) during the calendar year in which the payment hereunder or under the Equipment Note(s) held by such holder is made (but prior to the making of such payment), or in either of the two preceding calendar years, and has not notified the Mortgagee of the withdrawal or inaccuracy of such form prior to the date of such payment (and the Mortgagee has no reason to believe that any information set forth in such form is inaccurate), the Mortgagee shall withhold only the amount, if any, required by Law (after taking into account any applicable exemptions properly claimed by the Note Holder) to be withheld from payments hereunder or under the Equipment Notes held by such holder in respect of United States federal income tax. If a Note Holder (x) which is a Non-U.S. Person has furnished to the Mortgagee a properly completed, accurate and currently effective U.S. Internal Revenue Service Form 4224 in duplicate (or such



successor certificate, form or forms as may be required by the United States Treasury Department as necessary in order to properly avoid withholding of United States federal income tax), for each calendar year in which a payment is made (but prior to the making of any payment for such year), and has not notified the Mortgagee of the withdrawal or inaccuracy of such certificate or form prior to the date of such payment (and the Mortgagee has no reason to believe that any information set forth in such form is inaccurate) or (y) which is a U.S. Person has furnished to the Mortgagee a properly completed, accurate and currently effective U.S. Internal Revenue Service Form W-9, if applicable, prior to a payment hereunder or under the Equipment Notes held by such holder, no amount shall be withheld from payments in respect of United States federal income tax. If any Note Holder has notified the Mortgagee that any of the foregoing forms or certificates is withdrawn or inaccurate, or if such holder has not filed a form claiming an exemption from United States withholding tax or if the Code or the regulations thereunder or the administrative interpretation thereof is at any time after the date hereof amended to require such withholding of United States federal income taxes from payments under the Equipment Notes held by such holder, the Mortgagee agrees to withhold from each payment due to the relevant Note Holder withholding taxes at the appropriate rate under Law and will, on a timely basis as more fully provided above, deposit such amounts with an authorized depository and make such returns, statements, receipts and other documentary evidence in connection therewith as required by Law.

Neither the Owner Trustee nor the Owner Participant shall have any liability for the failure of the Mortgagee to withhold taxes in the manner provided for herein or for any false, inaccurate or untrue evidence provided by any Note Holder hereunder.

#### SECTION 2.05. APPLICATION OF PAYMENTS

In the case of each Equipment Note, each payment of Original Amount, Make-Whole Amount, if any, and interest due thereon shall be applied:

First: to the payment of accrued interest on such Equipment Note (as well as any interest on any overdue Original Amount, any overdue Make-Whole Amount, if any, and to the extent permitted by Law, any overdue interest and any other overdue amounts thereunder) to the date of such payment;

Second: to the payment of the Original Amount of such Equipment Note (or a portion thereof) then due thereunder;

Third: to the payment of Make-Whole Amount, if any, and any other amount due hereunder or under such Equipment Note; and

Fourth: the balance, if any, remaining thereafter, to the payment of the Original Amount of such Equipment Note remaining unpaid (provided that such Equipment Note shall not be subject to redemption except as provided in Sections 2.10, 2.11 and 2.12 hereof).

The amounts paid pursuant to clause "Fourth" above shall be applied to the installments of Original Amount of such Equipment Note in the inverse order of their normal maturity.

#### SECTION 2.06. TERMINATION OF INTEREST IN TRUST INDENTURE ESTATE

No Note Holder nor any other Indenture Indemnitee shall, as such, have any further interest in, or other right with respect to, the Trust Indenture Estate when and if the Original Amount of, Make-Whole Amount, if any, and interest on and other amounts due under all Equipment Notes held by such Note Holder and all other sums then due and payable to such Note Holder, such Indenture Indemnitee or the Mortgagee hereunder (including, without limitation, under the third paragraph of Section 2.02 hereof) and under the other Operative Agreements by the Owner Trustee and the Lessee (collectively, the "Secured Obligations") shall have been paid in full.

#### SECTION 2.07. REGISTRATION TRANSFER AND EXCHANGE OF EQUIPMENT NOTES

The Mortgagee shall keep a register (the "Equipment Note Register") in which the Mortgagee shall provide for the registration of Equipment Notes and the registration of transfers of Equipment Notes. No such transfer shall be given effect unless and until registration hereunder shall have occurred. The Equipment Note Register shall be kept at the Corporate Trust Office of the Mortgagee. The Mortgagee is hereby appointed "Equipment Note Registrar" for the purpose of registering Equipment Notes and transfers of Equipment Notes as herein provided. A holder of any Equipment Note intending to exchange such Equipment Note shall surrender such Equipment Note to the Mortgagee at the Corporate Trust Office, together with a written request from the registered holder thereof for the issuance of a new Equipment Note, specifying, in the case of a surrender for transfer, the name and address of the new holder or holders. Upon surrender for registration of transfer of any Equipment Note, the Owner Trustee shall execute, and the Mortgagee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Equipment Notes of a like aggregate Original Amount and of the same series. At the option of the Note Holder, Equipment Notes may be exchanged for other Equipment Notes of any authorized denominations of a like aggregate Original Amount, upon surrender of the Equipment Notes to be exchanged to the Mortgagee at the Corporate Trust Office. Whenever any Equipment Notes are so surrendered for exchange, the Owner Trustee shall execute, and the Mortgagee shall authenticate and deliver, the Equipment Notes which the Note Holder making the exchange is entitled to receive. All Equipment Notes issued upon any registration of transfer or exchange of Equipment Notes (whether under this

Section 2.07 or under Section 2.08 hereof or otherwise under this Trust Indenture) shall be the valid obligations of the Owner Trustee evidencing the same respective obligations, and entitled to the same security and benefits under this Trust Indenture, as the Equipment Notes surrendered upon such registration of transfer or exchange. Every Equipment Note presented or surrendered for registration of transfer, shall (if so required by the Mortgagee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Mortgagee duly executed by the Note Holder or such holder's attorney duly authorized in writing, and the Mortgagee shall require evidence satisfactory to it as to the compliance of any such transfer with the Securities Act, and the securities Laws of any applicable state. The Mortgagee shall make a notation on each new Equipment Note of the amount of all payments of Original Amount previously made on the old Equipment Note or Equipment Notes with respect to which such new Equipment Note is issued and the date to which interest on such old Equipment Note or Equipment Notes has been paid. Interest shall be deemed to have been paid on such new Equipment Note to the date on which interest shall have been paid on such old Equipment Note, and all payments of the Original Amount marked on such new Equipment Note, as provided above, shall be deemed to have been made thereon. The Owner Trustee shall not be required to exchange any surrendered Equipment Notes as provided above during the ten-day period preceding the due date of any payment on such Equipment Note. The Owner Trustee shall in all cases deem the Person in whose name any Equipment Note shall have been issued and registered as the absolute owner and holder of such Equipment Note for the purpose of receiving payment of all amounts payable by the Owner Trustee with respect to such Equipment Note and for all purposes until a notice stating otherwise is received from the Mortgagee and such change is reflected on the Equipment Note Register. The Mortgagee will promptly notify the Owner Trustee and the Lessee of each registration of a transfer of an Equipment Note. Any such transferee of an Equipment Note, by its acceptance of an Equipment Note, agrees to the provisions of the Participation Agreement applicable to Note Holders, and shall be deemed to have covenanted to the parties to the Participation Agreement as to the matters covenanted by the original Loan Participant in the Participation Agreement. Subject to compliance by the Note Holder and its transferee (if any) of the requirements set forth in this Section 2.07, Mortgagee and Owner Trustee shall use all reasonable efforts to issue new Equipment Notes upon transfer or exchange within 10 Business Days of the date an Equipment Note is surrendered for transfer or exchange.

## SECTION 2.08. MUTILATED, DESTROYED, LOST OR STOLEN EQUIPMENT NOTES

If any Equipment Note shall become mutilated, destroyed, lost or stolen, the Owner Trustee shall, upon the written request of the holder of such Equipment Note, execute and the Mortgagee shall authenticate and deliver in replacement thereof a new Equipment Note, payable in the same Original Amount dated the same date and captioned as issued in connection with the Aircraft. If the Equipment Note being replaced has become mutilated, such Equipment Note shall be surrendered to the Mortgagee and a photocopy thereof shall be furnished to the Owner Trustee. If the Equipment Note being replaced has been destroyed, lost or stolen, the holder of such Equipment Note shall furnish to the Owner Trustee and the Mortgagee such security or indemnity as may be required by them to save the Owner Trustee and the Mortgagee harmless and evidence satisfactory to the Owner Trustee and the Mortgagee of the destruction, loss or theft of such Equipment Note and of the ownership thereof. If a "qualified institutional buyer" of the type referred to in paragraph (a)(1)(i)(A), (B), (D) or (E) of Rule 144A under the Securities Act (a "QIB") is the holder of any such destroyed, lost or stolen Equipment Note, then the written indemnity of such QIB, signed by an authorized officer thereof, in favor of, delivered to and in form reasonably satisfactory to Lessee, Owner Trustee and Mortgagee shall be accepted as satisfactory indemnity and security and no further indemnity or security shall be required as a condition to the execution and delivery of such new Equipment Note. Subject to compliance by the Note Holder of the requirements set forth in this Section 2.08, Mortgagee and Owner Trustee shall use all reasonable efforts to issue new Equipment Notes within 10 Business Days of the date of the written request therefor from the Note Holder.

## SECTION 2.09. PAYMENT OF EXPENSES ON TRANSFER; CANCELLATION

(a) No service charge shall be made to a Note Holder for any registration of transfer or exchange of Equipment Notes, but the Mortgagee, as Equipment Note Registrar, may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Equipment Notes.

(b) The Mortgagee shall cancel all Equipment Notes surrendered for replacement, redemption, transfer, exchange, payment or cancellation and shall destroy the canceled Equipment Notes.

## SECTION 2.10. MANDATORY REDEMPTIONS OF EQUIPMENT NOTES

(a) On the date on which Lessee is required pursuant to Section 10.1.2 of the Lease to make payment for an Event of Loss with respect to the Aircraft, all of the Equipment Notes shall be redeemed in whole at a redemption price equal to 100% of the unpaid Original Amount thereof, together with all accrued interest thereon to the date of redemption and all other

Secured Obligations owed or then due and payable to the Note Holders but without Make-Whole Amount.

(b) If the Lease is terminated with respect to the Aircraft by Lessee pursuant to Section 9 thereof, on the date the Lease is so terminated, all the Equipment Notes shall be redeemed in whole at a redemption price equal to 100% of the unpaid Original Amount thereof, together with accrued interest thereon to the date of redemption and all other amounts then due and payable hereunder and under the Participation Agreement and all other Operative Agreements to the Note Holders plus, if such redemption is made prior to the Premium Termination Date, Make-Whole Amount, if any.

#### SECTION 2.11. VOLUNTARY REDEMPTIONS OF EQUIPMENT NOTES

All (but not less than all) of the Equipment Notes may be redeemed by the Owner Trustee in connection with a transaction described in, and subject to the terms and conditions of, Section 11 of the Participation Agreement upon at least 30 days' revocable prior written notice to the Mortgagee and the Note Holders, and the Equipment Notes shall, as provided in Section 11 of the Participation Agreement, be redeemed in whole at a redemption price equal to 100% of the unpaid Original Amount thereof, together with accrued interest thereon to the date of redemption and all other Secured Obligations owed or then due and payable to the Note Holders plus (except as provided in Section 11 of the Participation Agreement), if such redemption is made prior to the Premium Termination Date, Make-Whole Amount, if any.

#### SECTION 2.12. REDEMPTIONS; NOTICE OF REDEMPTION

(a) Neither any redemption of any Equipment Note nor any purchase by the Owner Trustee of any Equipment Note may be made except to the extent and in the manner expressly permitted by this Trust Indenture. No purchase of any Equipment Note may be made by the Mortgagee.

(b) Notice of redemption or purchase with respect to the Equipment Notes shall be given by the Mortgagee by first-class mail, postage prepaid, mailed not less than 25 nor more than 60 days prior to the applicable redemption date, to each Note Holder of such Equipment Notes to be redeemed or purchased, at such Note Holder's address appearing in the Equipment Note Register; provided that, in the case of a redemption to be made pursuant to Section 2.10(b) or Section 2.11, such notice shall be revocable and shall be deemed revoked in the event that the Lease does not in fact terminate on the specified termination date or if notice of such redemption shall have been given in connection with a refinancing of Equipment Notes and the Mortgagee receives written notice of such revocation from the Lessee or the Owner Trustee not later than three days prior to the redemption date. All notices of redemption shall state: (1) the redemption date, (2) the applicable basis for determining the redemption price, (3) that on the

redemption date, the redemption price will become due and payable upon each such Equipment Note, and that, if any such Equipment Notes are then outstanding, interest on such Equipment Notes shall cease to accrue on and after such redemption date, and (4) the place or places where such Equipment Notes are to be surrendered for payment of the redemption price.

(c) On or before the redemption date, the Owner Trustee (or any person on behalf of the Owner Trustee) shall, to the extent an amount equal to the redemption price for the Equipment Notes to be redeemed or purchased on the redemption date shall not then be held in the Trust Indenture Estate, deposit or cause to be deposited with the Mortgagee by 12:00 noon on the redemption date in immediately available funds the redemption price of the Equipment Notes to be redeemed or purchased.

(d) Notice of redemption or purchase having been given as aforesaid (and not deemed revoked as contemplated in the proviso to Section 2.12(b)), the Equipment Notes to be redeemed or purchased shall, on the redemption date, become due and payable at the Corporate Trust Office of the Mortgagee or at any office or agency maintained for such purposes pursuant to Section 2.07, and from and after such redemption date (unless there shall be a default in the payment of the redemption price) any such Equipment Notes then outstanding shall cease to bear interest. Upon surrender of any such Equipment Note for redemption or purchase in accordance with said notice, such Equipment Note shall be redeemed at the redemption price. If any Equipment Note called for redemption or purchase shall not be so paid upon surrender thereof for redemption, the principal amount thereof shall, until paid, continue to bear interest from the applicable redemption date at the interest rate in effect for such Equipment Note as of such redemption date.

#### SECTION 2.13. OPTION TO PURCHASE EQUIPMENT NOTES

The Owner Trustee and the Owner Participant may, upon the events and subject to the terms and conditions and for the price set forth in this Section 2.13, purchase all but not less than all of the Equipment Notes outstanding hereunder, and each Note Holder agrees that it will, upon such events and subject to such terms and conditions and upon receipt of such price, sell, assign, transfer and convey to such purchaser or its nominee (without recourse or warranty of any kind except against Liens on such Equipment Notes arising by, through or under such holder), all of the right, title and interest of such Note Holder in and to the Equipment Notes held by it, and such purchaser or its nominee shall assume all of such holder's obligations under the Participation Agreement and hereunder.

Such option to purchase the Equipment Notes may be exercised by the Owner Trustee or the Owner Participant at any time following the occurrence of any of the following events, and in any such event the purchase price thereof shall equal for each Equipment Note, the aggregate unpaid Original Amount thereof, plus accrued and unpaid interest thereon to, but not

including, the date of purchase and all other Secured Obligations owed, or then due and payable hereunder, to the holder thereof (including under the third paragraph of Section 2.02 hereof). Such option to purchase the Equipment Notes may be exercised (x) upon a Mortgagee Event or (y) in the event there shall have occurred and be continuing a Lease Event of Default or (z) upon either the Equipment Notes becoming due and payable pursuant to Section 4.04(b) hereof or the Mortgagee taking action or notifying the Owner Trustee that it intends to take action to foreclose the Lien of this Trust Indenture or otherwise commence the exercise of any significant remedy under this Trust Indenture or the Lease, provided that if such option is exercised pursuant to clause (y) at a time when there shall have occurred and be continuing for less than 120 days a Lease Event of Default, the purchase price thereof shall equal the price provided in the preceding sentence plus the Make-Whole Amount, if any.

Such option to purchase the Equipment Notes may be exercised by the Owner Trustee or the Owner Participant giving irrevocable written notice of its election of such option to the Mortgagee, which notice shall specify a date for such purchase within 15 days of the date of such notice. The Mortgagee shall not exercise any of the remedies hereunder and, without the consent of the Owner Trustee or the Owner Participant, under the Lease, during the period from the date of the giving of such notice until the date on which such purchase is required to occur pursuant to the terms of the preceding sentence.

If the Owner Trustee or the Owner Participant on or before the date of such purchase shall so request, the Note Holders will comply with all the provisions of Section 2.07 to enable new Equipment Notes to be issued to the Owner Trustee or the Owner Participant or its nominee in such denominations as the Owner Trustee or the Owner Participant shall request. All taxes, charges and expenses required pursuant to Section 2.09 in connection with the issuance of such new Equipment Note shall be borne by the Owner Participant.

#### SECTION 2.14. SUBORDINATION

(a) The Owner Trustee and, by acceptance of its Equipment Notes of any Series, each Note Holder of such Series, hereby agree that no payment or distribution shall be made on or in respect of the Secured Obligations owed to such Note Holder of such Series, including any payment or distribution of cash, property or securities after the commencement of a proceeding of the type referred to in Section 4.02(g) hereof, except as expressly provided in Article III hereof.

(b) By the acceptance of its Equipment Notes of any Series (other than Series A), each Note Holder of such Series agrees that in the event that such Note Holder, in its capacity as a Note Holder, shall receive any payment or distribution on any Secured Obligations in respect of such Series which it is not entitled to receive under this Section 2.14 or Article III hereof, it will hold any amount so received in trust for the Senior Holder (as defined in Section 2.14(c))

hereof) and will forthwith turn over such payment to the Mortgagee in the form received to be applied as provided in Article III hereof.

(c) As used in this Section 2.14, the term "Senior Holder" shall mean, (i) the Note Holders of Series A until the Secured Obligations in respect of Series A Equipment Notes have been paid in full, (ii) after the Secured Obligations in respect of Series A Equipment Notes have been paid in full, the Note Holders of Series B until the Secured Obligations in respect of Series B Equipment Notes have been paid in full and (iii) after the Secured Obligations in respect of Series B Equipment Notes have been paid in full, the Note Holders of Series C until the Secured Obligations in respect of Series C Equipment Notes have been paid in full.

### ARTICLE III

#### RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE TRUST INDENTURE ESTATE

##### SECTION 3.01. BASIC RENT DISTRIBUTION

Except as otherwise provided in Section 3.03 hereof, each installment of Basic Rent, any payment of interest on overdue installments of Basic Rent and any payment received by the Mortgagee pursuant to Section 4.03 hereof shall be promptly distributed in the following order of priority:

- First, (i) so much of such installment or payment as shall be required to pay in full the aggregate amount of the payment or payments of Original Amount and interest (as well as any interest on any overdue Original Amount and, to the extent permitted by Law, on any overdue interest) then due under all Series A Equipment Notes shall be distributed to the Note Holders of Series A ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series A Equipment Note bears to the aggregate amount of the payments then due under all Series A Equipment Notes;
- (ii) after giving effect to paragraph (i) above, so much of such installment or payment remaining as shall be required to pay in full the aggregate amount of the payment or payments of Original Amount and interest (as well as any interest on any overdue Original Amount and, to the extent permitted by Law, on interest) then due under all Series B Equipment Notes shall be distributed to the Note Holders of Series B ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series B Equipment Note bears to the



aggregate amount of the payments then due under all Series B Equipment Notes; and

- (iii) after giving effect to paragraph (ii) above, so much of such installment or payment remaining as shall be required to pay in full the aggregate amount of the payment or payments of Original Amount and interest (as well as any interest on any overdue Original Amount and, to the extent permitted by Law, on any overdue interest) then due under all Series C Equipment Notes shall be distributed to the Note Holders of Series C ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series C Equipment Note bears to the aggregate amount of the payments then due under all Series C Equipment Notes; and

Second, the balance, if any, of such installment remaining thereafter shall be distributed to the Owner Trustee; provided, however, that if an Event of Default shall have occurred and be continuing, then such balance shall not be distributed as provided in this clause "Second" but shall be held by the Mortgagee as part of the Trust Indenture Estate and invested in accordance with Section 5.09 hereof until whichever of the following shall first occur: (i) all Events of Default shall have been cured or waived, in which event such balance shall be distributed as provided in this clause "Second", (ii) Section 3.03 hereof shall be applicable, in which event such balance shall be distributed in accordance with the provisions of such Section 3.03, or (iii) the 120th day after the receipt of such payment in which case such payment shall be distributed as provided in this clause "Second".

#### SECTION 3.02. EVENT OF LOSS; REPLACEMENT; VOLUNTARY TERMINATION;

##### OPTIONAL REDEMPTION

Except as otherwise provided in Section 3.03 hereof, any payments received by the Mortgagee (i) with respect to the Airframe or the Airframe and one or more Engines as the result of an Event of Loss, (ii) pursuant to a voluntary termination of the Lease pursuant to Section 9 thereof, or (iii) pursuant to an optional redemption of the Equipment Notes pursuant to Section 11 of the Participation Agreement shall be applied to redemption of the Equipment Notes and to all other Secured Obligations by applying such funds in the following order of priority:

First, (a) to reimburse the Mortgagee and the Note Holders for any reasonable costs or expenses incurred in connection with such redemption for which they are entitled to reimbursement, or indemnity by Lessee, under the Operative Agreements and then (b) to pay any other amounts then due to the Mortgagee, the Note Holders and the other

Indenture Indemnitees under this Trust Indenture, the Participation Agreement or the Equipment Notes;

Second,

- (i) to pay the amounts specified in paragraph (i) of clause "Third" of Section 3.03 hereof plus Make-Whole Amount, if any, then due and payable in respect of the Series A Equipment Notes;
- (ii) after giving effect to paragraph (i) above, to pay the amounts specified in paragraph (ii) of clause "Third" of Section 3.03 hereof plus Make-Whole Amount, if any, then due and payable in respect of the Series B Equipment Notes; and
- (iii) after giving effect to paragraph (ii) above, to pay the amounts specified in paragraph (iii) of clause "Third" of Section 3.03 hereof plus Make-Whole Amount, if any, then due and payable in respect of the Series C Equipment Notes; and

Third, as provided in clause "Fourth" of Section 3.03 hereof;

provided, however, that if a Replacement Airframe or Replacement Engine shall be substituted for the Airframe or Engine subject to such Event of Loss as provided in Section 10 of the Lease and in accordance with Section 5.06 hereof, any insurance, condemnation or similar proceeds which result from such Event of Loss and are paid over to the Mortgagee shall be held by the Mortgagee as permitted by Section 6.04 hereof (provided that such moneys shall be invested as provided in Section 5.09 hereof) as additional security for the obligations of Lessee under the Lessee Operative Agreements and, unless otherwise applied pursuant to the Lease, such proceeds (and such investment earnings) shall be released to the Lessee at the Lessee's written request upon the release of such damaged Airframe or Engine and the replacement thereof as provided in the Lease.

#### SECTION 3.03. PAYMENTS AFTER EVENT OF DEFAULT

Except as otherwise provided in Section 3.04 hereof, all payments received and amounts held or realized by the Mortgagee (including any amounts realized by the Mortgagee from the exercise of any remedies pursuant to Section 15 of the Lease or Article IV hereof) after an Event of Default shall have occurred and be continuing and after the declaration specified in Section 4.04(b) hereof, as well as all payments or amounts then held by the Mortgagee as part of the Trust Indenture Estate, shall be promptly distributed by the Mortgagee in the following order of priority:

First,

so much of such payments or amounts as shall be required to (i) reimburse the Mortgagee or WTC for any tax (except to the extent resulting from a failure of the Mortgagee to withhold taxes pursuant to Section 2.04(b) hereof), expense or other loss (including, without limitation, all amounts to be expended at the expense of, or charged upon the rents, revenues, issues, products and profits of, the property included in the Trust Indenture Estate (all such property being herein called the "Mortgaged Property") pursuant to Section 4.05(b) hereof) incurred by the Mortgagee or WTC (to the extent not previously reimbursed), the expenses of any sale, or other proceeding, reasonable attorneys' fees and expenses, court costs, and any other expenditures incurred or expenditures or advances made by the Mortgagee, WTC or the Note Holders in the protection, exercise or enforcement of any right, power or remedy or any damages sustained by the Mortgagee, WTC or any Note Holder, liquidated or otherwise, upon such Event of Default shall be applied by the Mortgagee as between itself, WTC and the Note Holders in reimbursement of such expenses and any other expenses for which the Mortgagee, WTC or the Note Holders are entitled to reimbursement under any Operative Agreement and (ii) all amounts payable to the other Indenture Indemnitees hereunder and under the Participation Agreement and the Lease; and in the case the aggregate amount to be so distributed is insufficient to pay as aforesaid in clauses (i) and (ii), then ratably, without priority of one over the other, in proportion to the amounts owed each hereunder;

Second,

so much of such payments or amounts remaining as shall be required to reimburse the then existing or prior Note Holders for payments made pursuant to Section 5.03 hereof (to the extent not previously reimbursed) shall be distributed to such then existing or prior Note Holders ratably, without priority of one over the other, in accordance with the amount of the payment or payments made by each such then existing or prior Note Holder pursuant to said Section 5.03 hereof;

Third,

(i) so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid Original Amount of all Series A Equipment Notes, and the accrued but unpaid interest and other amounts due thereon (other than Make-Whole Amount which shall not be due and payable) and all other Secured Obligations in respect of the Series A Equipment Notes (other than Make-Whole Amount) to the date of distribution, shall be distributed to the Note Holders of Series A, and in case the aggregate amount so to be distributed shall be insufficient to pay

in full as aforesaid, then ratably, without priority of one over the other, in the proportion that the aggregate unpaid Original Amount of all Series A Equipment Notes held by each holder plus the accrued but unpaid interest and other amounts due hereunder or thereunder (other than Make-Whole Amount, if any) to the date of distribution, bears to the aggregate unpaid Original Amount of all Series A Equipment Notes held by all such holders plus the accrued but unpaid interest and other amounts due thereon (other than Make-Whole Amount) to the date of distribution;

(ii) after giving effect to paragraph (i) above, so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid Original Amount of all Series B Equipment Notes, and the accrued but unpaid interest and other amounts due thereon (other than Make-Whole Amount which shall not be due and payable) and all other Secured Obligations in respect of the Series B Equipment Notes (other than Make-Whole Amount) to the date of distribution, shall be distributed to the Note Holders of Series B, and in case the aggregate amount so to be distributed shall be insufficient to pay in full as aforesaid, then ratably, without priority of one over the other, in the proportion that the aggregate unpaid Original Amount of all Series B Equipment Notes held by each holder plus the accrued but unpaid interest and other amounts due hereunder or thereunder (other than the Make-Whole Amount, if any) to the date of distribution, bears to the aggregate unpaid Original Amount of all Series B Equipment Notes held by all such holders plus the accrued but unpaid interest and other amounts due thereon (other than the Make-Whole Amount) to the date of distribution; and

(iii) after giving effect to paragraph (ii) above, so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid Original Amount of all Series C Equipment Notes, and the accrued but unpaid interest and other amounts due thereon (other than Make-Whole Amount which shall not be due and payable) and all other Secured Obligations in respect of the Series C Equipment Notes (other than Make-Whole Amount) to the date of distribution, shall be distributed to the Note Holders of Series C, and in case the aggregate amount so to be distributed shall be insufficient to pay in full as aforesaid, then ratably, without priority of one over the other, in the proportion that the aggregate unpaid Original Amount of all Series C Equipment Notes held by each holder plus the accrued but unpaid interest and other amounts due hereunder or thereunder (other than the Make-Whole Amount, if any) to the date of distribution, bears to the aggregate unpaid Original Amount of all Series C

Equipment Notes held by all such holders plus the accrued but unpaid interest and other amounts due thereon (other than the Make-Whole Amount) to the date of distribution; and

Fourth, the balance, if any, of such payments or amounts remaining thereafter shall be distributed to the Owner Trustee.

No Make-Whole Amount shall be due and payable on the Equipment Notes as a consequence of the acceleration of the Equipment Notes as a result of an Event of Default.

#### SECTION 3.04. CERTAIN PAYMENTS

(a) Any payments received by the Mortgagee for which no provision as to the application thereof is made in this Trust Indenture and for which such provision is made in the Lease or the Participation Agreement shall be applied forthwith to the purpose for which such payment was made in accordance with the terms of the Lease or the Participation Agreement, as the case may be.

(b) Notwithstanding anything to the contrary contained in this Article III, the Mortgagee will distribute promptly upon receipt any indemnity payment received by it from the Owner Trustee or Lessee in respect of the Mortgagee in its individual capacity, any Note Holder or any other Indenture Indemnitee, in each case whether pursuant to Section 9 of the Participation Agreement or as Supplemental Rent, directly to the Person entitled thereto. Any payment received by the Mortgagee under the third paragraph of Section 2.02 shall be distributed to the Subordination Agent to be distributed in accordance with the terms of the Intercreditor Agreement.

(c) Notwithstanding anything to the contrary contained in this Article III, any payments received by the Mortgagee which constitute Excluded Payments shall be distributed promptly upon receipt by the Mortgagee directly to the Person or Persons entitled thereto.

(d) Notwithstanding any provision of this Trust Indenture to the contrary, any amounts held by Mortgagee pursuant to the terms of the Lease [or any Permitted Sublease assignment]\* shall be held by the Mortgagee as security for the obligations of Lessee under the Lessee Operative Agreements and, if and when required by the Lease, paid and/or applied in accordance with the applicable provisions of the Lease.

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\* Insert bracketed language if the Lease provides for the assignment of a permitted sublease.

## SECTION 3.05. OTHER PAYMENTS

Any payments received by the Mortgagee for which no provision as to the application thereof is made in the Lease, the Participation Agreement, elsewhere in this Trust Indenture or in any other Operative Agreement shall be distributed by the Mortgagee to the extent received or realized at any time (i) prior to the payment in full of all Secured Obligations due the Note Holders, in the order of priority specified in Section 3.01 hereof subject to the proviso thereto, and (ii) after payment in full of all Secured Obligations, in the following order of priority:

- First, to the extent payments or amounts described in clause "First" of Section 3.03 hereof are otherwise obligations of Lessee under the Operative Agreements or for which the Lessee is obligated to indemnify against thereunder, in the manner provided in clause "First" of Section 3.03 hereof, and
- Second, in the manner provided in clause "Fourth" of Section 3.03 hereof.

Further, and except as otherwise provided in Sections 3.02, 3.03 and 3.04 hereof, all payments received and amounts realized by the Mortgagee under the Lease or otherwise with respect to the Aircraft (including, without limitation, all amounts realized upon the sale or release of the Aircraft after the termination of the Lease with respect thereto), to the extent received or realized at any time after payment in full of all Secured Obligations due the Note Holders, shall be distributed by the Mortgagee in the order of priority specified in clause (ii) of the immediately preceding sentence of this Section 3.05.

## SECTION 3.06. PAYMENTS TO OWNER TRUSTEE

Any amounts distributed hereunder by the Mortgagee to the Owner Trustee shall be paid to the Owner Trustee (within the time limits contemplated by Section 2.04(a)) by wire transfer of funds of the type received by the Mortgagee at such office and to such account or accounts of such entity or entities as shall be designated by notice from the Owner Trustee to the Mortgagee from time to time. The Owner Trustee hereby notifies the Mortgagee that unless and until the Mortgagee receives notice to the contrary from the Owner Trustee, all amounts to be distributed to the Owner Trustee pursuant to clause "Second" of Section 3.01 or clause "Fourth" of Section 3.03 hereof shall be distributed by wire transfer of funds of the type received by the Mortgagee to the Owner Participant's account (within the time limits contemplated by Section 2.04(a)) specified in Schedule 1 to the Participation Agreement.

## ARTICLE IV

COVENANTS OF OWNER TRUSTEE; EVENTS OF  
DEFAULT; REMEDIES OF MORTGAGEE

## SECTION 4.01. COVENANTS OF OWNER TRUSTEE

The Owner Trustee hereby covenants and agrees (the covenants and agreements only in clause (b) below being made by the Owner Trustee in its individual capacity) as follows:

(a) the Owner Trustee will duly and punctually pay the Original Amount of, Make-Whole Amount, if any, and interest on and other amounts due under the Equipment Notes and hereunder in accordance with the terms of the Equipment Notes and this Trust Indenture and all amounts, if any, payable by it to the Note Holders under the Participation Agreement or Section 9 of the Lease;

(b) the Owner Trustee in its individual capacity covenants and agrees that it shall not, directly or indirectly, cause or permit to exist a Lessor Lien attributable to it in its individual capacity with respect to the Aircraft or any other portion of the Trust Estate; that it will promptly, at its own expense, take such action as may be necessary to duly discharge such Lessor Lien attributable to it in its individual capacity; and that it will make restitution to the Trust Indenture Estate for any actual diminution of the assets of the Trust Estate resulting from such Lessor Liens attributable to it in its individual capacity;

(c) in the event the Owner Trustee shall have Actual Knowledge of an Event of Default, a Default or an Event of Loss, the Owner Trustee will give prompt written notice of such Event of Default, Default or Event of Loss to the Mortgagee, each Note Holder, Lessee and the Owner Participant;

(d) the Owner Trustee will furnish to the Note Holders and the Mortgagee, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates and other instruments furnished to the Owner Trustee under the Lease, including, without limitation, a copy of any Termination Notice and a copy of each report or notice received pursuant to Section 9 or 8.2 or Annex D, Paragraph E of the Lease to the extent that the same shall not have been furnished or is not required to be furnished by the Lessee to the Note Holders or the Mortgagee pursuant to the Lease;

(e) except with the consent of the Mortgagee (acting pursuant to instructions given in accordance with Section 9.01 hereof) or as provided in Sections 2 and 11 of the Participation Agreement, the Owner Trustee will not contract for, create, incur, assume or

suffer to exist any Debt, and will not guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing, or otherwise), endorse or otherwise be or become contingently liable, directly or indirectly, in connection with the Debt of any other person; and

(f) the Owner Trustee will not enter into any business or other activity other than the business of owning the Aircraft, the leasing thereof to Lessee and the carrying out of the transactions contemplated hereby and by the Lease, the Participation Agreement and the Trust Agreement and the other Operative Agreements.

#### SECTION 4.02. EVENT OF DEFAULT

"Event of Default" means any of the following events (whatever the reason for such Event of Default and whether such event shall be voluntary or involuntary or come about or be effected by operation of Law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) any Lease Event of Default (provided that any such Lease Event of Default caused solely by a failure of Lessee to pay to the Owner Trustee or the Owner Participant when due any amount that is included in the definition of Excluded Payments shall not constitute an Event of Default unless notice is given by the Owner Trustee to the Mortgagee that such failure shall constitute an Event of Default); or

(b) the failure of the Owner Trustee to pay when due any payment of Original Amount of, interest on, Make-Whole Amount, if any, or other amount due and payable under any Equipment Note or hereunder (other than as a result of a Lease Event of Default or a Lease Default) and such failure shall have continued unremedied for ten Business Days in the case of any payment of Original Amount or interest or Make-Whole Amount, if any, thereon and, in the case of any other amount, for ten Business Days after the Owner Trustee or the Owner Participant receives written demand from the Mortgagee or any Note Holder; or

(c) any Lien required to be discharged by the Owner Trustee, in its individual capacity pursuant to Section 4.01(b) hereof or in its individual or trust capacity pursuant to Section 7.3.1 of the Participation Agreement, or by the Owner Participant pursuant to Section 7.2.1 of the Participation Agreement shall remain undischarged for a period of 30 days after the Owner Trustee or the Owner Participant, as the case may be, shall have received written notice from the Mortgagee or any Note Holder of such Lien; or

(d) any representation or warranty made by the Owner Participant or the Owner Trustee in the Participation Agreement or this Trust Indenture or in any certificate



furnished by the Owner Participant or the Owner Trustee to the Mortgagee or any Note Holder in connection with the transactions contemplated by the Operative Agreements shall prove to have been false or incorrect when made in any material respect and continues to be material and adverse to the interests of the Mortgagee or the Note Holders; and if such misrepresentation is capable of being corrected and if such correction is being sought diligently, such misrepresentation shall not have been corrected within 60 days (or, without affecting Section 4.02(f) hereof, in the case of the representation made in Section 6.3.6 or 6.2.6 of the Participation Agreement as to citizenship of the Owner Trustee in its individual capacity or of the Owner Participant, respectively, as soon as is reasonably practicable but in any event within 60 days) following notice thereof from the Mortgagee or any Note Holder to the Owner Trustee or the Owner Participant, as the case may be; or

(e) other than as provided in (c) above or (f) below, any failure by the Owner Trustee or Owner Participant to observe or perform any other covenant or obligation of the Owner Trustee or Owner Participant, as the case may be, for the benefit of the Mortgagee or the Note Holders contained in the Participation Agreement, Section 4.2.1 of the Trust Agreement, the Equipment Notes or this Trust Indenture which is not remedied within a period of 60 days after notice thereof has been given to the Owner Trustee and the Owner Participant; or

(f) if at any time when the Aircraft is registered under the Laws of the United States, the Owner Participant shall not be a "citizen of the United States" within the meaning of Section 40102(a)(15) of Part A of Subtitle VII of Title 49, United States Code, and as the result thereof the registration of the Aircraft under the Federal Aviation Act, and regulations then applicable thereunder, shall cease to be effective; provided that no Event of Default shall be deemed to have occurred under this paragraph (f) unless such circumstances continue unremedied for more than 30 days after the Owner Participant has Actual Knowledge of the state of facts that resulted in such ineffectiveness and of such loss of citizenship; or

(g) at any time either (i) the commencement of an involuntary case or other proceeding in respect of the Owner Participant, the Owner Trustee, the Trust or the Trust Estate under the federal bankruptcy Laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar Law in the United States or seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Owner Participant, the Owner Trustee, the Trust or the Trust Estate or for all or substantially all of its property, or seeking the winding-up or liquidation of its affairs and the continuation of any such case or other proceeding undismissed and unstayed for a period of 60 consecutive days; or (ii) the commencement by the Owner Participant, the Owner Trustee, the Trust or the Trust

Estate of a voluntary case or proceeding under the federal bankruptcy Laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar Law in the United States, or the consent by the Owner Participant, the Owner Trustee, the Trust or the Trust Estate to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Owner Participant, the Owner Trustee, the Trust or the Trust Estate or for all or substantially all of its property, or the making by the Owner Participant, the Owner Trustee, the Trust or the Trust Estate of any assignment for the benefit of creditors or the Owner Participant or the Owner Trustee shall take any action to authorize any of the foregoing; provided, however, that an event referred to in this Section 4.02(g) with respect to the Owner Participant shall not constitute an Event of Default if within 30 days of the commencement of the case or proceeding a final non-appealable order, judgment or decree shall be entered in such case or proceeding by a court or a trustee, custodian, receiver or liquidator, to the effect that, no part of the Trust Estate (except for the Owner Participant's beneficial interest therein) and no right, title or interest under the Trust Indenture Estate shall be included in, or be subject to, any declaration or adjudication of, or proceedings with respect to, the bankruptcy, insolvency or liquidation of the Owner Participant referred to in this Section 4.02(g).

#### SECTION 4.03. CERTAIN RIGHTS

The Mortgagee shall give the Note Holders, the Owner Trustee and the Owner Participant prompt written notice of any Event of Default of which the Mortgagee has Actual Knowledge and shall give the Note Holders, the Owner Trustee and the Owner Participant not less than ten Business Days' prior written notice of the date (the "Enforcement Date") on or after which the Mortgagee may, subject to the limitation set forth in Section 4.04(a), commence and consummate the exercise of any remedy or remedies described in Section 4.04, 4.05 or 4.06 hereof; provided, however, that in the event the Mortgagee shall have validly terminated the Lease, the Mortgagee shall not sell or lease, or otherwise afford the use of, the Aircraft or any portion thereof to the Lessee or any Affiliate thereof. Without limiting the generality of the foregoing, the Mortgagee shall give the Owner Trustee, the Owner Participant and the Lessee at least ten Business Days' prior written notice (which may be given concurrently with notice of the Enforcement Date) of any declaration of the Lease to be in default pursuant to Sections 14 and 15 of the Lease or any termination of the Lease or of the exercise of any remedy or remedies pursuant to Section 15 of the Lease. If an Event of Default shall have occurred and be continuing, the Owner Trustee shall have the rights set forth below, any of which may be exercised directly by the Owner Participant.

If as a result of the occurrence of an Event of Default in respect of the nonpayment by Lessee of Basic Rent due under the Lease, the Mortgagee shall have insufficient funds to make any payment of Original Amount and interest on any Equipment Note on the day

it becomes due and payable, the Owner Trustee may, but shall not be obligated to pay the Mortgagee prior to the Enforcement Date, in the manner provided in Section 2.04 hereof, for application in accordance with Section 3.01 hereof, an amount equal to the portion of the Original Amount and interest (including interest, if any, on any overdue payments of such portion of Original Amount and interest) then due and payable on the Equipment Notes, and, unless the Owner Trustee has cured Events of Default in respect of payments of Basic Rent on each of the three immediately preceding Basic Rent payment dates, or the Owner Trustee has cured six previous Events of Default in respect of payments of Basic Rent, such payment by the Owner Trustee shall, solely for purposes of this Trust Indenture be deemed to cure any Event of Default which would otherwise have arisen on account of the nonpayment by Lessee of such installment of Basic Rent (but not any other Default or Event of Default which shall have occurred and be continuing).

If any Event of Default (other than in respect of the nonpayment of Basic Rent by the Lessee) which can be cured by the payment of money has occurred, the Owner Trustee may, but shall not be obligated to, cure such Event of Default by making such payment prior to the Enforcement Date as is necessary to accomplish the observance or performance of the defaulted covenant, condition or agreement to the party entitled to the same.

Except as hereinafter in this Section 4.03 provided, the Owner Trustee shall not, as a result of exercising the right to cure any such Event of Default, obtain any Lien on any of the Mortgaged Property or any Rent payable under the Lease for or on account of costs or expenses incurred in connection with the exercise of such right, nor shall any claim of the Owner Trustee against Lessee or any other party for the repayment of such costs or expenses impair the prior right and security interest of the Mortgagee in and to the Mortgaged Property. Upon any payment by the Owner Trustee pursuant to the first or second preceding paragraphs of this Section 4.03, the Owner Trustee shall be subrogated to the rights of the Mortgagee and the Note Holders in respect of the Basic Rent which was overdue at the time of such payment and interest payable by the Lessee on account of its being overdue and any Supplemental Rent in respect of the reimbursement of amounts paid by Owner Trustee pursuant to the immediately preceding paragraph (but in either case shall have no rights as a secured party hereunder), and thereafter, the Owner Trustee shall be entitled (so long as the application thereof shall not give rise to an Event of Default hereunder) to receive such overdue Basic Rent or Supplemental Rent, as the case may be, and interest thereon upon receipt thereof by the Mortgagee; provided, however, that (i) if the Original Amount and interest on the Equipment Notes shall have become due and payable pursuant to Section 4.04(b) hereof, such subrogation shall, until the Secured Obligations shall have been paid in full, be subordinate to the rights of the Mortgagee, the Note Holders and the Indenture Indemnitees in respect of such payment of overdue Basic Rent, Supplemental Rent and such interest and (ii) the Owner Trustee shall not otherwise attempt to recover any such amount paid by it on behalf of the Lessee pursuant to this Section 4.03 except by demanding of the Lessee payment of such amount, or by commencing an action at law against the Lessee and

obtaining and enforcing a judgment against the Lessee for the payment of such amount or taking appropriate action in a pending action at law against the Lessee (provided, that at no time while an Event of Default shall have occurred and be continuing shall any such demand be made or shall any such action be commenced (or continued) and any amounts nevertheless received by the Owner Trustee in respect thereof shall be held in trust for the benefit of, and promptly paid to, the Mortgagee for distribution as provided in Section 3.03 hereof).

Neither the Owner Trustee nor the Owner Participant shall have the right to cure any Lease Event of Default or Lease Default except as specified in this Section 4.03.

#### SECTION 4.04. REMEDIES

(a) If an Event of Default shall have occurred and be continuing and so long as the same shall continue unremedied, then and in every such case the Mortgagee may, subject to the second and third paragraphs of this Section 4.04(a), exercise any or all of the rights and powers and pursue any and all of the remedies pursuant to this Article IV and shall have and may exercise all of the rights and remedies of a secured party under the Uniform Commercial Code and, in the event such Event of Default is also a Lease Event of Default, any and all of the remedies pursuant to Section 15 of the Lease [and pursuant to any Permitted Sublease assignment]\* and may take possession of all or any part of the properties covered or intended to be covered by the Lien created hereby or pursuant hereto and may exclude the Owner Participant, the Owner Trustee and Lessee and all persons claiming under any of them wholly or partly therefrom; provided, that the Mortgagee shall give the Owner Trustee and the Owner Participant twenty days' prior written notice of its intention to sell the Aircraft, and provided, further, that in the event the Mortgagee shall have validly terminated the Lease, the Mortgagee shall not sell or lease, or otherwise afford the use of, the Aircraft or any portion thereof to the Lessee or any Affiliate thereof. Unless an Event of Default not resulting from or relating to a Lease Event of Default has occurred and is continuing, the Owner Participant may bid at the sale and become the purchaser. Without limiting any of the foregoing, it is understood and agreed that the Mortgagee may exercise any right of sale of the Aircraft available to it, even though it shall not have taken possession of the Aircraft and shall not have possession thereof at the time of such sale.

Anything in this Trust Indenture to the contrary notwithstanding, the Mortgagee shall not be entitled to exercise any remedy hereunder as a result of an Event of Default which arises solely by reason of one or more events or circumstances which constitute a Lease Event of Default unless the Mortgagee as security assignee of the Owner Trustee shall have exercised or concurrently be exercising one or more of the dispossessory remedies provided for in Section 15

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\* Insert bracketed language if the Lease provides for the assignment of a permitted sublease.

of the Lease with respect to the Aircraft; provided, however, that such requirement to exercise one or more of such remedies under the Lease shall not apply in circumstances where the Mortgagee is, and has been, for a continuous period in excess of 60 days or such other period as may be specified in Section 1110(a)(1)(A) of the Bankruptcy Code (such 60-day or other period being the "New Section 1110 Period"), involuntarily stayed or prohibited by applicable law or court order from exercising such remedies under the Lease (a "Continuous Stay Period"); provided further, however, that the requirement to exercise one or more of such remedies under the Lease shall nonetheless be applicable during a Continuous Stay Period subsequent to the expiration of the New Section 1110 Period to the extent that the continuation of such Continuous Stay Period subsequent to the expiration of the New Section 1110 Period (A) results from an agreement by the trustee or the debtor-in-possession in such proceeding during the New Section 1110 Period with the approval of the relevant court to perform the Lease in accordance with Section 1110(a)(1)(A) of the Bankruptcy Code and continues to perform as required by Section 1110(a)(1)(A-B) of the Bankruptcy Code or (B) is an extension of the New Section 1110 Period with the consent of the Mortgagee pursuant to Section 1110(b) of the Bankruptcy Code or (C) results from the Lessee's assumption during the New Section 1110 Period with the approval of the relevant court of the Lease pursuant to Section 365 of the Bankruptcy Code and Lessee's continuous performance of the Lease as so assumed or (D) is the consequence of the Mortgagee's own failure to give any requisite notice to any person. In the event that the applicability of Section 1110 of the Bankruptcy Code to the Aircraft is being contested by Lessee in judicial proceedings, both of the Mortgagee and the Owner Trustee shall have the right to participate in such proceedings; provided that any such participation by the Owner Trustee shall not affect in any way any rights or remedy of the Mortgagee hereunder.

It is expressly understood and agreed that, subject only to the two preceding paragraphs, the inability, described in such paragraphs, of the Mortgagee to exercise any right or remedy under the Lease shall in no event and under no circumstances prevent the Mortgagee from exercising any or all of its rights, powers and remedies under this Trust Indenture, including, without limitation, this Article IV.

(b) If an Event of Default shall have occurred and be continuing, then and in every such case the Mortgagee may (and shall, upon receipt of a written demand therefor from a Majority in Interest of Note Holders), subject to Section 4.03 hereof, at any time, by delivery of written notice or notices to the Owner Trustee and the Owner Participant, declare all the Equipment Notes to be due and payable, whereupon the unpaid Original Amount of all Equipment Notes then outstanding, together with accrued but

unpaid interest thereon (without Make-Whole Amount) and other amounts due thereunder, shall immediately become due and payable without presentment, demand, protest or notice, all of which are hereby waived; provided that if an Event of Default referred to in clause (g) of Section 4.02 hereof shall have occurred or a Lease Event of Default under Section 14.5 of the Lease shall have occurred, then and in every such case the unpaid Original Amount then outstanding, together with accrued but unpaid interest and all other amounts due thereunder and hereunder shall immediately and without further act become due and payable without presentment, demand, protest or notice, all of which are hereby waived; provided further that in the event of a reorganization proceeding involving the Lessee instituted under Chapter 11 of the Bankruptcy Code, if no Lease Event of Default (including any Lease Event of Default set forth in Section 14.3 of the Lease) and no other Event of Default (other than the failure to pay the Original Amount of the Equipment Notes which by such declaration shall have become payable) exists at any time after the consummation of such proceeding, such declaration shall be automatically rescinded without any further action on the part of any Note Holder.

This Section 4.04(b), however, is subject to the condition that, if at any time after the Original Amount of the Equipment Notes shall have become so due and payable, and before any judgment or decree for the payment of the money so due, or any thereof, shall be entered, all overdue payments of interest upon the Equipment Notes and all other amounts payable under the Equipment Notes (except the Original Amount of the Equipment Notes which by such declaration shall have become payable) shall have been duly paid, and every other Default and Event of Default with respect to any covenant or provision of this Trust Indenture shall have been cured, then and in every such case a Majority in Interest of Note Holders may (but shall not be obligated to), by written instrument filed with the Mortgagee, rescind and annul the Mortgagee's declaration (or such automatic acceleration) and its consequences; but no such rescission or annulment shall extend to or affect any subsequent Default or Event of Default or impair any right consequent thereon.

Any acceleration pursuant to this Section 4.04(b) shall be automatically rescinded and any related declaration of an Event of Default annulled in the event that the Owner Trustee shall have cured, in accordance with Section 4.03 hereof, the Event of Default that resulted in such acceleration or declaration.

(c) The Note Holders shall be entitled, at any sale pursuant to Section 15 of the Lease or this Section 4.04, to credit against any purchase price bid at such sale by such holder all or any part of the unpaid obligations owing to such Note Holder and secured by the Lien of this Trust Indenture (only to the extent that such purchase price would have been paid to such Note Holder pursuant to Article III hereof if such purchase price were paid in cash and the foregoing provisions of this subsection (c) were not given effect).

(d) In the event of any sale of the Trust Indenture Estate, or any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Trust Indenture, the unpaid Original Amount of all Equipment Notes then outstanding, together with accrued interest thereon (without Make-Whole Amount), and other amounts due thereunder, shall immediately become due and payable without presentment, demand, protest or notice, all of which are hereby waived.

(e) Notwithstanding anything contained herein, so long as the Pass Through Trustee under any Pass Through Trust Agreement (or its designee) is a Note Holder, the Mortgagee will not be authorized or empowered to acquire title to any Mortgaged Property or take any action with respect to any Mortgaged Property so acquired by it if such acquisition or action would cause any Trust to fail to qualify as a "grantor trust" for federal income tax purposes.

SECTION 4.05. RETURN OF AIRCRAFT, ETC.

(a) If an Event of Default shall have occurred and be continuing and the Equipment Notes have been accelerated, subject to Section 4.03 hereof and unless the Owner Trustee or the Owner Participant shall have elected to purchase the Equipment Notes, at the request of the Mortgagee, the Owner Trustee shall promptly execute and deliver to the Mortgagee such instruments of title and other documents as the Mortgagee may deem necessary or advisable to enable the Mortgagee or an agent or representative designated by the Mortgagee, at such time or times and place or places as the Mortgagee may specify, to obtain possession of all or any part of the Mortgaged Property included in the Trust Indenture Estate to which the Mortgagee shall at the time be entitled hereunder. If the Owner Trustee shall for any reason fail to execute and deliver such instruments and documents after such request by the Mortgagee, the Mortgagee may (i) obtain a judgment conferring on the Mortgagee the right to immediate possession and requiring the Owner Trustee to execute and deliver such instruments and documents to the Mortgagee, to the entry of which judgment the Owner Trustee hereby specifically consents to the fullest extent permitted by Law, and (ii) pursue all or part of such Mortgaged Property wherever it may be found and, in the event that a Lease Event of Default has occurred and is continuing, may enter any of the premises of Lessee wherever such Mortgaged Property may be or be supposed to be and search for such Mortgaged Property and take possession of and remove such Mortgaged Property. All expenses of obtaining such judgment or of pursuing, searching for and taking such property shall, until paid, be secured by the Lien of this Trust Indenture.

(b) Upon every such taking of possession, the Mortgagee may, from time to time, at the expense of the Mortgaged Property, make all such expenditures for maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modifications or alterations to and of the Mortgaged Property, as it may deem proper. In each such case, the Mortgagee shall have the right to maintain, use, operate, store, insure, lease, control, manage, dispose of, modify or alter the Mortgaged Property and to carry on the business and to exercise all rights and powers of the Owner Participant and the Owner Trustee relating to the Mortgaged Property, as the Mortgagee shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modification or alteration of the Mortgaged Property or any part

thereof as the Mortgagee may determine, and the Mortgagee shall be entitled to collect and receive directly all tolls, rents (including Rent), revenues, issues, income, products and profits of the Mortgaged Property and every part thereof, except Excluded Payments, without prejudice, however, to the right of the Mortgagee under any provision of this Trust Indenture to collect and receive all cash held by, or required to be deposited with, the Mortgagee hereunder other than Excluded Payments. Such tolls, rents (including Rent), revenues, issues, income, products and profits shall be applied to pay the expenses of the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, improvement, modification or alteration of the Mortgaged Property and of conducting the business thereof, and to make all payments which the Mortgagee may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Mortgaged Property or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Owner Trustee), and all other payments which the Mortgagee may be required or authorized to make under any provision of this Trust Indenture, as well as just and reasonable compensation for the services of the Mortgagee, and of all persons properly engaged and employed by the Mortgagee with respect hereto.

#### SECTION 4.06. REMEDIES CUMULATIVE

Each and every right, power and remedy given to the Mortgagee specifically or otherwise in this Trust Indenture shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at Law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Mortgagee, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Mortgagee in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Owner Trustee or Lessee or to be an acquiescence therein.

#### SECTION 4.07. DISCONTINUANCE OF PROCEEDINGS

In case the Mortgagee shall have instituted any proceeding to enforce any right, power or remedy under this Trust Indenture by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Mortgagee, then and in every such case the Owner Trustee, the Mortgagee and Lessee shall, subject to any determination in such proceedings, be restored to their former positions and rights hereunder with respect to the Mortgaged Property, and all rights, remedies and powers of the Owner Trustee, the Mortgagee or Lessee shall continue as if no such proceedings had been instituted.



## SECTION 4.08. WAIVER OF PAST DEFAULTS

Upon written instruction from a Majority in Interest of Note Holders, the Mortgagee shall waive any past Default hereunder and its consequences and upon any such waiver such Default shall cease to exist and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Trust Indenture, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon; provided, that in the absence of written instructions from all the Note Holders, the Mortgagee shall not waive any Default (i) in the payment of the Original Amount, Make-Whole Amount, if any, and interest and other amounts due under any Equipment Note then outstanding, or (ii) in respect of a covenant or provision hereof which, under Article IX hereof, cannot be modified or amended without the consent of each Note Holder.

## SECTION 4.09. APPOINTMENT OF RECEIVER

The Mortgagee shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Mortgagee or any successor or nominee thereof) for all or any part of the Mortgaged Property, whether such receivership be incidental to a proposed sale of the Mortgaged Property or the taking of possession thereof or otherwise, and the Owner Trustee hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Mortgaged Property shall be entitled to exercise all the rights and powers of the Mortgagee with respect to the Mortgaged Property.

## SECTION 4.10. MORTGAGEE AUTHORIZED TO EXECUTE BILLS OF SALE,

ETC.

Subject to the provisions of this Trust Indenture, the Owner Trustee irrevocably appoints the Mortgagee the true and lawful attorney-in-fact of the Owner Trustee (which appointment is coupled with an interest) in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the Lien of this Trust Indenture, whether pursuant to foreclosure or power of sale, assignments and other instruments as may be necessary or appropriate, with full power of substitution, the Owner Trustee hereby ratifying and confirming all that such attorney or any substitute shall do by virtue hereof in accordance with applicable law. Nevertheless, if so requested by the Mortgagee or any purchaser, the Owner Trustee shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Mortgagee or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

## SECTION 4.11. RIGHTS OF NOTE HOLDERS TO RECEIVE PAYMENT

Notwithstanding any other provision of this Trust Indenture, the right of any Note Holder to receive payment of principal of, and premium, if any, and interest on an Equipment Note on or after the respective due dates expressed in such Equipment Note, or to bring suit for the enforcement of any such payment on or after such respective dates in accordance with the terms hereof, shall not be impaired or affected without the consent of such Note Holder.

## ARTICLE V

## DUTIES OF THE MORTGAGEE

## SECTION 5.01. NOTICE OF EVENT OF DEFAULT

If the Mortgagee shall have Actual Knowledge of an Event of Default or of a Default arising from a failure to pay Rent, the Mortgagee shall give prompt written notice thereof to the Owner Trustee, the Owner Participant, Lessee, and each Note Holder. Subject to the terms of Sections 2.13, 4.03, 4.04, 4.08, 5.02 and 5.03 hereof, the Mortgagee shall take such action, or refrain from taking such action, with respect to such Event of Default or Default (including with respect to the exercise of any rights or remedies hereunder) as the Mortgagee shall be instructed in writing by a Majority in Interest of Note Holders. Subject to the provisions of Section 5.03, if the Mortgagee shall not have received instructions as above provided within 20 days after mailing notice of such Event of Default to the Note Holders, the Mortgagee may, subject to instructions thereafter received pursuant to the preceding provisions of this Section 5.01, take such action, or refrain from taking such action, but shall be under no duty to take or refrain from taking any action, with respect to such Event of Default or Default as it shall determine advisable in the best interests of the Note Holders; provided, however, that the Mortgagee may not sell the Aircraft or any Engine without the consent of a Majority in Interest of Note Holders. For all purposes of this Trust Indenture, in the absence of Actual Knowledge on the part of the Mortgagee, the Owner Trustee or the Owner Participant, the Mortgagee, the Owner Trustee or the Owner Participant, as the case may be, shall not be deemed to have knowledge of a Default or an Event of Default (except, in the case of the Mortgagee, the failure of Lessee to pay any installment of Basic Rent within one Business Day after the same shall become due, if any portion of such installment was then required to be paid to the Mortgagee, which failure shall constitute knowledge of a Default) unless notified in writing by Lessee, the Owner Trustee, the Owner Participant or one or more Note Holders.

## LIMITATIONS

(a) Subject to the terms of Sections 2.13, 4.03, 4.04(a) and (b), 4.08, 5.01 and 5.03 hereof, upon the written instructions at any time and from time to time of a Majority in Interest of Note Holders, the Mortgagee shall, subject to the terms of this Section 5.02, take such of the following actions as may be specified in such instructions: (i) give such notice or direction or exercise such right, remedy or power hereunder as shall be specified in such instructions; (ii) give such notice or direction or exercise such right, remedy or power under the Lease, the Participation Agreement, the Purchase Agreement, the Purchase Agreement Assignment, or any other part of the Trust Indenture Estate as shall be specified in such instructions; and (iii) approve as satisfactory to the Mortgagee all matters required by the terms of the Lease to be satisfactory to the Owner Trustee, it being understood that without the written instructions of a Majority in Interest of Note Holders, the Mortgagee shall not approve any such matter as satisfactory to the Mortgagee; provided, that anything contained in this Trust Indenture, the Lease or the other Operative Agreements to the contrary notwithstanding, but subject to the next paragraph hereof:

(1) the Owner Trustee or the Owner Participant, may, without the consent of the Mortgagee, demand, collect, sue for or otherwise obtain all amounts included in Excluded Payments from Lessee and seek legal or equitable remedies to require Lessee to maintain the insurance coverage referred to in Section 11 of the Lease [(or the comparable provisions of any assigned Permitted Sublease)]\* provided, that the rights referred to in this clause (1) shall not be deemed to include the exercise of any remedies provided for in Section 15 of the Lease other than the right to proceed by appropriate court action, either at Law or in equity, to enforce payment by Lessee of such amounts included in Excluded Payments or performance by Lessee of such insurance covenant or to recover damages for the breach thereof or for specific performance of any other term of the Lease [(or the comparable provisions of any assigned Permitted Sublease)]\*;

(2) (A) the Mortgagee shall not, without the consent of the Owner Trustee, enter into, execute or deliver amendments or modifications in respect of any of the provisions of the Lease[, any assigned Permitted Sublease or any Permitted Sublease assignment\*, and (B) unless a Mortgagee Event shall have occurred and be continuing, the Mortgagee shall not, without the consent of the Owner Trustee, which consent shall not be withheld if no right or interest of the Owner Trustee or the Owner Participant shall be diminished or impaired thereby, (i) enter into, execute or deliver waivers or consents in respect of any of the provisions of the Lease, or (ii) approve any accountants, engineers, appraisers or counsel as satisfactory to render services for or issue opinions to the Owner Trustee pursuant to the Operative Agreements, provided that whether or not any Mortgagee Event has occurred and is continuing, the Owner Trustee's consent shall be required with respect to any waivers or consents in respect of any of the provisions of Section 5, 7 or 11 of the Lease, or of any other Section of the Lease to the extent such action shall affect (y) the amount or timing of, or the right to enforce payment of any Excluded Payment or (z) the amount or timing of any amounts payable by the Lessee under the Lease as originally

executed (or as subsequently modified with the consent of the Owner Trustee) which, absent the occurrence and continuance of an Event of Default hereunder, would be distributable to the Owner Trustee under Article III hereof;

(3) whether or not a Default or Event of Default under the Trust Indenture has occurred and is continuing, the Owner Trustee and the Owner Participant shall have the right, together with the Mortgagee, (i) to receive from Lessee [or any Permitted Sublessee]\* certificates and other documents and information which Lessee is required to give or furnish to the Owner Trustee or the Lessor pursuant to any Operative Agreement and (ii) to inspect in accordance with the Lease the Airframe and Engines and all Aircraft Documents;

(4) whether or not a Default or Event of Default under the Trust Indenture has occurred and is continuing, the Owner Trustee shall have the right to adjust upwards Rent, Stipulated Loss Values and Termination Values as provided in Section 3.2.1 of the Lease;

(5) so long as no Mortgagee Event has occurred and is continuing, the Owner Trustee shall have the right, to the exclusion of the Mortgagee, to adjust Basic Rent, Stipulated Loss Values and Termination Values as provided in Section 3.2 of the Lease or to adjust downward any installment or amount of Basic Rent, Stipulated Loss Value or Termination Value, as such installments and amounts are set forth in Schedules 2, 3 and 4, respectively, to the Lease, to the extent of the portion of such installment or amount that would, under Section 3.01, 3.02 or 3.03 hereof, as the case may be, be distributable to the Owner Trustee or the Owner Participant;

(6) whether or not a Default or Event of Default under the Trust Indenture has occurred and is continuing, the Owner Trustee may, without the consent of the Mortgagee, (i) solicit and make bids with respect to the Aircraft under Section 9 of the Lease in respect of a termination of the Lease by Lessee pursuant to Section 9 thereof, (ii) determine Fair Market Sales Value and Fair Market Rental Value under Section 17 of the Lease for all purposes except following a Mortgagee Event pursuant to Section 15 of the Lease, and (iii) make an election pursuant to and in accordance with the provisions of Sections 9.1(b), 9.2 and 9.3 of the Lease; and

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\* Insert bracketed language if the Lease provides for the assignment of a permitted sublease.

(7) so long as no Mortgagee Event shall have occurred and be continuing, all other rights of the "Lessor" under the Lease [or any assigned Permitted Sublease\* shall be exercised by the Owner Trustee to the exclusion of the Mortgagee including, without limitation, the right to (i) exercise all rights with respect to Lessee's use and operation, modification or maintenance of the Aircraft and any Engine which the Lease specifically confers on the Lessor, and (ii) consent to and approve any assignment pursuant to Section 13 of the Lease; provided that the foregoing shall not (x) limit (A) any rights separately granted to the Mortgagee under the Operative Agreements or (B) the right of the Mortgagee to receive any funds to be delivered to the "Lessor" under the Lease (except with respect to Excluded Payments) and under the Purchase Agreement or (y) confer upon the Owner Trustee the right to adversely affect the validity or enforceability of the lien of this Indenture.

Notwithstanding anything to the contrary contained herein (including this Section 5.02), the Mortgagee shall have the right, to the exclusion of the Owner Trustee and the Owner Participant, to (A) declare the Lease to be in default under Section 15 thereof and (B) subject only to the provisions of Sections 4.03, 4.04(a) and (b) and 2.14 hereof, exercise the remedies set forth in such Section 15 (other than in connection with Excluded Payments and provided that each of the Owner Trustee, Owner Participant and Mortgagee shall independently retain the rights set forth in clause (ii) of Section 15.1.5 of the Lease) at any time that a Lease Event of Default shall have occurred and be continuing. Further and for the avoidance of doubt, and anything to the contrary contained herein (including this Section 5.02), in no event may the Owner Trustee amend or otherwise modify the provisions of Section 3.2.1(e) of the Lease or of the final sentence of the definition of Stipulated Loss Value or Termination Value, in any such case, without the prior written consent of the Mortgagee.

The Mortgagee will execute and the Owner Trustee will file or cause to be filed such continuation statements with respect to financing statements relating to the security interest created hereunder in the Trust Indenture Estate as may be specified from time to time in written instructions of a Majority in Interest of Note Holders (which instructions shall be accompanied by the form of such continuation statement so to be filed). The Mortgagee will furnish to each Note Holder (and, during the continuation of a Mortgagee Event, to the Owner Trustee and Owner Participant), promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates and other instruments furnished to the Mortgagee under the Lease or hereunder, including, without limitation, a copy of any Termination Notice (as defined in the Lease) and a copy of each report or notice received pursuant to Section 9 and Paragraph E of

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\* Insert bracketed language if the Lease provides for the assignment of a permitted sublease.

Annex D of the Lease, respectively to the extent that the same shall not have been furnished to such holder pursuant hereto or the Lease.

(b) If any Lease Event of Default shall have occurred and be continuing and the Owner Trustee shall not have cured fully such Lease Event of Default under and in accordance with Section 4.03 hereof, on request of a Majority in Interest of Note Holders, the Mortgagee shall declare the Lease to be in default pursuant to Section 15 thereof and exercise those remedies specified by such Note Holders. The Mortgagee agrees to provide to the Note Holders, the Owner Trustee and the Owner Participant concurrently with such declaration by the Mortgagee, notice of such declaration by the Mortgagee.

#### SECTION 5.03. INDEMNIFICATION

The Mortgagee shall not be required to take any action or refrain from taking any action under Section 5.01 (other than the first sentence thereof), 5.02 or Article IV hereof unless the Mortgagee shall have been indemnified to its reasonable satisfaction against any liability, cost or expense (including counsel fees) which may be incurred in connection therewith pursuant to a written agreement with one or more Note Holders. The Mortgagee agrees that it shall look solely to the Note Holders for the satisfaction of any indemnity (except expenses for foreclosure of the type referred to in clause "First" of Section 3.03 hereof) owed to it pursuant to this Section 5.03. The Mortgagee shall not be under any obligation to take any action under this Trust Indenture or any other Operative Agreement and nothing herein or therein shall require the Mortgagee to expend or risk its own funds or otherwise incur the risk of any financial liability in the performance of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it (the written indemnity of any Note Holder who is a QIB, signed by an authorized officer thereof, in favor of, delivered to and in form reasonably satisfactory to the Mortgagee shall be accepted as reasonable assurance of adequate indemnity). The Mortgagee shall not be required to take any action under Section 5.01 (other than the first sentence thereof) or 5.02 or Article IV hereof, nor shall any other provision of this Trust Indenture or any other Operative Agreement be deemed to impose a duty on the Mortgagee to take any action, if the Mortgagee shall have been advised by counsel that such action is contrary to the terms hereof or of the Lease or is otherwise contrary to Law.

SECTION 5.04. NO DUTIES EXCEPT AS SPECIFIED IN TRUST INDENTURE  
OR INSTRUCTIONS

The Mortgagee shall not have any duty or obligation to use, operate, store, lease, control, manage, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Indenture Estate, or to otherwise take or refrain from taking any action under, or in connection with, this Trust Indenture or any part of the Trust Indenture Estate, except as expressly provided by the terms of this Trust Indenture or as expressly provided in written instructions from Note Holders as provided in this Trust Indenture; and no implied duties or obligations shall be read into this Trust Indenture against the Mortgagee. The Mortgagee agrees that it will in its individual capacity and at its own cost and expense (but without any right of indemnity in respect of any such cost or expense under Section 7.01 hereof), promptly take such action as may be necessary duly to discharge all liens and encumbrances on any part of the Trust Indenture Estate which result from claims against it in its individual capacity not related to the ownership of the Aircraft or the administration of the Trust Indenture Estate or any other transaction pursuant to this Trust Indenture or any document included in the Trust Indenture Estate.

SECTION 5.05. NO ACTION EXCEPT UNDER LEASE, TRUST INDENTURE OR  
INSTRUCTIONS

The Owner Trustee and the Mortgagee agree that they will not use, operate, store, lease, control, manage, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Indenture Estate except (i) as required by the terms of the Lease or (ii) in accordance with the powers granted to, or the authority conferred upon, the Owner Trustee and the Mortgagee pursuant to this Trust Indenture and in accordance with the express terms hereof.

SECTION 5.06. REPLACEMENT AIRFRAMES AND REPLACEMENT ENGINES

At any time an Airframe or Engine is to be replaced under or pursuant to Section 10 of the Lease by a Replacement Airframe or Replacement Engine, if no Lease Event of Default is continuing, the Owner Trustee shall direct the Mortgagee to execute and deliver to the Owner Trustee an appropriate instrument releasing such Airframe and/or Engine as appropriate from the Lien of this Trust Indenture and the Mortgagee shall execute and deliver such instrument as aforesaid, but only upon compliance by Lessee with the applicable provisions of Section 10 of the Lease.

SECTION 5.07. INDENTURE SUPPLEMENTS FOR REPLACEMENTS

If a Replacement Airframe or Replacement Engine is being substituted as contemplated by Section 10 of the Lease, the Owner Trustee and the Mortgagee agree for the benefit of the Note Holders and Lessee, subject to fulfillment of the conditions precedent and

compliance by Lessee with its obligations set forth in Section 10 of the Lease and the requirements of Section 5.06 hereof with respect to such Replacement Airframe or Replacement Engine, to execute and deliver a Lease Supplement and a Trust Indenture Supplement, as applicable, as contemplated by Section 10 of the Lease.

#### SECTION 5.08. EFFECT OF REPLACEMENT

In the event of the substitution of an Airframe or of a Replacement Engine pursuant to Section 10 of the Lease, all provisions of this Trust Indenture relating to the Airframe or Engine or Engines being replaced shall be applicable to such Replacement Airframe or Replacement Engine or Engines with the same force and effect as if such Replacement Airframe or Replacement Engine or Engines were the same airframe or engine or engines, as the case may be, as the Airframe or Engine or Engines being replaced but for the Event of Loss with respect to the Airframe or Engine or Engines being replaced.

#### SECTION 5.09. INVESTMENT OF AMOUNTS HELD BY MORTGAGEE

Any amounts held by the Mortgagee as assignee of the Owner Trustee's rights to hold monies for security pursuant to Section 4.4 of the Lease shall be held in accordance with the terms of such Section and the Mortgagee agrees, for the benefit of Lessee, to perform the duties of the Owner Trustee under such Section. Any amounts held by the Mortgagee pursuant to the proviso to the first sentence of Section 3.01, pursuant to Section 3.02, or pursuant to any provision of any other Operative Agreement providing for amounts to be held by the Mortgagee which are not distributed pursuant to the other provisions of Article III hereof shall be invested by the Mortgagee from time to time in Cash Equivalents as directed by the Owner Trustee so long as the Mortgagee may acquire the same using its best efforts. Unless otherwise expressly provided in this Trust Indenture, any income realized as a result of any such investment, net of the Mortgagee's reasonable fees and expenses in making such investment, shall be held and applied by the Mortgagee in the same manner as the principal amount of such investment is to be applied and any losses, net of earnings and such reasonable fees and expenses, shall be charged against the principal amount invested. The Mortgagee shall not be liable for any loss resulting from any investment required to be made by it under this Trust Indenture other than by reason of its willful misconduct or gross negligence, and any such investment may be sold (without regard to its maturity) by the Mortgagee without instructions whenever such sale is necessary to make a distribution required by this Trust Indenture.



## ARTICLE VI

## THE OWNER TRUSTEE AND THE MORTGAGEE

## SECTION 6.01. ACCEPTANCE OF TRUSTS AND DUTIES

The Mortgagee accepts the duties hereby created and applicable to it and agrees to perform the same but only upon the terms of this Trust Indenture and agrees to receive and disburse all monies constituting part of the Trust Indenture Estate in accordance with the terms hereof. The Owner Trustee, in its individual capacity, and the Mortgagee, in its individual capacity, shall not be answerable or accountable under any circumstances, except (i) for their own willful misconduct or gross negligence (other than for the handling of funds, for which the standard of accountability shall be willful misconduct or negligence), (ii) in the case of the Mortgagee, as provided in the fourth sentence of Section 2.04(a) hereof and the last sentence of Section 5.04 hereof, and (iii) for liabilities that may result, in the case of the Owner Trustee, from the inaccuracy of any representation or warranty of the Owner Trustee expressly made in its individual capacity in the Participation Agreement or in Section 4.01(b) or 6.03 hereof (or in any certificate furnished to the Mortgagee or any Note Holder in connection with the transactions contemplated by the Operative Agreements) or, in the case of the Mortgagee (in its individual capacity), from the inaccuracy of any representation or warranty of the Mortgagee (in its individual capacity) in the Participation Agreement or expressly made hereunder. Neither the Owner Trustee nor the Mortgagee shall be liable for any action or inaction of the other or of the Owner Participant.

## SECTION 6.02. ABSENCE OF DUTIES

In the case of the Mortgagee, except in accordance with written instructions furnished pursuant to Section 5.01 or 5.02 hereof, and except as provided in, and without limiting the generality of, Sections 5.03, 5.04 and 6.08 hereof and, in the case of the Owner Trustee, except as provided in Section 4.01(b) hereof, the Owner Trustee and the Mortgagee shall have no duty (i) to see to any registration of the Aircraft or any recording or filing of the Lease or of this Trust Indenture or any other document, or to see to the maintenance of any such registration, recording or filing, (ii) to see to any insurance on the Aircraft or to effect or maintain any such insurance, whether or not Lessee shall be in default with respect thereto, (iii) to see to the payment or discharge of any lien or encumbrance of any kind against any part of the Trust Estate or the Trust Indenture Estate, (iv) to confirm, verify or inquire into the failure to receive any financial statements from Lessee, or (v) to inspect the Aircraft at any time or ascertain or inquire as to the performance or observance of any of Lessee's covenants under the Lease [or any of the

Permitted Sublessee's covenants under any assigned Permitted Sublease]\* with respect to the Aircraft. The Owner Participant shall not have any duty or responsibility hereunder, including, without limitation, any of the duties mentioned in clauses (i) through (v) above; provided, that nothing contained in this sentence shall limit any obligations of the Owner Participant under the Participation Agreement or relieve the Owner Participant from any restriction under Section 4.03 hereof.

SECTION 6.03. NO REPRESENTATIONS OR WARRANTIES AS TO AIRCRAFT

OR DOCUMENTS

NEITHER THE MORTGAGEE IN ITS INDIVIDUAL OR TRUST CAPACITY NOR THE OWNER TRUSTEE IN ITS INDIVIDUAL CAPACITY OR AS OWNER TRUSTEE UNDER THE TRUST AGREEMENT, MAKES OR SHALL BE DEEMED TO HAVE MADE AND EACH HEREBY EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, AIRWORTHINESS, VALUE, COMPLIANCE WITH SPECIFICATIONS, CONDITION, DESIGN, QUALITY, DURABILITY, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY ENGINE, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, except the Owner Trustee in its individual capacity warrants that (i) the Owner Trustee has received on the Delivery Date whatever title was conveyed to it, and (ii) the Aircraft is free and clear of Lessor Liens attributable to the Owner Trustee in its individual capacity. Neither the Owner Trustee, in its individual capacity or as Owner Trustee under the Trust Agreement, nor the Mortgagee, in its individual or trust capacities, makes or shall be deemed to have made any representation or warranty as to the validity, legality or enforceability of this Trust Indenture, the Trust Agreement, the Participation Agreement, the Equipment Notes, the Lease, the Purchase Agreement or the Purchase Agreement Assignment with the Consent and Agreement and the Engine Consent and Agreement attached thereto, or as to the correctness of any statement contained in any thereof, except for the representations and warranties of the Owner Trustee made in its individual capacity and the representations and warranties of the Mortgagee in its individual capacity, in each case expressly made in this Trust Indenture or in the Participation Agreement. The Loan Participants, the Note Holders and the Owner Participant make no representation or warranty hereunder whatsoever.

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\* Insert bracketed language if the Lease provides for the assignment of a permitted sublease.

## SECTION 6.04. NO SEGREGATION OF MONIES; NO INTEREST

Any monies paid to or retained by the Mortgagee pursuant to any provision hereof and not then required to be distributed to the Note Holders, Lessee or the Owner Trustee as provided in Article III hereof need not be segregated in any manner except to the extent required by Law or Section 4.4 of the Lease and Section 5.09 hereof, and may be deposited under such general conditions as may be prescribed by Law, and the Mortgagee shall not be liable for any interest thereon (except that the Mortgagee shall invest all monies held as directed by Lessee so long as no Lease Event of Default or Lease Default has occurred and is continuing (or in the absence of such direction, by the Majority In Interest of Note Holders) in Cash Equivalents; provided, however, that any payments received, or applied hereunder, by the Mortgagee shall be accounted for by the Mortgagee so that any portion thereof paid or applied pursuant hereto shall be identifiable as to the source thereof.

## SECTION 6.05. RELIANCE; AGREEMENTS; ADVICE OF COUNSEL

Neither the Owner Trustee nor the Mortgagee shall incur any liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. The Owner Trustee and the Mortgagee may accept a copy of a resolution of the Board of Directors (or Executive Committee thereof) of any party to the Participation Agreement, certified by the Secretary or an Assistant Secretary thereof as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted and that the same is in full force and effect. As to the aggregate unpaid Original Amount of Equipment Notes outstanding as of any date, the Owner Trustee may for all purposes hereof rely on a certificate signed by any Vice President or other authorized corporate trust officer of the Mortgagee. As to any fact or matter relating to Lessee the manner of which is not specifically described herein, the Owner Trustee and the Mortgagee may for all purposes hereof rely on a certificate, signed by a duly authorized officer of Lessee, as to such fact or matter, and such certificate shall constitute full protection to the Owner Trustee and the Mortgagee for any action taken or omitted to be taken by them in good faith in reliance thereon. The Mortgagee shall assume, and shall be fully protected in assuming, that the Owner Trustee is authorized by the Trust Agreement to enter into this Trust Indenture and to take all action to be taken by it pursuant to the provisions hereof, and shall not inquire into the authorization of the Owner Trustee with respect thereto. In the administration of the trusts hereunder, the Owner Trustee and the Mortgagee each may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may, at the expense of the Trust Indenture Estate, advise with counsel, accountants and other skilled persons to be selected and retained by it, and the Owner Trustee and the Mortgagee shall not be liable for anything done, suffered or omitted in good faith by them in accordance with the written advice or written opinion of any such counsel, accountants or other skilled persons.

## SECTION 6.06. CAPACITY IN WHICH ACTING

The Owner Trustee acts hereunder solely as trustee as herein and in the Trust Agreement provided, and not in its individual capacity, except as otherwise expressly provided herein, in the Trust Agreement and in the Participation Agreement.

## SECTION 6.07. COMPENSATION

The Mortgagee shall be entitled to reasonable compensation, including expenses and disbursements (including the reasonable fees and expenses of counsel), for all services rendered hereunder and shall, on and subsequent to an Event of Default hereunder, have a priority claim on the Trust Indenture Estate for the payment of such compensation, to the extent that such compensation shall not be paid by Lessee, and shall have the right, on and subsequent to an Event of Default hereunder, to use or apply any monies held by it hereunder in the Trust Indenture Estate toward such payments. The Mortgagee agrees that it shall have no right against the Loan Participants, the Note Holders, the Owner Trustee or the Owner Participant for any fee as compensation for its services as trustee under this Trust Indenture.

## SECTION 6.08. INSTRUCTIONS FROM NOTE HOLDERS

In the administration of the trusts created hereunder, the Mortgagee shall have the right to seek instructions from a Majority in Interest of Note Holders should any provision of this Trust Indenture appear to conflict with any other provision herein or should the Mortgagee's duties or obligations hereunder be unclear, and the Mortgagee shall incur no liability in refraining from acting until it receives such instructions. The Mortgagee shall be fully protected for acting in accordance with any instructions received under this Section 6.08.

## ARTICLE VII

## INDEMNIFICATION OF MORTGAGEE BY OWNER TRUSTEE

## SECTION 7.01. SCOPE OF INDEMNIFICATION

The Owner Trustee, not in its individual capacity, but solely as Owner Trustee, hereby agrees, whether or not any of the transactions contemplated hereby shall be consummated, except as to matters covered by any indemnity furnished as contemplated by Section 5.03 hereof and except as otherwise provided in Section 2.03 or 2.04(b) hereof, to assume liability for, and does hereby indemnify, protect, save and keep harmless the Mortgagee (in its individual and trust capacities), and its successors, assigns, agents and servants, from and

against any and all liabilities, obligations, losses, damages, penalties, taxes (excluding any taxes payable by the Mortgagee on or measured by any compensation received by the Mortgagee for its services under this Trust Indenture), claims, actions, suits, costs, expenses or disbursements (including legal fees and expenses) of any kind and nature whatsoever, which may be imposed on, incurred by or asserted against the Mortgagee (whether or not also indemnified against by any other person under any other document) in any way relating to or arising out of this Trust Indenture or any other Operative Agreement to which it is a party or the enforcement of any of the terms of any thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, non-acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of the Aircraft or any Engine (including, without limitation, latent or other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Indenture Estate or the action or inaction of the Mortgagee hereunder except only in the case of willful misconduct or gross negligence (or negligence in the case of handling funds) of the Mortgagee in the performance of its duties hereunder or resulting from the inaccuracy of any representation or warranty of the Mortgagee (in its individual capacity) referred to in Section 6.03 hereof, or as provided in Section 6.01 hereof or in the last sentence of Section 5.04 hereof, or as otherwise excluded by the terms of Section 9.1 or 9.3 of the Participation Agreement from Lessee's indemnities under such Sections. In addition, if necessary, the Mortgagee shall be entitled to indemnification from the Trust Indenture Estate for any liability, obligation, loss, damage, penalty, claim, action, suit, cost, expense or disbursement indemnified against pursuant to this Section 7.01 to the extent not reimbursed by Lessee or others, but without releasing any of them from their respective agreements of reimbursement; and to secure the same the Mortgagee shall have a prior Lien on the Trust Indenture Estate. Without limiting the foregoing, the Mortgagee agrees that, prior to seeking indemnification from the Trust Indenture Estate, it will demand, and diligently pursue in good faith (but with no duty to exhaust all legal remedies therefor), indemnification available to the Mortgagee from Lessee under the Lease or the Participation Agreement.

#### ARTICLE VIII

##### SUCCESSOR AND SEPARATE TRUSTEES

###### SECTION 8.01. NOTICE OF SUCCESSOR OWNER TRUSTEE

In the case of any appointment of a successor to the Owner Trustee pursuant to the Trust Agreement including upon any merger, conversion, consolidation or sale of substantially all of the corporate trust business of the Owner Trustee pursuant to the Trust Agreement, the successor Owner Trustee shall give prompt written notice thereof to the Mortgagee, Lessee and the Note Holders.

## SUCCESSOR

(a) The Mortgagee or any successor thereto may resign at any time without cause by giving at least 30 days' prior written notice to Lessee, the Owner Trustee, the Owner Participant and each Note Holder, such resignation to be effective upon the acceptance of the trusteeship by a successor Mortgagee. In addition, a Majority in Interest of Note Holders may at any time (but only with the consent of the Lessee, which consent shall not be unreasonably withheld, except that such consent shall not be necessary if a Lease Event of Default is continuing) remove the Mortgagee without cause by an instrument in writing delivered to the Owner Trustee, Lessee, the Owner Participant and the Mortgagee, and the Mortgagee shall promptly notify each Note Holder thereof in writing, such removal to be effective upon the acceptance of the trusteeship by a successor Mortgagee. In the case of the resignation or removal of the Mortgagee, a Majority in Interest of Note Holders may appoint a successor Mortgagee by an instrument signed by such holders, which successor, so long as no Lease Event of Default shall have occurred and be continuing, shall be subject to Lessee's reasonable approval. If a successor Mortgagee shall not have been appointed within 30 days after such notice of resignation or removal, the Mortgagee, the Owner Trustee, the Owner Participant or any Note Holder may apply to any court of competent jurisdiction to appoint a successor Mortgagee to act until such time, if any, as a successor shall have been appointed as above provided. The successor Mortgagee so appointed by such court shall immediately and without further act be superseded by any successor Mortgagee appointed as above provided.

(b) Any successor Mortgagee, however appointed, shall execute and deliver to the Owner Trustee, the predecessor Mortgagee and the Lessee an instrument accepting such appointment and assuming the obligations of the Mortgagee under the Participation Agreement arising from and after the time of such appointment, and thereupon such successor Mortgagee, without further act, shall become vested with all the estates, properties, rights, powers and duties of the predecessor Mortgagee hereunder in the trust hereunder applicable to it with like effect as if originally named the Mortgagee herein; but nevertheless upon the written request of such successor Mortgagee, such predecessor Mortgagee shall execute and deliver an instrument transferring to such successor Mortgagee, upon the trusts herein expressed applicable to it, all the estates, properties, rights and powers of such predecessor Mortgagee, and such predecessor Mortgagee shall duly assign, transfer, deliver and pay over to such successor Mortgagee all monies or other property then held by such predecessor Mortgagee hereunder.

(c) Any successor Mortgagee, however appointed, shall be a bank or trust company having its principal place of business in the Borough of Manhattan, City and State of New York; Chicago, Illinois; Hartford, Connecticut; Wilmington, Delaware; or Boston, Massachusetts and having (or whose obligations under the Operative Agreements are guaranteed by an affiliated entity having) a combined capital and surplus of at least \$100,000,000, if there be

such an institution willing, able and legally qualified to perform the duties of the Mortgagee hereunder upon reasonable or customary terms.

(d) Any corporation into which the Mortgagee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Mortgagee shall be a party, or any corporation to which substantially all the corporate trust business of the Mortgagee may be transferred, shall, subject to the terms of paragraph (c) of this Section 8.02, be a successor Mortgagee and the Mortgagee under this Trust Indenture without further act.

#### SECTION 8.03. APPOINTMENT OF ADDITIONAL AND SEPARATE TRUSTEES

(a) Whenever (i) the Mortgagee shall deem it necessary or desirable in order to conform to any Law of any jurisdiction in which all or any part of the Trust Indenture Estate shall be situated or to make any claim or bring any suit with respect to or in connection with the Trust Indenture Estate, this Trust Indenture, any other Indenture Agreement, the Equipment Notes or any of the transactions contemplated by the Participation Agreement, (ii) the Mortgagee shall be advised by counsel satisfactory to it that it is so necessary or prudent in the interests of the Note Holders (and the Mortgagee shall so advise the Owner Trustee and Lessee), or (iii) the Mortgagee shall have been requested to do so by a Majority in Interest of Note Holders, then in any such case, the Mortgagee and, upon the written request of the Mortgagee, the Owner Trustee, shall execute and deliver an indenture supplemental hereto and such other instruments as may from time to time be necessary or advisable either (1) to constitute one or more bank or trust companies or one or more persons approved by the Mortgagee, either to act jointly with the Mortgagee as additional trustee or trustees of all or any part of the Trust Indenture Estate, or to act as separate trustee or trustees of all or any part of the Trust Indenture Estate, in each case with such rights, powers, duties and obligations consistent with this Trust Indenture as may be provided in such supplemental indenture or other instruments as the Mortgagee or a Majority in Interest of Note Holders may deem necessary or advisable, or (2) to clarify, add to or subtract from the rights, powers, duties and obligations theretofore granted any such additional or separate trustee, subject in each case to the remaining provisions of this Section 8.03. If the Owner Trustee shall not have taken any action requested of it under this Section 8.03(a) that is permitted or required by its terms within 15 days after the receipt of a written request from the Mortgagee so to do, or if an Event of Default shall have occurred and be continuing, the Mortgagee may act under the foregoing provisions of this Section 8.03(a) without the concurrence of the Owner Trustee, and the Owner Trustee hereby irrevocably appoints (which appointment is coupled with an interest) the Mortgagee, its agent and attorney-in-fact to act for it under the foregoing provisions of this Section 8.03(a) in either of such contingencies. The Mortgagee may, in such capacity, execute, deliver and perform any such supplemental indenture, or any such instrument, as may be required for the appointment of any such additional or separate trustee or for the clarification of, addition to or subtraction from the rights, powers,

duties or obligations theretofore granted to any such additional or separate trustee. In case any additional or separate trustee appointed under this Section 8.03(a) shall die, become incapable of acting, resign or be moved, all the assets, property, rights, powers, trusts, duties and obligations of such additional or separate trustee shall revert to the Mortgagee until a successor additional or separate trustee is appointed as provided in this Section 8.03(a).

(b) No additional or separate trustee shall be entitled to exercise any of the rights, powers, duties and obligations conferred upon the Mortgagee in respect of the custody, investment and payment of monies and all monies received by any such additional or separate trustee from or constituting part of the Trust Indenture Estate or otherwise payable under any Operative Agreement to the Mortgagee shall be promptly paid over by it to the Mortgagee. All other rights, powers, duties and obligations conferred or imposed upon any additional or separate trustee shall be exercised or performed by the Mortgagee and such additional or separate trustee jointly except to the extent that applicable Law of any jurisdiction in which any particular act is to be performed renders the Mortgagee incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations (including the holding of title to all or part of the Trust Indenture Estate in any such jurisdiction) shall be exercised and performed by such additional or separate trustee. No additional or separate trustee shall take any discretionary action except on the instructions of the Mortgagee or a Majority in Interest of Note Holders. No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, except that the Mortgagee shall be liable for the consequences of its lack of reasonable care in selecting, and the Mortgagee's own actions in acting with, any additional or separate trustee. Each additional or separate trustee appointed pursuant to this Section 8.03 shall be subject to, and shall have the benefit of Articles IV through VIII and Article X hereof insofar as they apply to the Mortgagee. The powers of any additional or separate trustee appointed pursuant to this Section 8.03 shall not in any case exceed those of the Mortgagee hereunder.

(c) If at any time the Trustee shall deem it no longer necessary or in order to conform to any such Law or take any such action or shall be advised by such counsel that it is no longer so necessary or desirable in the interest of the Note Holders, or in the event that the Mortgagee shall have been requested to do so in writing by a Majority in Interest of Note Holders, the Mortgagee and, upon the written request of the Mortgagee, the Owner Trustee, shall execute and deliver an indenture supplemental hereto and all other instruments and agreements necessary or proper to remove any additional or separate trustee. The Mortgagee may act on behalf of the Owner Trustee under this Section 8.03(c) when and to the extent it could so act under Section 8.03(a) hereof.



## ARTICLE IX

SUPPLEMENTS AND AMENDMENTS TO THIS TRUST INDENTURE  
AND OTHER DOCUMENTS

## SECTION 9.01. INSTRUCTIONS OF MAJORITY; LIMITATIONS

(a) Except as provided in Section 5.02 hereof, the Owner Trustee agrees it shall not enter into any amendment of or supplement to the Lease, the Purchase Agreement, the Purchase Agreement Assignment, the Consent and Agreement or the Engine Consent and Agreement, or execute and deliver any written waiver or modification of, or consent under, the terms of the Lease, the Purchase Agreement, the Purchase Agreement Assignment, the Consent and Agreement or the Engine Consent and Agreement, unless such supplement, amendment, waiver, modification or consent is consented to in writing by the Mortgagee and a Majority in Interest of Note Holders. Anything to the contrary contained herein notwithstanding, without the necessity of the consent of any of the Note Holders or the Mortgagee, (i) any Excluded Payments payable to the Owner Participant may be modified, amended, changed or waived in such manner as shall be agreed to by the Owner Participant and Lessee and (ii) the Owner Trustee and Lessee may enter into amendments of or additions to the Lease to modify Section 5 (except to the extent that such amendment would affect the rights or exercise of remedies under Section 15 of the Lease) or Section 17 of the Lease so long as such amendments, modifications and changes do not and would not affect the time of, or reduce the amount of, Rent payments (except to the extent expressly permitted by Section 5.02 hereof) until after the payment in full of all Secured Obligations or otherwise adversely affect the Note Holders.

(b) Without limiting the provisions of Section 9.01 hereof, the Mortgagee agrees with the Note Holders that it shall not enter into any amendment, waiver or modification of, supplement or consent to this Trust Indenture, the Lease, the Purchase Agreement, the Purchase Agreement Assignment, the Consent and Agreement, the Engine Consent and Agreement or the Participation Agreement, or any other agreement included in the Trust Indenture Estate, unless such supplement, amendment, waiver, modification or consent is consented to in writing by a Majority in Interest of Note Holders, but upon the written request of a Majority in Interest of Note Holders, the Trustee shall from time to time enter into any such supplement or amendment, or execute and deliver any such waiver, modification or consent, as may be specified in such request and as may be (in the case of any such amendment, supplement or modification), to the extent such agreement is required, agreed to by the Owner Trustee and Lessee or, as may be appropriate, the Airframe Manufacturer or the Engine Manufacturer; provided, however, that, without the consent of each holder of an affected Equipment Note then outstanding and of each Liquidity Provider, no such amendment of or supplement to this Trust Indenture, the Lease, the Purchase Agreement, the Purchase Agreement Assignment, the Consent and Agreement, the Engine Consent and Agreement or the Participation Agreement or waiver or modification of the

terms of, or consent under, any thereof, shall (i) modify any of the provisions of this Section 9.01, or of Article II or III or Section 4.02, 4.04(c), 4.04(d), 5.02 or 5.06 hereof, Section 13.3, 14 (except to add an Event of Default) or 16 of the Lease, Section 15.1 of the Participation Agreement, the definitions of "Event of Default," "Default," "Lease Event of Default," "Lease Default," "Majority in Interest of Note Holders," "Make-Whole Amount" or "Note Holder," or the percentage of Note Holders required to take or approve any action hereunder, (ii) reduce the amount, or change the time of payment or method of calculation of any amount, of Original Amount, Make-Whole Amount, if any, or interest with respect to any Equipment Note, or alter or modify the provisions of Article III hereof with respect to the order of priorities in which distribution thereunder shall be made as among the Note Holders, the Owner Trustee and Lessee, (iii) reduce, modify or amend any indemnities in favor of the Owner Trustee, the Mortgagee or the Note Holders (except that the Owner Trustee (in its individual capacity) or the Mortgagee, as the case may be, may consent to any waiver or reduction of an indemnity payable to it), (iv) consent to any change in the Trust Indenture or the Lease which would permit redemption of Equipment Notes earlier than permitted under Section 2.10 or 2.11 hereof or the purchase or exchange of the Equipment Notes other than as permitted by Section 2.13 hereof, (v) except as contemplated by the Lease or the Participation Agreement, reduce the amount or extend the time of payment of Basic Rent, Stipulated Loss Value, or Termination Value for the Aircraft in each case as set forth in the Lease, or modify, amend or supplement the Lease or consent to any assignment of the Lease, in either case releasing Lessee from its obligations in respect of the payment of Basic Rent, Stipulated Loss Value or Termination Value for the Aircraft or altering the absolute and unconditional character of the obligations of Lessee to pay Rent as set forth in Sections 3 and 16 of the Lease or (vi) permit the creation of any Lien on the Trust Indenture Estate or any part thereof other than Permitted Liens or deprive any Note Holder of the benefit of the Lien of this Trust Indenture on the Trust Indenture Estate, except as provided in connection with the exercise of remedies under Article IV hereof.

(c) At any time after the date hereof, the Owner Trustee and the Mortgagee may enter into one or more agreements supplemental hereto without the consent of any Note Holder for any of the following purposes: (i) (a) to cure any defect or inconsistency herein or in the Equipment Notes, or to make any change not inconsistent with the provisions hereof (provided that such change does not adversely affect the interests of any Note Holder in its capacity solely as Note Holder) or (b) to cure any ambiguity or correct any mistake; (ii) to evidence the succession of another party as the Owner Trustee in accordance with the terms of the Trust Agreement or to evidence the succession of a new trustee hereunder pursuant hereto, the removal of the trustee hereunder or the appointment of any co-trustee or co-trustees or any separate or additional trustee or trustees; (iii) to convey, transfer, assign, mortgage or pledge any property to or with the Mortgagee or to make any other provisions with respect to matters or questions arising hereunder so long as such action shall not adversely affect the interests of the Note Holders in its capacity solely as Note Holder; (iv) to correct or amplify the description of any property at any time subject to the Lien of this Trust Indenture or better to assure, convey and

confirm unto the Mortgagee any property subject or required to be subject to the Lien of this Trust Indenture, the Airframe or Engines or any Replacement Airframe or Replacement Engine; (v) to add to the covenants of the Owner Trustee for the benefit of the Note Holders, or to surrender any rights or power herein conferred upon the Owner Trustee, the Owner Participant or the Lessee; (vi) to add to the rights of the Note Holders; and (vii) to include on the Equipment Notes any legend as may be required by Law.

#### SECTION 9.02. TRUSTEES PROTECTED

If, in the opinion of the institution acting as Owner Trustee under the Trust Agreement or the institution acting as Mortgagee hereunder, any document required to be executed by it pursuant to the terms of Section 9.01 hereof affects any right, duty, immunity or indemnity with respect to such institution under this Trust Indenture or the Lease, such institution may in its discretion decline to execute such document.

#### SECTION 9.03. DOCUMENTS MAILED TO NOTE HOLDERS

Promptly after the execution by the Owner Trustee or the Mortgagee of any document entered into pursuant to Section 9.01 hereof, the Mortgagee shall mail, by first class mail, postage prepaid, a copy thereof to Lessee and to each Note Holder at its address last set forth in the Equipment Note Register, but the failure of the Mortgagee to mail such copies shall not impair or affect the validity of such document.

#### SECTION 9.04. NO REQUEST NECESSARY FOR LEASE SUPPLEMENT OR TRUST INDENTURE SUPPLEMENT

No written request or consent of the Mortgagee, the Note Holders or the Owner Participant pursuant to Section 9.01 hereof shall be required to enable the Owner Trustee to enter into any Lease Supplement specifically required by the terms of the Lease or to execute and deliver a Trust Indenture Supplement specifically required by the terms hereof.

## ARTICLE X

## MISCELLANEOUS

## SECTION 10.01. TERMINATION OF TRUST INDENTURE

Upon (or at any time after) payment in full of the Original Amount of, Make-Whole Amount, if any, and interest on and all other amounts due under all Equipment Notes and provided that there shall then be no other Secured Obligations due to the Indenture Indemnitees, the Note Holders and the Mortgagee hereunder or under the Participation Agreement or other Operative Agreement, the Owner Trustee shall direct the Mortgagee to execute and deliver to or as directed in writing by the Owner Trustee an appropriate instrument releasing the Aircraft and the Engines from the Lien of this Trust Indenture and releasing the Lease, the Purchase Agreement, the Purchase Agreement Assignment with the Consent and Agreement and the Engine Consent and Agreement attached thereto from the assignment and pledge thereof hereunder and the Mortgagee shall execute and deliver such instrument as aforesaid and give written notice thereof to Lessee; provided, however, that this Trust Indenture and the trusts created hereby shall earlier terminate and this Trust Indenture shall be of no further force or effect upon any sale or other final disposition by the Mortgagee of all property constituting part of the Trust Indenture Estate and the final distribution by the Mortgagee of all monies or other property or proceeds constituting part of the Trust Indenture Estate in accordance with the terms hereof. Except as aforesaid otherwise provided, this Trust Indenture and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof.

## SECTION 10.02. NO LEGAL TITLE TO TRUST INDENTURE ESTATE IN

## NOTE HOLDERS

No holder of an Equipment Note shall have legal title to any part of the Trust Indenture Estate. No transfer, by operation of law or otherwise, of any Equipment Note or other right, title and interest of any Note Holder in and to the Trust Indenture Estate or hereunder shall operate to terminate this Trust Indenture or entitle such holder or any successor or transferee of such holder to an accounting or to the transfer to it of any legal title to any part of the Trust Indenture Estate.

## SECTION 10.03. SALE OF AIRCRAFT BY MORTGAGEE IS BINDING

Any sale or other conveyance of the Trust Indenture Estate, or any part thereof (including any part thereof or interest therein), by the Mortgagee made pursuant to the terms of this Trust Indenture shall bind the Note Holders and shall be effective to transfer or convey all right, title and interest of the Trustee, the Owner Trustee, the Owner Participant and such holders in and to such Trust Indenture Estate or part thereof. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale

or conveyance or as to the application of any sale or other proceeds with respect thereto by the Mortgagee.

SECTION 10.04. TRUST INDENTURE FOR BENEFIT OF OWNER TRUSTEE, MORTGAGEE, OWNER PARTICIPANT, NOTE HOLDERS AND THE OTHER INDENTURE INDEMNITEES

Nothing in this Trust Indenture, whether express or implied, shall be construed to give any person other than the Owner Trustee, the Mortgagee, the Owner Participant, the Note Holders and the other Indenture Indemnites, any legal or equitable right, remedy or claim under or in respect of this Trust Indenture.

SECTION 10.05. NOTICES

Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents, waivers or documents provided or permitted by this Trust Indenture to be made, given, furnished or filed shall be in writing, personally delivered or mailed by certified mail, postage prepaid, or by facsimile or confirmed telex, and (i) if to the Owner Trustee, addressed to it at 79 South Main Street, Salt Lake City, Utah 84111 with a copy to the Owner Participant addressed as provided in clause (iii) below, (ii) if to Mortgagee, addressed to it at its office at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attention: Corporate Trust Administration, facsimile number (302) 651-8882, (iii) if to any Participant, Lessee, any Note Holder or any other Indenture Indemnitee, addressed to such party at such address as such party shall have furnished by notice to the Owner Trustee and the Mortgagee, or, until an address is so furnished, addressed to the address of such party (if any) set forth on Schedule 1 to the Participation Agreement or in the Equipment Note Register. Whenever any notice in writing is required to be given by the Owner Trustee, any Participant or the Mortgagee or any Note Holder to any of the other of them, such notice shall be deemed given and such requirement satisfied when such notice is received, or if such notice is mailed by certified mail, postage prepaid, three Business Days after being mailed, addressed as provided above. Any party hereto may change the address to which notices to such party will be sent by giving notice of such change to the other parties to this Trust Indenture.

SECTION 10.06. SEVERABILITY

Any provision of this Trust Indenture which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

## SECTION 10.07. NO ORAL MODIFICATION OR CONTINUING WAIVERS

No term or provision of this Trust Indenture or the Equipment Notes may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Owner Trustee and the Mortgagee, in compliance with Section 9.01 hereof. Any waiver of the terms hereof or of any Equipment Note shall be effective only in the specific instance and for the specific purpose given.

## SECTION 10.08. SUCCESSORS AND ASSIGNS

All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, each of the parties hereto and the permitted successors and assigns of each, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by any Note Holder shall bind the successors and assigns of such holder. This Trust Indenture and the Trust Indenture Estate shall not be affected by any amendment or supplement to the Trust Agreement or by any other action taken under or in respect of the Trust Agreement, except that each reference in this Trust Indenture to the Trust Agreement shall mean the Trust Agreement as amended and supplemented from time to time to the extent permitted hereby, thereby and by the Participation Agreement. Each Note Holder by its acceptance of an Equipment Note agrees to be bound by this Trust Indenture and all provisions of the Participation Agreement applicable to a Loan Participant or a Note Holder.

## SECTION 10.09. HEADINGS

The headings of the various Articles and sections herein and in the table of contents hereto are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

## SECTION 10.10. NORMAL COMMERCIAL RELATIONS

Anything contained in this Trust Indenture to the contrary notwithstanding, Owner Trustee, Mortgagee, any Participant or any bank or other Affiliate of such Participant may conduct any banking or other financial transactions, and have banking or other commercial relationships, with Lessee [or any Permitted Sublessee]\*, fully to the same extent as if this Trust Indenture were not in effect, including without limitation the making of loans or other extensions of credit to Lessee for any purpose whatsoever, whether related to any of the transactions contemplated hereby or otherwise.

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\* Insert bracketed language if the Lease provides for the assignment of a permitted sublease.

## SECTION 10.11. GOVERNING LAW; COUNTERPART FORM

THIS TRUST INDENTURE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS TRUST INDENTURE IS BEING DELIVERED IN THE STATE OF NEW YORK. This Trust Indenture may be executed by the parties hereto in separate counterparts (or upon separate signature pages bound together into one or more counterparts), each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

## SECTION 10.12. VOTING BY NOTE HOLDERS

All votes of the Note Holders shall be governed by a vote of a Majority in Interest of Note Holders, except as otherwise provided herein.

## SECTION 10.13. BANKRUPTCY

It is the intention of the parties that the Owner Trustee, as lessor under the Lease (and the Mortgagee as assignee of the Owner Trustee hereunder), shall be entitled to the benefits of Section 1110 with respect to the right to take possession of the Aircraft, Airframe, Engines and Parts as provided in the Lease in the event of a case under Chapter 11 of the Bankruptcy Code in which Lessee is a debtor, and in any instance where more than one construction is possible of the terms and conditions hereof or any other pertinent Operative Agreement, each such party agrees that a construction which would preserve such benefits shall control over any construction which would not preserve such benefits.

IN WITNESS WHEREOF, the parties hereto have caused this Trust Indenture and Mortgage to be duly executed by their respective officers thereof duly authorized as of the day and year first above written.

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
not in its individual capacity,  
except as expressly provided herein, but  
solely as Owner Trustee, as Owner Trustee

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

WILMINGTON TRUST COMPANY, as  
Mortgagee

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



TRUST INDENTURE AND MORTGAGE \_\_\_\_ SUPPLEMENT

This TRUST INDENTURE AND MORTGAGE \_\_\_\_ SUPPLEMENT NO. 1, dated \_\_\_\_\_, 199\_ (herein called this "Trust Indenture Supplement") of FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity, but solely as Owner Trustee (herein called the "Owner Trustee") under that certain Trust Agreement \_\_\_\_ dated as of \_\_\_\_\_, 199\_ (the "Trust Agreement"), between the Owner Trustee and the Owner Participant named therein.

W I T N E S S E T H:

WHEREAS, the Trust Indenture and Mortgage \_\_\_\_, dated as of \_\_\_\_\_, 199\_ (as amended and supplemented to the date hereof, the "Trust Indenture") between the Owner Trustee and Wilmington Trust Company, as Mortgagee (the "Mortgagee"), provides for the execution and delivery of a supplement thereto substantially in the form hereof, which shall particularly describe the Aircraft, and shall specifically mortgage such Aircraft to the Mortgagee; and

WHEREAS, each of the Trust Agreement and Trust Indenture relates to the Airframe and Engines described below, and a counterpart of the Trust Indenture is attached hereto and made a part hereof and this Trust Indenture Supplement, together with such counterpart of the Trust Indenture, is being filed for recordation on the date hereof with the FAA as one document;

NOW, THEREFORE, this Trust Indenture Supplement witnesseth that the Owner Trustee hereby confirms that the Lien of the Trust Indenture on the Trust Indenture Estate covers all of Owner Trustee's right, title and interest in and to the following described property:

AIRFRAME

One airframe identified as follows:

Manufacturer	Model	FAA Registration Number	Manufacturer's Serial Number
-----	-----	-----	-----
The Boeing Company			

together with all of the Owner Trustee's right, title and interest in and to all Parts of whatever nature, whether now owned or hereinafter acquired and which are from time to time incorporated or installed in or attached to said airframe.

#### AIRCRAFT ENGINES

Two aircraft engines, each such engine having 750 or more rated take-off horsepower or the equivalent thereof, identified as follows:

Manufacturer	Manufacturer's Model	Serial Number
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together with all of Owner Trustee's right, title and interest in and to all Parts of whatever nature, whether now owned or hereafter acquired and which are from time to time incorporated or installed in or attached to either of such engines.

Together with all of Owner Trustee's right, title and interest in and to (a) all Parts of whatever nature, which from time to time are included within the definition of "Airframe" or "Engine", whether now owned or hereafter acquired, including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Airframe and Engines (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts) and (b) all Aircraft Documents.

As further security for the obligations referred to above and secured by the Trust Indenture and hereby, the Owner Trustee has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto the Mortgagee, its successors and assigns, for the security and benefit of the Loan Participants, the Note Holders and the Indenture Indemnitees, in the trust created by the Trust Indenture, all of the right, title and interest of the Owner Trustee in, to and under the Lease Supplement of even date herewith covering the property described above.

Notwithstanding any provision hereof, no Excluded Payment shall constitute security for any of the aforementioned obligations.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Mortgagee, its successors and assigns, in trust for the equal and proportionate benefit and security of the Loan Participants, the Note Holders and the Indenture Indemnitees, except as

provided in Section 2.14 and Article III of the Trust Indenture without any preference, distinction or priority of any one Equipment Note over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and subject to the terms and provisions set forth in the Trust Indenture.

This Trust Indenture Supplement shall be construed as supplemental to the Trust Indenture and shall form a part thereof. The Trust Indenture is each hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

AND, FURTHER, the Owner Trustee hereby acknowledges that the Aircraft referred to in this Trust Indenture Supplement and the aforesaid Lease Supplement has been delivered to the Owner Trustee and is included in the property of the Owner Trustee covered by all the terms and conditions of the Trust Agreement, subject to the pledge and mortgage thereof under the Trust Indenture.

\* \* \*

IN WITNESS WHEREOF, the Owner Trustee has caused this Trust Indenture Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION, not in its  
individual capacity, but solely as  
Owner Trustee, Owner Trustee

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

SCHEDULE I

	ORIGINAL AMOUNT -----	INTEREST RATE -----
Series A:		
Series B:		
Series C:		

Equipment Note Amortization

Payment Date -----	Percentage of Original Amount to be Paid -----
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EXHIBIT A-4 to  
Note Purchase Agreement

FORM OF AIRCRAFT PURCHASE AGREEMENT ASSIGNMENT

-----  
CONFIDENTIAL: Subject to Restrictions on Dissemination  
Set Forth in Section 8 of the Participation Agreement (as defined herein)  
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PURCHASE AGREEMENT AND ENGINE WARRANTIES ASSIGNMENT \_\_\_\_

PURCHASE AGREEMENT AND ENGINE WARRANTIES ASSIGNMENT \_\_\_\_, dated as of \_\_\_\_\_ 1997, between Continental Airlines, Inc., a Delaware corporation ("Assignor"), and First Security Bank, National Association, a national banking association, not in its individual capacity but solely as Owner Trustee ("Assignee") under Trust Agreement \_\_\_\_ dated as of \_\_\_\_\_ 1997 (the "Trust Agreement"), between the Owner Participant named therein and Assignee, in its individual capacity, and otherwise not in its individual capacity but solely as trustee thereunder.

Assignor and Manufacturer (as such term and other capitalized terms are hereinafter defined) are parties to the Purchase Agreement, providing, among other things, for the manufacture and sale by Manufacturer or Manufacturer's wholly owned subsidiary to Assignor of certain aircraft, engines and related equipment, including the Aircraft. Assignor and Engine Manufacturer are parties to the General Terms Agreement, containing, among other terms and conditions, the Engine Warranties.

Assignee wishes to acquire the Aircraft from Assignor and Assignor, on the terms and conditions hereinafter set forth, is willing to assign to Assignee certain of Assignor's rights and interests under the Purchase Agreement and the General Terms Agreement and Assignee is willing to accept such assignment, as hereinafter set forth.

AGREEMENTS

The parties hereto agree as follows:

Section 1. Definitions. For all purposes of this Assignment, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meanings:

Aircraft - The Boeing Model 757-224 aircraft bearing Manufacturer's Serial No. \_\_\_\_\_ and U.S. Registration No.

\_\_\_\_\_, to be financed pursuant to the Participation Agreement, including the Engines.

Engines - Two Rolls-Royce Model RB211-535E4-B-37 series engines bearing manufacturer's serial numbers \_\_\_\_\_ and \_\_\_\_\_, respectively, installed on the Aircraft.

Engine Manufacturer - Rolls-Royce plc, a corporation organized under the laws of England, and its successors and assigns.

Engine Warranties - Engine Manufacturer's "Engine and Parts Warranty" reference CE28, "Nacelle Warranty" reference CE49A and "Non-Installation Items Warranty" reference CE7/Audit 1, as set forth in Exhibit C which forms a part of the General Terms Agreement, and as limited by the applicable terms of the General Terms Agreement and such Exhibit C.

General Terms Agreement - The Purchase Contract reference RR/CAL/DEG2124 dated December 7, 1993, by and between Engine Manufacturer and Assignor, including Exhibit C - "Warranties" thereto, insofar as such Exhibit C relates to the Engine Warranties, but excluding any and all Side Letter Agreements attached thereto(which do not detract or limit the Engine Warranties in any material respect), to the extent that such Purchase Contract and such Exhibit relate to the Engines, as such Purchase Contract may hereafter be amended, supplemented and modified to the extent relating to the Engines.

Lease - The Lease Agreement \_\_\_, dated as of \_\_\_\_\_ 1997, as at any time amended, supplemented and modified, between Assignee, as lessor, and Assignor, as lessee, providing for the lease of the Aircraft.

Manufacturer - The Boeing Company, a Delaware corporation, and its successors and assigns.

Participation Agreement - The Participation Agreement \_\_\_, dated as of \_\_\_\_\_ 1997, among Assignor, the Participants, Assignee and Mortgagee, as at any time amended, supplemented and modified.



Purchase Agreement - Purchase Agreement No. 1783, dated March 18, 1993, between Manufacturer and Assignor, providing, among other things, for the manufacture and sale by Manufacturer to Assignor of certain Boeing Model 757 aircraft (including the Aircraft) and including as part thereof Exhibits A, B, D, E and F thereto, but excluding all other exhibits and letter and supplemental agreements, to the extent that such Purchase Agreement and such Exhibits relate to the Aircraft, as such Purchase Agreement may hereafter be amended, supplemented and modified to the extent permitted by the terms of this Assignment.

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed and interpreted in the manner described, in the Participation Agreement.

Section 2. Assignment. Assignor does hereby sell, assign, transfer and set over unto Assignee and its successors and permitted assigns all of Assignor's rights and interests in and to the Purchase Agreement, as and only to the extent that the same relates to the Aircraft, and in and to the General Terms Agreement, as and only to the extent that the Engine Warranties contained therein relate to the Engines, except to the extent reserved below, including without limitation in such assignment (a) all claims for damages in respect of the Aircraft and the Engines arising as a result of any default by Manufacturer under the Purchase Agreement or Engine Manufacturer or any other vendor or supplier of other parts or equipment installed on or in the Aircraft, including without limitation all warranty service life policies, aircraft performance guarantees and indemnity provisions contained in the Purchase Agreement and the Engine Warranties, and all claims arising thereunder, in respect of the Aircraft and the Engines, (b) any and all rights of Assignor to compel performance of the terms of the Purchase Agreement in respect of the Aircraft and the Engine Warranties in respect of the Engines and (c) the right to purchase and take title to the Aircraft pursuant to the Purchase Agreement; reserving to Assignor, however, with respect to the Aircraft and each Engine, (i) all rights to receive any credits due to Assignor with respect to the purchase price of the Aircraft pursuant to the Purchase Agreement and of the Engines pursuant to the General Terms Agreement, (ii) all of Assignor's rights and

interests in or arising out of any payments or deposits made relating to the Aircraft or to be made by Assignor on amounts credited or to be credited or paid or to be paid by the Manufacturer to Assignor in respect of the Aircraft, and, (iii) so long and only so long as, the Aircraft and each Engine shall be subject to the Lease and no Lease Event of Default shall have occurred and be continuing thereunder, the rights (A) to demand, accept and retain all rights in and to all property (other than the Aircraft), data and services that Manufacturer or Engine Manufacturer is obligated to provide or does provide pursuant to the Purchase Agreement or the General Terms Agreement, as the case may be, and (B) to obtain services, training, data and demonstration and test flights pursuant to the Purchase Agreement or the General Terms Agreement, as the case may be.

Assignee hereby accepts such assignment subject to the terms hereof. Assignor has furnished a true copy of the Purchase Agreement and a true copy of the General Terms Agreement to Assignee and has specifically directed Assignee's attention to Paragraph 10 of Part A, Paragraph 5 of Part C, Paragraph 3 of Part D, Paragraph 2 of Part D-1, and Paragraph 5 of Part F of Exhibit B to the Purchase Agreement.

Section 3. Exercise of Rights of "Buyer" under Purchase Agreement and of "Continental" under General Terms Agreement. Notwithstanding the foregoing, if and so long as no Lease Event of Default shall have occurred and be continuing, Assignee authorizes Assignor, to the exclusion of Assignee, during the Term, to exercise in Assignor's name all rights and powers of the "Buyer" in respect of the Aircraft under the Purchase Agreement and of "Continental" in respect of each Engine under the General Terms Agreement, and of Assignee in respect of a default by any vendor or supplier of parts and equipment (as specified in clause (b) of Section 2 above) and to retain any recovery or benefit resulting from the enforcement of any warranty or indemnity under the Purchase Agreement or the General Terms Agreement in respect of the Aircraft or each Engine, as the case may be, except that Assignor may not enter into any change order or other amendment, modification or supplement to the Purchase Agreement without the written consent or countersignature of Assignee if such change order, amendment, modification or supplement would (i) result in any rescission, cancellation or

termination of the Purchase Agreement in respect of the Aircraft or (ii) materially diminish the rights assigned hereunder to Assignee. Assignee agrees that, as between Assignee and Manufacturer or Engine Manufacturer, as the case may be (and without affecting Assignor's duties or obligations under the Participation Agreement or the Lease), neither Manufacturer nor Engine Manufacturer, as the case may be, shall be deemed to have knowledge of any Lease Default, Lease Event of Default, declaration of default or the discontinuance or remedy thereof or the Aircraft or either Engine being no longer subject to the Lease or any change in the authority of Assignor or Assignee, as the case may be, to exercise any of the rights established hereunder unless and until Manufacturer shall have received written notice thereof from Assignee or Mortgagee addressed to its Treasurer at P.O. Box 3707, Seattle, Washington 98124-3707, if by mail, or to (206) 237-8746, if by facsimile, or, in the case of Engine Manufacturer, Engine Manufacturer shall have received written notice thereof from Assignee or Mortgagee addressed to its Contract Manager \_\_535, 524 and large Fleet Engines at P.O. Box 31, Derby DE24 8BJ, England, if by mail, or to 011-44-332-248514, if by facsimile. So long as Manufacturer and Engine Manufacturer act in good faith, Manufacturer and Engine Manufacturer may rely conclusively on any such notice without inquiring as to the accuracy of, or the entitlement of the party to give, such notice.

Section 4. Certain Agreements. It is expressly agreed that, anything herein contained to the contrary notwithstanding:

(a) Assignor shall at all times remain liable (i) to Manufacturer under the Purchase Agreement to perform all the duties and obligations of the "Buyer" thereunder and (ii) to Engine Manufacturer under the General Terms Agreement to perform all the duties and obligations of the "Continental" thereunder, in each case to the same extent as if this Assignment had not been executed,

(b) the exercise by Assignee of any of the rights assigned hereunder shall not release Assignor from any of its duties or obligations to Manufacturer under the Purchase Agreement or to Engine Manufacturer under the General Terms Agreement except to the extent that such

exercise by Assignee shall constitute performance of such duties and obligations, and

(c) except as provided in the next sentence, none of Assignee, Mortgagee or any Participant shall have any obligation or liability under the Purchase Agreement or the General Terms Agreement by reason of, or arising out of, this Assignment or be obligated to perform any of the obligations or duties of Assignor under the Purchase Agreement or the General Terms Agreement or to make any payment thereunder or to make any inquiry as to the sufficiency of any payment received by any of them or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder.

Anything contained in this Assignment, the Consent and Agreement or the Engine Consent and Agreement to the contrary notwithstanding, but without in any way releasing Assignor from any of its duties or obligations under the Purchase Agreement, the General Terms Agreement or this Assignment, Assignee and Mortgagee confirm for the benefit of Manufacturer and Engine Manufacturer, respectively, that, insofar as the provisions of the Purchase Agreement or the Engine Warranties relate to the Aircraft or the Engines, as the case may be, in exercising any rights under the Purchase Agreement or the Engine Warranties, or in making any claim with respect to the Aircraft or other goods and services delivered or to be delivered pursuant to the Purchase Agreement or the Engine Warranties, the terms and conditions of the Purchase Agreement and the Engine Warranties, including without limitation Exhibit C thereto shall apply to, and be binding upon, Assignee and Mortgagee to the same extent as Assignor. Each of Assignee and Mortgagee agree that, in the event it intends to sell, re-lease or otherwise dispose of one or more of the Engines to any Person, it will use reasonable efforts to ensure that such Person enters into a direct warranty agreement with Engine Manufacturer prior to delivery of such Engine or Engines to such Person.

Section 5. Preservation of Rights. Nothing contained in this Assignment shall in any way diminish or limit the provisions of Assignor's indemnity in Section 9 of the Participation Agreement with respect to any liability of Assignee to Manufacturer in any way relating to or arising out

of the Purchase Agreement. Nothing contained in this Assignment shall subject Manufacturer or Engine Manufacturer to any obligation or liability to which it would not otherwise be subject under the Purchase Agreement or under the General Terms Agreement, as the case may be, or modify in any respect the contract rights of Manufacturer or Engine Manufacturer thereunder, except as may be provided in their respective consents attached hereto, or require Manufacturer to divest itself of title to or possession of the Aircraft or other goods and services until delivery thereof and payment therefor as provided in the Purchase Agreement or subject Manufacturer or Engine Manufacturer to any multiple or duplicative liability or obligation under the Purchase Agreement or the General Terms Agreement, as the case may be. No further assignment of the Engine Warranties, including without limitation assignments for security purposes (other than under the Trust Indenture), are permitted without the express written consent of Engine Manufacturer.

Section 6. Appointment of Attorney. Effective at any time when a Lease Event of Default shall have occurred and be continuing, (i) unless Assignee and Mortgagee (so long as the Lien of the Trust Indenture has not been discharged), in their sole discretion, shall notify Manufacturer or Engine Manufacturer, as the case may be, to the contrary, the authorization given to Assignor under Section 3 hereof to enforce such rights and claims shall henceforth cease to be effective and Assignee and its successors and permitted assigns shall, to the exclusion of Assignor, be entitled to assert and enforce such rights and claims as substitute party plaintiff or otherwise, and Assignor shall, at the request of Assignee or its successors or permitted assigns and at Assignor's expense, cooperate with and take such action as is reasonably necessary to enable Assignee and its successors and permitted assigns to enforce such rights and claims, and (ii) Assignor does hereby constitute Assignee, its successors and permitted assigns, Assignor's true and lawful attorney, irrevocably, with full power (in the name of Assignor or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all monies and claims for monies due and to become due under, or arising out of, the Purchase Agreement in respect of the Aircraft or the Engine Warranties in respect of the Engines, as the case may be, to the extent that the same have been assigned by this Assignment and, for

such period as Assignee may exercise rights with respect thereto under this Assignment, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute (or, if previously commenced, assume control of) any proceeding and to obtain any recovery in connection therewith which Assignee may deem to be necessary or advisable in the premises.

Section 7. Other Action. Assignor agrees that, at Assignor's sole cost and expense, at any time and from time to time, upon the written request of Assignee or, so long as the Lien of the Trust Indenture has not been discharged, Mortgagee, Assignor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Assignee or, so long as the Lien of the Trust Indenture has not been discharged, Mortgagee, may reasonably request in order to obtain the full benefits of this Assignment and of the rights and powers herein granted.

Section 8. Assignor's Representations and Warranties. Assignor does hereby represent and warrant that the Purchase Agreement and the General Terms Agreement are in full force and effect as to Assignor and are enforceable against Assignor in accordance with their respective terms. Assignor does hereby further represent and warrant that Assignor has, with the authorized execution of the Consent and Agreement and the Engine Consent and Agreement, (i) received all necessary consents to the assignment and transfer contemplated herein (including without limitation the assignment and transfer contemplated herein of Assignor's rights under the Purchase Agreement and the General Terms Agreement) and (ii) assuming that the Consent and Agreement and the Engine Consent and Agreement are in full force and effect, such consents are in full force and effect and Assignor further represents and warrants that Assignor has not assigned (except as assigned hereby) or pledged (except pursuant to (i) Purchase Contract Security Agreement dated December 7, 1993, between Lessee and Engine Manufacturer and (ii) the 757 Purchase Agreement Assignment dated February 7, 1994 between Lessee and Manufacturer, the Lien of which will have been released at or prior to the delivery of this Agreement), and hereby covenants that it will not during the Term assign (except as assigned hereby) or pledge so long as this Assignment shall remain in effect, the whole or any part

of the rights hereby assigned or any of its rights with respect to the Aircraft under the Purchase Agreement or with respect to the Engines under the General Terms Agreement not assigned hereby to anyone other than Assignee.

Section 9. Payments. Notwithstanding this Assignment and anything herein to the contrary, all amounts that Manufacturer or Engine Manufacturer is obligated to pay to Assignor under the Purchase Agreement with respect to the Aircraft or under the General Terms Agreement with respect to the Engines, including, without limitation, resulting from the enforcement of any warranty, covenant, representation, indemnity or product support agreement thereunder or the enforcement or exercise of any right or power thereunder or hereunder (in the case of Manufacturer, a "Manufacturer Payment," and in the case of Engine Manufacturer, an "Engine Manufacturer Payment") (excluding, however, from Manufacturer Payments and Engine Manufacturer Payments any amounts Manufacturer is obligated to pay to Assignor with respect to the rights reserved to Assignor in Section 2 hereof), will be payable and applicable as follows: all Manufacturer Payments and Engine Manufacturer Payments shall be paid to Assignor unless and until Manufacturer or Engine Manufacturer, as the case may be, shall have received written notice as set forth in Section 3 hereof from Assignee or Mortgagee that a Lease Event of Default has occurred and is continuing, whereupon Manufacturer or Engine Manufacturer, as the case may be, will, until Manufacturer or Engine Manufacturer, as the case may be, shall have received written notice from Assignee or Mortgagee that all Lease Events of Default have been cured or waived, make any and all such payments directly to Assignee (or, so long as the Trust Indenture has not been discharged and Manufacturer or Engine Manufacturer, as the case may be, shall have received notice thereof, to Mortgagee). Any amounts received by Assignee pursuant to the immediately preceding sentence shall, to the extent not theretofore applied in satisfaction of sums owing to Assignee in accordance with the terms of the Operative Agreements, be held and invested as provided in Section 4.4 of the Lease.

Section 10. Assignee's Agreement. Assignee agrees that, during the Term, except as otherwise contemplated by Section 2 hereof and unless a Lease Event of Default shall have occurred and be continuing, it will not enter into any

agreement that would amend, modify, supplement, rescind, cancel or terminate the Purchase Agreement or the General Terms Agreement in respect of the Aircraft or the Engines without the prior written consent of Assignor.

Section 11. Execution; Counterparts, etc. This Assignment is executed by Assignor and Assignee concurrently with the execution and delivery of the Lease. This Assignment may be executed by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original, and both of which counterparts, taken together, shall constitute one and the same instrument. The section headings in this Assignment are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof.

Section 12. Confidential Treatment. Assignee agrees that it will not disclose to any third party the terms of the Purchase Agreement or the General Terms Agreement except (i) as required by applicable law or governmental regulation, (ii) in connection with the financing of the Aircraft, (iii) as permitted under Section 8 of the Participation Agreement as if this Assignment were specifically referred to therein, (iv) with the consent of Assignor, Manufacturer and the Engine Manufacturer (as the case may be) or (v) in connection with any sale or lease of the Aircraft.

Section 13. Assignment to Mortgagee. The right, title and interest of Assignee in and to this Assignment has been assigned to and is subject to a security interest in favor of Wilmington Trust Company, as Mortgagee under the Trust Indenture, for the benefit of the Noteholders and the Indenture Indemnitees referred to in such Trust Indenture, all to the extent provided in such Trust Indenture. Assignor hereby consents to such assignment and to the creation of such security interest in and to this Assignment.

SECTION 14. GOVERNING LAW. THIS ASSIGNMENT SHALL IN ALL RESPECTS BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS.

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IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement and Engine Warranties Assignment \_\_\_ to be duly executed as of the day and year first above written.

CONTINENTAL AIRLINES, INC.

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

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
not in its individual capacity  
but solely as Owner Trustee

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

The undersigned, as Mortgagee for the benefit of the Note Holders and Indenture Indemnitees and as assignee of, and holder of a security interest in, the estate, right, title and interest of Assignee in and to the foregoing Assignment pursuant to the terms of the Trust Indenture agrees to the terms of the foregoing Assignment and agrees that its rights and remedies under the Trust Indenture shall be subject to the terms and conditions of the foregoing Assignment, including Sections 4 and 5 therein, and of the Purchase Agreement and the General Terms Agreement.

WILMINGTON TRUST COMPANY,  
as Mortgagee

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

## MANUFACTURER CONSENT AND AGREEMENT \_\_\_\_

The undersigned, THE BOEING COMPANY, a Delaware corporation, hereby acknowledges notice of and consents to all of the terms of Purchase Agreement and Engine Warranties Assignment \_\_\_\_ (herein called the "Assignment") (the defined terms therein being hereinafter used with the same meanings unless otherwise defined herein) between Continental Airlines, Inc., as Assignor, and First Security Bank, National Association, as Owner Trustee, as Assignee, and hereby confirms to Assignee that: (i) all representations, warranties, indemnities and agreements of Manufacturer under the Purchase Agreement with respect to the Aircraft shall inure to the benefit of Assignee to the same extent as if originally named the "Buyer" therein, except as provided by Section 2 of the Assignment; (ii) Assignee shall not be liable for any of the obligations or duties of Assignor under the Purchase Agreement, nor shall the Assignment give rise to any duties or obligations whatsoever on the part of Assignee owing to Manufacturer, except as provided in Section 4 of the Assignment; (iii) Manufacturer consents to the lease of the Aircraft by Assignee to Assignor under the Lease, consents to the grant of a security interest in the Aircraft pursuant to the Trust Indenture by Assignee and agrees that the Assignment constitutes an agreement by Assignee as required by Article 10.2 of the Purchase Agreement; and (iv) Manufacturer will continue to pay to Assignor or its order all payments that Manufacturer may be required to make in respect of the Aircraft under the Purchase Agreement unless and until Manufacturer shall have received written notice from Assignee or Mortgagee addressed to its Treasurer at P.O. Box 3707, Seattle, Washington 98124-3707, if by mail, or to (206) 237-8746, if by facsimile, that a Lease Event of Default has occurred and is continuing, whereupon Manufacturer will not be required to make further inquiry into the content of such notice and will make any and all payments that it may be required thereafter to make in respect of the Aircraft under the Purchase Agreement and the right to receive that has been assigned under the Assignment, directly to Assignee at its address at 79 South Main Street, Salt Lake City, Utah 84111, Attn: Corporate Trust Department (or, so long as the Trust Indenture has not been discharged, directly to Mortgagee at

its address at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attn: Corporate Trust Administration), unless and until Manufacturer shall have received notice in writing from Assignee or Mortgagee that no Lease Event of Default is continuing, whereupon Manufacturer shall make all payments that Manufacturer may be required to make in respect of the Aircraft under the Purchase Agreement to Assignor or its order, as aforesaid.

Manufacturer hereby represents and warrants that: (i) Manufacturer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; (ii) the making and performance of the Purchase Agreement and this Manufacturer Consent and Agreement \_\_\_ have been duly authorized by all necessary corporate action on the part of Manufacturer, do not require any stockholder approval and do not contravene Manufacturer's Certificate of Incorporation or by-laws or any indenture, credit agreement or other contractual agreement to which Manufacturer is a party or by which it is bound and the making of the Purchase Agreement and this Manufacturer Consent and Agreement \_\_\_, the performance of its obligations to sell and deliver the Aircraft thereunder and the giving of the warranty obligations thereunder, do not, as to such making, performance or giving, contravene any law binding on Manufacturer; and (iii) the Purchase Agreement constituted, as of the date thereof and at all times thereafter to and including the date of this Manufacturer Consent and Agreement \_\_\_, and this Manufacturer Consent and Agreement \_\_\_ constitutes, binding obligations of Manufacturer enforceable against Manufacturer in accordance with their respective terms subject to (A) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), which principles do not make the remedies available at law or in equity with respect to the Purchase Agreement and this Manufacturer Consent and Agreement \_\_\_ inadequate for the practical realization of the benefits intended to be provided thereby. It is understood that the execution of this Manufacturer Consent and Agreement \_\_\_ by Manufacturer is subject to the condition that, concurrently with the delivery of the Aircraft to Assignee, Assignee shall lease the Aircraft

to Assignor under the Lease.

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THIS MANUFACTURER CONSENT AND AGREEMENT \_\_\_\_ SHALL IN ALL RESPECTS BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF WASHINGTON, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT REFERENCE TO CONFLICTS OF LAWS PRINCIPLES.

Dated as of \_\_\_\_\_ .

THE BOEING COMPANY

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

MANUFACTURER CONSENT AND AGREEMENT ROLLS

The undersigned, ROLL-ROYCE plc, a corporation organized under the laws of England whose registered office is at 65 Buckingham Gate, London SW1E 6AT, England, hereby acknowledges notice of and consents to all of the terms of Purchase Agreement and Engine Warranties Assignment \_\_\_\_ (herein called the "Assignment") (the defined terms therein being hereinafter used with the same meanings unless otherwise defined herein) between Continental Airlines, Inc., as Assignor, and First Security Bank, National Association, as Owner Trustee, as Assignee. Under the General Terms Agreement, Engine Manufacturer has agreed to support certain Rolls-Royce Model RB211-535E4-B-37 engines and spare parts therefor purchased by Assignor from Engine Manufacturer, as installed on certain Boeing Model 757 aircraft. Engine Manufacturer hereby confirms to Assignor and Assignee that the Engine Warranties, as and to the extent that such relate to the Engines, shall inure to the benefit of Assignee (and, so long as the Trust Indenture has not been discharged, Mortgagee) to the same extent as if originally named "Continental" in the General Terms Agreement and to the benefit of Assignor (but only to the extent provided for in the Assignment) in each case subject to the terms and conditions of the Assignment; provided, that Engine Manufacturer shall not owe any liability or obligation under the Engine Warranties more than once in total.

Engine Manufacturer represents and warrants that:

1. It is a corporation duly organized and validly existing in good standing under the laws of England;
2. The making and performance of this Engine Manufacturer Consent and Agreement \_\_\_\_ in accordance with its terms have been duly authorized by all necessary corporate action on the part of Engine Manufacturer, do not require any stockholder approval and do not contravene its Articles of Association or by-laws or any debenture, credit agreement or other contractual agreement to which Engine Manufacturer is a party or by which it is bound or any law binding on Engine Manufacturer;

3. The making and performance of the Engine Warranties in accordance with their terms have been duly authorized by all necessary corporate action on the part of Engine Manufacturer, do not require any stockholder approval and do not contravene Engine Manufacturer's Articles of Association or by-laws or any debenture, credit agreement or other contractual agreement to which Engine Manufacturer is a party or by which it is bound, and do not, as to the making thereof, contravene any law binding on Engine Manufacturer, and to the best of its knowledge, do not as to the performance thereof contravene any law binding on Engine Manufacturer; and

4. The Engine Warranties constituted as of the date on which they were made and at all times thereafter to and including the date of this Engine Manufacturer Consent and Agreement \_\_\_\_, and this Engine Manufacturer Consent and Agreement \_\_\_\_ constitute binding obligations of Engine Manufacturer enforceable against Engine Manufacturer in accordance with their respective terms subject to:

- (a) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally; and
- (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

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THIS ENGINE MANUFACTURER CONSENT AND AGREEMENT \_\_\_\_ SHALL IN ALL RESPECTS BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS.

Dated as of \_\_\_\_\_ .

ROLLS-ROYCE PLC

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

ENGINE MANUFACTURER CONSENT AND AGREEMENT ROLLS

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CONFIDENTIAL: SUBJECT TO RESTRICTIONS ON DISSEMINATION  
SET FORTH IN SECTION 8 OF THE PARTICIPATION AGREEMENT (AS DEFINED HEREIN)  
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PURCHASE AGREEMENT AND ENGINE WARRANTIES ASSIGNMENT \_\_\_\_

PURCHASE AGREEMENT AND ENGINE WARRANTIES ASSIGNMENT \_\_\_\_, dated as of \_\_\_\_\_, \_\_\_\_, between Continental Airlines, Inc., a Delaware corporation ("Assignor"), and First Security Bank, National Association, a national banking association, not in its individual capacity but solely as Owner Trustee ("Assignee") under Trust Agreement \_\_\_\_ dated as of \_\_\_\_\_, \_\_\_\_ (the "Trust Agreement"), between the Owner Participant named therein and Assignee, in its individual capacity, and otherwise not in its individual capacity but solely as trustee thereunder.

Assignor and Manufacturer (as such term and other capitalized terms are hereinafter defined) are parties to the Purchase Agreement, providing, among other things, for the manufacture and sale by Manufacturer or Manufacturer's wholly owned subsidiary to Assignor of certain aircraft, engines and related equipment, including the Aircraft. Assignor and Engine Manufacturer are parties to the General Terms Agreement, containing, among other terms and conditions, the Engine Warranties.

Assignee wishes to acquire the Aircraft and Assignor, on the terms and conditions hereinafter set forth, is willing to assign to Assignee certain of Assignor's rights and interests under the Purchase Agreement and the General Terms Agreement and Assignee is willing to accept such assignment, as hereinafter set forth.

AGREEMENTS

The parties hereto agree as follows:

Section 1. Definitions. For all purposes of this Assignment, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meanings:

Aircraft - The Boeing Model 737-\_\_\_ aircraft bearing Manufacturer's Serial No. \_\_\_ and U.S. Registration No. \_\_\_, to be financed pursuant to the Participation Agreement, including the Engines.

Engines - Two \_\_\_ series engines bearing manufacturer's serial numbers \_\_\_ and \_\_\_, respectively, installed on the Aircraft.

Engine Manufacturer - CFM International, Inc., a Delaware corporation, and its successors and assigns.

Engine Warranties - Engine Manufacturer's "New Engine Warranty," "New Parts Warranty," "Ultimate Life Warranty" and "Campaign Change Warranty," as set forth in the Engine Manufacturer's Engine Product Support Plan which forms a part of the General Terms Agreement, and as limited by the applicable terms of the General Terms Agreement and such Engine Product Support Plan.

General Terms Agreement- The Agreement No. 6-7075, dated as of June 10, 1995, by and between Engine Manufacturer and Assignor, including the "Engine Product Support Plan" at Exhibit B thereto, insofar as such Engine Product Support Plan relates to the Engine Warranties, but excluding any and all letter agreements attached thereto (which do not detract or limit the Engine Warranties in any material respect), to the extent that such General Terms Agreement and such Exhibit relate to the Engines, as such General Terms Agreement may hereafter be amended, supplemented and modified to the extent permitted by the terms of this Assignment to the extent relating to the Engines.

Lease - The Lease Agreement \_\_\_, dated as of \_\_\_, \_\_\_, as at any time amended, supplemented and modified, between Assignee, as lessor, and Assignor, as lessee, providing for the lease of the Aircraft.

Manufacturer- The Boeing Company, a Delaware corporation, and its successors and assigns.

Participation Agreement - The Participation Agreement \_\_\_, dated as of \_\_\_, \_\_\_, among Assignor, the Participants, Assignee and Mortgagee, as at any time amended, supplemented and modified.

Purchase Agreement - Purchase Agreement No.1951, dated July 23, 1996, between Manufacturer and Assignor, providing, among other things, for the manufacture and sale by Manufacturer to Assignor of certain Boeing Model 737 aircraft (including the Aircraft) and including as part thereof Exhibits A, B, D, E and F thereto, but excluding all other exhibits and letter and supplemental agreements, to the extent that such Purchase Agreement and such Exhibits relate to the Aircraft, as such Purchase Agreement may hereafter be amended, supplemented and modified to the extent permitted by the terms of this Assignment.

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed and interpreted in the manner described, in the Participation Agreement.

Section 2. Assignment. Assignor does hereby sell, assign, transfer and set over unto Assignee and its successors and permitted assigns all of Assignor's rights and interests in and to the Purchase Agreement, as and only to the extent that the same relates to the Aircraft, and in and to the General Terms Agreement, as and only to the extent that the Engine Warranties contained therein relate to the Engines, except to the extent reserved below, including without limitation in such assignment (a) all claims for damages in respect of the Aircraft and the Engines arising as a result of any default by Manufacturer under the Purchase Agreement or Engine Manufacturer or any other vendor or supplier of other parts or equipment installed on or in the Aircraft, including without limitation all warranty service life policies, aircraft performance guarantees and indemnity provisions contained in the Purchase Agreement and the Engine Warranties, and all claims arising thereunder, in respect of the Aircraft and the Engines, (b) any and all rights of Assignor to compel performance of the terms of the Purchase Agreement in respect of the Aircraft and the Engine Warranties in respect of the Engines and (c) the right to purchase and take title to the Aircraft pursuant to the Purchase Agreement; reserving to Assignor, however, with respect to the Aircraft and each Engine, (i) all rights to receive any credits due to Assignor with respect to the purchase price of the Aircraft pursuant to the Purchase Agreement and of the Engines pursuant to the General Terms Agreement, (ii) all of Assignor's rights and

interests in or arising out of any payments or deposits made relating to the Aircraft or to be made by Assignor on amounts credited or to be credited or paid or to be paid by the Manufacturer to the Assignor in respect of the Aircraft and (iii) so long and only so long as the Aircraft and each Engine shall be subject to the Lease and no Lease Event of Default shall have occurred and be continuing thereunder, the rights (A) to demand, accept and retain all rights in and to all property (other than the Aircraft), data and services that Manufacturer or Engine Manufacturer is obligated to provide or does provide pursuant to the Purchase Agreement or the General Terms Agreement, as the case may be, and (B) to obtain services, training, data and demonstration and test flights pursuant to the Purchase Agreement or the General Terms Agreement, as the case may be.

Assignee hereby accepts such assignment subject to the terms hereof. Assignor has furnished a true copy of the Purchase Agreement and a true copy of the General Terms Agreement to Assignee and has specifically directed Assignee's attention to Paragraph 10 of Part A, Paragraph 5 of Part C, Paragraph 3 of Part D, Paragraph 2 of Part D-1, Paragraph 5 of Part I, and Paragraph 9 and 10 of Part F-2 of Exhibit B to the Purchase Agreement.

Section 3. Exercise of Rights of "Buyer" under Purchase Agreement and of "Airline" under General Terms Agreement. Notwithstanding the foregoing, if and so long as no Lease Event of Default shall have occurred and be continuing, Assignee authorizes Assignor, to the exclusion of Assignee, during the Term, to exercise in Assignor's name all rights and powers of the "Buyer" in respect of the Aircraft under the Purchase Agreement and of the "Airline" in respect of each Engine under the General Terms Agreement, and of Assignee in respect of a default by any vendor or supplier of parts and equipment (as specified in clause (b) of Section 2 above) and to retain any recovery or benefit resulting from the enforcement of any warranty or indemnity under the Purchase Agreement or the General Terms Agreement in respect of the Aircraft or each Engine, as the case may be, except that Assignor may not enter into any change order or other amendment, modification or supplement to the Purchase Agreement without the written consent or countersignature of Assignee if such change order, amendment, modification or

supplement would (i) result in any rescission, cancellation or termination of the Purchase Agreement in respect of the Aircraft or (ii) materially diminish the rights assigned hereunder to Assignee. Assignee agrees that, as between Assignee and Manufacturer or Engine Manufacturer, as the case may be (and without affecting Assignor's duties or obligations under the Participation Agreement or the Lease), neither Manufacturer nor Engine Manufacturer, as the case may be, shall be deemed to have knowledge of any Lease Default, Lease Event of Default, declaration of default or the discontinuance or remedy thereof or the Aircraft or either Engine being no longer subject to the Lease or any change in the authority of Assignor or Assignee, as the case may be, to exercise any of the rights established hereunder unless and until Manufacturer shall have received written notice thereof from Assignee or Mortgagee addressed to its Treasurer at P.O. Box 3707, Seattle, Washington 98124-3707, if by mail, or to (206) 237-8746, if by facsimile, or, in the case of Engine Manufacturer, Engine Manufacturer shall have received written notice thereof from Assignee or Mortgagee addressed to its Commercial Contract Director at P.O. Box 15514, Cincinnati, Ohio 45215-6301, if by mail, or to (513) 243-1345, if by facsimile. So long as Manufacturer and Engine Manufacturer act in good faith, Manufacturer and Engine Manufacturer may rely conclusively on any such notice without inquiring as to the accuracy of, or the entitlement of the party to give, such notice.

The Engine Manufacturer shall not be deemed to have knowledge of the replacement of an Engine with another CFM engine, until the Engine Manufacturer has received written notice thereof. Such notice shall include the serial number of the Engine being replaced, as well as the serial number of the replacement Engine and shall be sent to: Lease Pool Manager, Customer Support Operation, GE Aircraft Engines, 111 Merchant Street, Room 450, Cincinnati, Ohio 45246.

Section 4. Certain Agreements. It is expressly agreed that, anything herein contained to the contrary notwithstanding:

(a) Assignor shall at all times remain liable (i) to Manufacturer under the Purchase Agreement to perform all the duties and obligations of the "Buyer" thereunder and (ii) to Engine Manufacturer under the

General Terms Agreement to perform all the duties and obligations of the "Airline" thereunder, in each case to the same extent as if this Assignment had not been executed,

(b) the exercise by Assignee of any of the rights assigned hereunder shall not release Assignor from any of its duties or obligations to Manufacturer under the Purchase Agreement or to Engine Manufacturer under the General Terms Agreement except to the extent that such exercise by Assignee shall constitute performance of such duties and obligations, and

(c) except as provided in the next sentence, none of Assignee, Mortgagee or any Participant shall have any obligation or liability under the Purchase Agreement or the General Terms Agreement by reason of, or arising out of, this Assignment or be obligated to perform any of the obligations or duties of Assignor under the Purchase Agreement or the General Terms Agreement or to make any payment thereunder or to make any inquiry as to the sufficiency of any payment received by any of them or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder.

Anything contained in this Assignment, the Consent and Agreement or the Engine Consent and Agreement to the contrary notwithstanding, but without in any way releasing Assignor from any of its duties or obligations under the Purchase Agreement, the General Terms Agreement or this Assignment, Assignee and Mortgagee confirm for the benefit of Manufacturer and Engine Manufacturer, respectively, that, insofar as the provisions of the Purchase Agreement or the Engine Warranties relate to the Aircraft or the Engines, as the case may be, in exercising any rights under the Purchase Agreement or the Engine Warranties, or in making any claim with respect to the Aircraft or other goods and services delivered or to be delivered pursuant to the Purchase Agreement or the Engine Warranties, the terms and conditions of the Purchase Agreement and the Engine Warranties, including without limitation Exhibit B (the "Product Assurance Document") shall apply to, and be binding upon, Assignee and Mortgagee to the same extent as Assignor.

Section 5. Preservation of Rights. Nothing contained in this Assignment shall in any way diminish or limit the provisions of Assignor's indemnity in Section 9 of the Participation Agreement with respect to any liability of Assignee to Manufacturer in any way relating to or arising out of the Purchase Agreement. Nothing contained in this Assignment shall subject Manufacturer or Engine Manufacturer to any obligation or liability to which it would not otherwise be subject under the Purchase Agreement or under the General Terms Agreement, as the case may be, or modify in any respect the contract rights of Manufacturer or Engine Manufacturer thereunder, except as may be provided in their respective consents attached hereto, or require Manufacturer to divest itself of title to or possession of the Aircraft or other goods and services until delivery thereof and payment therefor as provided in the Purchase Agreement or subject Manufacturer or Engine Manufacturer to any multiple or duplicative liability or obligation under the Purchase Agreement or the General Terms Agreement, as the case may be. No further assignment of the Engine Warranties, including without limitation assignments for security purposes (other than under the Trust Indenture), are permitted without the express written consent of Engine Manufacturer.

Section 6. Appointment of Attorney. Effective at any time when a Lease Event of Default shall have occurred and be continuing, (i) unless Assignee and Mortgagee (so long as the Lien of the Trust Indenture has not been discharged), in their sole discretion, shall notify Manufacturer or Engine Manufacturer, as the case may be, to the contrary, the authorization given to Assignor under Section 3 hereof to enforce such rights and claims shall henceforth cease to be effective and Assignee and its successors and permitted assigns shall, to the exclusion of Assignor, be entitled to assert and enforce such rights and claims as substitute party plaintiff or otherwise, and Assignor shall, at the request of Assignee or its successors or permitted assigns and at Assignor's expense, cooperate with and take such action as is reasonably necessary to enable Assignee and its successors and permitted assigns to enforce such rights and claims, and (ii) Assignor does hereby constitute Assignee, its successors and permitted assigns, Assignor's true and lawful attorney, irrevocably, with full power (in the name of Assignor or otherwise) to ask, require, demand, receive, compound and give



acquittance for any and all monies and claims for monies due and to become due under, or arising out of, the Purchase Agreement in respect of the Aircraft or the Engine Warranties in respect of the Engines, as the case may be, to the extent that the same have been assigned by this Assignment and, for such period as Assignee may exercise rights with respect thereto under this Assignment, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute (or, if previously commenced, assume control of) any proceeding and to obtain any recovery in connection therewith which Assignee may deem to be necessary or advisable in the premises.

Section 7. Other Action. Assignor agrees that, at Assignor's sole cost and expense, at any time and from time to time, upon the written request of Assignee or, so long as the Lien of the Trust Indenture has not been discharged, Mortgagee, Assignor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Assignee or, so long as the Lien of the Trust Indenture has not been discharged, Mortgagee, may reasonably request in order to obtain the full benefits of this Assignment and of the rights and powers herein granted.

Section 8. Assignor's Representations and Warranties. Assignor does hereby represent and warrant that the Purchase Agreement and the General Terms Agreement are in full force and effect as to Assignor and are enforceable against Assignor in accordance with their respective terms. Assignor does hereby further represent and warrant that Assignor has, with the authorized execution of the Consent and Agreement and the Engine Consent and Agreement, (i) received all necessary consents to the assignment and transfer contemplated herein (including without limitation the assignment and transfer contemplated herein of Assignor's rights under the Purchase Agreement and the General Terms Agreement) and (ii) assuming that the Consent and Agreement and the Engine Consent and Agreement are in full force and effect, such consents are in full force and effect and Assignor further represents and warrants that Assignor has not assigned (except as assigned hereby) or pledged (except pursuant to the 737 Purchase Agreement Assignment dated as of November 27, 1996 between Lessee and Manufacturer, the Lien of which will have been released at or prior to the delivery of

this Agreement), and hereby covenants that it will not during the Term assign (except as assigned hereby) or pledge so long as this Assignment shall remain in effect, the whole or any part of the rights hereby assigned or any of its rights with respect to the Aircraft under the Purchase Agreement or with respect to the Engines under the General Terms Agreement not assigned hereby to anyone other than Assignee.

Section 9. Payments. Notwithstanding this Assignment and anything herein to the contrary, all amounts that Manufacturer or Engine Manufacturer is obligated to pay to Assignor under the Purchase Agreement with respect to the Aircraft or under the General Terms Agreement with respect to the Engines, including, without limitation, resulting from the enforcement of any warranty, covenant, representation, indemnity or product support agreement thereunder or the enforcement or exercise of any right or power thereunder or hereunder (in the case of Manufacturer, a "Manufacturer Payment," and in the case of Engine Manufacturer, an "Engine Manufacturer Payment") (excluding, however, from Manufacturer Payments and Engine Manufacturer Payments any amounts Manufacturer is obligated to pay to Assignor with respect to the rights reserved to Assignor in Section 2 hereof), will be payable and applicable as follows: all Manufacturer Payments and Engine Manufacturer Payments shall be paid to Assignor unless and until Manufacturer or Engine Manufacturer, as the case may be, shall have received written notice as set forth in Section 3 hereof from Assignee or Mortgagee that a Lease Event of Default has occurred and is continuing, whereupon Manufacturer or Engine Manufacturer, as the case may be, will, until Manufacturer or Engine Manufacturer, as the case may be, shall have received written notice from Assignee or Mortgagee that all Lease Events of Default have been cured or waived, make any and all such payments directly to Assignee (or, so long as the Trust Indenture has not been discharged and Manufacturer or Engine Manufacturer, as the case may be, shall have received notice thereof, to Mortgagee). Any amounts received by Assignee pursuant to the immediately preceding sentence shall, to the extent not theretofore applied in satisfaction of sums owing to Assignee in accordance with the terms of the Operative Agreements, be held and invested as provided in Section 4.4 of the Lease.

Section 10. Assignee's Agreement. Assignee agrees that, during the Term, except as otherwise contemplated by Section 2 hereof and unless a Lease Event of Default shall have occurred and be continuing, it will not enter into any agreement that would amend, modify, supplement, rescind, cancel or terminate the Purchase Agreement or the General Terms Agreement in respect of the Aircraft or the Engines without the prior written consent of Assignor.

Section 11. Execution; Counterparts, etc. This Assignment is executed by Assignor and Assignee concurrently with the execution and delivery of the Lease. This Assignment may be executed by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original, and both of which counterparts, taken together, shall constitute one and the same instrument. The section headings in this Assignment are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof.

Section 12. Confidential Treatment. Assignee agrees that it will not disclose to any third party the terms of the Purchase Agreement or the General Terms Agreement except (i) as required by applicable law or governmental regulation, (ii) in connection with the financing of the Aircraft, (iii) as permitted under Section 8 of the Participation Agreement as if this Assignment were specifically referred to therein, (iv) with the consent of Assignor, Manufacturer and the Engine Manufacturer (as the case may be) or (v) in connection with any sale or lease of the Aircraft.

Section 13. Assignment to Mortgagee. The right, title and interest of Assignee in and to this Assignment has been assigned to and is subject to a security interest in favor of Wilmington Trust Company, as Mortgagee under the Trust Indenture, for the benefit of the Noteholders and the Indenture Indemnitees referred to in such Trust Indenture, all to the extent provided in such Trust Indenture. Assignor hereby consents to such assignment and to the creation of such security interest in and to this Assignment.

SECTION 14. GOVERNING LAW. THIS ASSIGNMENT SHALL IN ALL RESPECTS BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS.

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IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement and Engine Warranties Assignment \_\_\_ to be duly executed as of the day and year first above written.

CONTINENTAL AIRLINES, INC.

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

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
not in its individual capacity  
but solely as Owner Trustee

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

The undersigned, as Mortgagee for the benefit of the Note Holders and Indenture Indemnitees and as assignee of, and holder of a security interest in, the estate, right, title and interest of Assignee in and to the foregoing Assignment pursuant to the terms of the Trust Indenture agrees to the terms of the foregoing Assignment and agrees that its rights and remedies under the Trust Indenture shall be subject to the terms and conditions of the foregoing Assignment, including Sections 4 and 5 therein, and of the Purchase Agreement and the General Terms Agreement.

WILMINGTON TRUST COMPANY,  
as Mortgagee

By

-----  
Name:  
Title:

## MANUFACTURER CONSENT AND AGREEMENT \_\_\_\_

The undersigned, THE BOEING COMPANY, a Delaware corporation, hereby acknowledges notice of and consents to all of the terms of Purchase Agreement and Engine Warranties Assignment \_\_\_\_ (herein called the "Assignment") (the defined terms therein being hereinafter used with the same meanings unless otherwise defined herein) between Continental Airlines, Inc., as Assignor, and First Security Bank, National Association, as Owner Trustee, as Assignee, and hereby confirms to Assignee that: (i) all representations, warranties, indemnities and agreements of Manufacturer under the Purchase Agreement with respect to the Aircraft shall inure to the benefit of Assignee to the same extent as if originally named the "Buyer" therein, except as provided by Section 2 of the Assignment; (ii) Assignee shall not be liable for any of the obligations or duties of Assignor under the Purchase Agreement, nor shall the Assignment give rise to any duties or obligations whatsoever on the part of Assignee owing to Manufacturer, except as provided in Section 4 of the Assignment; (iii) Manufacturer consents to the lease of the Aircraft by Assignee to Assignor under the Lease, consents to the grant of a security interest in the Aircraft pursuant to the Trust Indenture by Assignee and agrees that the Assignment constitutes an agreement by Assignee as required by Article 10.2 of the Purchase Agreement; and (iv) Manufacturer will continue to pay to Assignor or its order all payments that Manufacturer may be required to make in respect of the Aircraft under the Purchase Agreement unless and until Manufacturer shall have received written notice from Assignee or Mortgagee addressed to its Treasurer at P.O. Box 3707, Seattle, Washington 98124-3707, if by mail, or to (206) 237-8746, if by facsimile, that a Lease Event of Default has occurred and is continuing, whereupon Manufacturer will not be required to make further inquiry into the content of such notice and will make any and all payments that it may be required thereafter to make in respect of the Aircraft under the Purchase Agreement and the right to receive that has been assigned under the Assignment, directly to Assignee at its address at 79 South Main Street, Salt Lake City, Utah 84111, Attn: Corporate Trust Department (or, so long as the Trust Indenture has not been discharged, directly to Mortgagee at

its address at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attn: Corporate Trust Administration), unless and until Manufacturer shall have received notice in writing from Assignee or Mortgagee that no Lease Event of Default is continuing, whereupon Manufacturer shall make all payments that Manufacturer may be required to make in respect of the Aircraft under the Purchase Agreement to Assignor or its order, as aforesaid.

Manufacturer hereby represents and warrants that: (i) Manufacturer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; (ii) the making and performance of the Purchase Agreement and this Manufacturer Consent and Agreement \_\_\_ have been duly authorized by all necessary corporate action on the part of Manufacturer, do not require any stockholder approval and do not contravene Manufacturer's Certificate of Incorporation or by-laws or any indenture, credit agreement or other contractual agreement to which Manufacturer is a party or by which it is bound and the making of the Purchase Agreement and this Manufacturer Consent and Agreement \_\_\_, the performance of its obligations to sell and deliver the Aircraft thereunder and the giving of the warranty obligations thereunder, do not, as to such making, performance or giving, contravene any law binding on Manufacturer; and (iii) the Purchase Agreement constituted, as of the date thereof and at all times thereafter to and including the date of this Manufacturer Consent and Agreement \_\_\_, and this Manufacturer Consent and Agreement \_\_\_ constitutes, binding obligations of Manufacturer enforceable against Manufacturer in accordance with their respective terms subject to (A) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), which principles do not make the remedies available at law or in equity with respect to the Purchase Agreement and this Manufacturer Consent and Agreement \_\_\_ inadequate for the practical realization of the benefits intended to be provided thereby. It is understood that the execution of this Manufacturer Consent and Agreement \_\_\_ by Manufacturer is subject to the condition that, concurrently with the delivery of the Aircraft to Assignee, Assignee shall lease the Aircraft to Assignor under the Lease.

THIS MANUFACTURER CONSENT AND AGREEMENT \_\_\_\_ SHALL IN ALL RESPECTS BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF WASHINGTON, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT REFERENCE TO CONFLICTS OF LAWS PRINCIPLES.

Dated as of \_\_\_\_\_.

THE BOEING COMPANY

By  
Name:  
Title



## ENGINE MANUFACTURER CONSENT AND AGREEMENT \_\_\_\_

The undersigned, CFM INTERNATIONAL INC., a Delaware corporation, hereby acknowledges notice of and consents to all of the terms of Purchase Agreement and Engine Warranties Assignment \_\_\_\_ (herein called the "Assignment") (the defined terms therein being hereinafter used with the same meanings unless otherwise defined herein) between Continental Airlines, Inc., as Assignor, and First Security Bank, National Association, as Owner Trustee, as Assignee. Under the General Terms Agreement, Engine Manufacturer has agreed to support certain \_\_\_\_\_ engines and spare parts therefor purchased by Assignor from Engine Manufacturer, as installed on certain Boeing Model 737 aircraft. Engine Manufacturer hereby confirms to Assignor and Assignee that the Engine Warranties, as and to the extent that such relate to the Engines, shall inure to the benefit of Assignee (and, so long as the Trust Indenture has not been discharged, Mortgagee) to the same extent as if originally named "Airline" in the General Terms Agreement and to the benefit of Assignor (but only to the extent provided for in the Assignment) in each case subject to the terms and conditions of the Assignment; provided, that Engine Manufacturer shall not owe any liability or obligation under the Engine Warranties more than once in total.

Engine Manufacturer represents and warrants that:

1. It is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware;
2. The making and performance of this Engine Manufacturer Consent and Agreement \_\_\_\_ in accordance with its terms have been duly authorized by all necessary corporate action on the part of Engine Manufacturer, do not require any stockholder approval and do not contravene its Certificate of Incorporation or by-laws or any debenture, credit agreement or other contractual agreement to which Engine Manufacturer is a party or by which it is bound or any law binding on Engine Manufacturer;

3. The making and performance of the Engine Warranties in accordance with their terms have been duly authorized by all necessary corporate action on the part of Engine Manufacturer, do not require any stockholder approval and do not contravene Engine Manufacturer's Certificate of Incorporation or by-laws or any debenture, credit agreement or other contractual agreement to which Engine Manufacturer is a party or by which it is bound, and do not, as to the making thereof, contravene any law binding on Engine Manufacturer, and to the best of its knowledge, do not as to the performance thereof contravene any law binding on Engine Manufacturer; and

4. The Engine Warranties constituted as of the date on which they were made and at all times thereafter to and including the date of this Engine Manufacturer Consent and Agreement \_\_\_\_, and this Engine Manufacturer Consent and Agreement \_\_\_\_ constitute binding obligations of Engine Manufacturer enforceable against Engine Manufacturer in accordance with their respective terms subject to:

- (a) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally; and
- (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

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THIS ENGINE MANUFACTURER CONSENT AND AGREEMENT \_\_\_\_ SHALL IN ALL RESPECTS BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS.

Dated as of \_\_\_\_\_, \_\_\_\_\_.

CFM INTERNATIONAL, INC.

By

-----

Name:

Title:

THIS MANUFACTURER CONSENT AND AGREEMENT \_\_\_\_ SHALL IN ALL RESPECTS BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF WASHINGTON, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT REFERENCE TO CONFLICTS OF LAWS PRINCIPLES.

Dated as of \_\_\_\_\_ .

THE BOEING COMPANY

By \_\_\_\_\_

Name:  
Title:

EXHIBIT A-5 to  
Note Purchase Agreement  
FORM OF LEASED AIRCRAFT TRUST AGREEMENT

=====

TRUST AGREEMENT \_\_\_\_

Dated as of \_\_\_\_\_

Between

[\_\_\_\_\_]

and

FIRST SECURITY BANK, NATIONAL ASSOCIATION

One Boeing Model \_\_\_\_\_ Aircraft  
Bearing Manufacturer's Serial No. \_\_\_\_\_

=====

TRUST AGREEMENT BASE

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## TRUST AGREEMENT \_\_\_\_\_

This TRUST AGREEMENT \_\_\_\_\_, dated as of \_\_\_\_\_, between [\_\_\_\_\_] a Delaware corporation ("Owner Participant"), and FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association (in its individual capacity, "First Security" and otherwise not in its individual capacity but solely as trustee hereunder, "Owner Trustee").

WITNESSETH:

## SECTION 1. DEFINITIONS

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed and interpreted in the manner described, in Annex A to the Lease.

## SECTION 2. DECLARATION OF TRUST

First Security hereby declares that it will hold the Trust Estate as Owner Trustee upon the trusts hereinafter set forth for the use and benefit of Owner Participant, subject, however, to the provisions of and the Lien created by the Trust Indenture and to the provisions of the Lease and the Participation Agreement.

## SECTION 3. AUTHORIZATION; CONDITIONS PRECEDENT

## 3.1 AUTHORIZATION

In respect of the Aircraft, Owner Participant hereby authorizes and directs Owner Trustee to, and Owner Trustee agrees for the benefit of Owner Participant that it will, on and after the Delivery Date, subject (except with respect to Section 3.1(a)) to due compliance with the terms of Section 3.2:

(a) execute and deliver the Participation Agreement, the Trust Indenture, the Lease and the other Owner Trustee Agreements (in the respective forms in which they are delivered from time to time by Owner Participant to Owner Trustee);

(b) subject to the terms of this Trust Agreement, exercise (i) its rights and perform its duties under the Participation Agreement, (ii) the rights and perform the duties of Lessor under

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the Lease and (iii) its rights and perform its duties under the Trust Indenture and the other Owner Trustee Agreements;

(c) execute, issue and deliver to Mortgagee for authentication and further delivery to Loan Participant the Loan Certificates in the amount and as provided in Section 2 of the Participation Agreement;

(d) purchase the Aircraft pursuant to the Purchase Agreement as assigned to Owner Trustee pursuant to the Purchase Agreement Assignment;

(e) accept from Airframe Manufacturer the delivery of the Aircraft Bill of Sale, the FAA Bill of Sale and the invoice with respect to such Aircraft and from Lessee the delivery of the BFE Bill of Sale and the invoice with respect to such BFE;

(f) effect the registration of the Aircraft with the FAA in the name of Owner Trustee by filing or causing to be filed with the FAA: (i) the FAA Bill of Sale; (ii) an Aircraft Registration Application in the name of Owner Trustee (including, without limitation, an affidavit from Owner Trustee in compliance with the provisions of Section 47.7(c)(2) of the FAA Regulations); and (iii) this Trust Agreement;

(g) execute and deliver the Financing Statements referred to in Section 5.1.2 (xxiii) of the Participation Agreement, together with all other agreements, documents and instruments referred to in Section 5 of the Participation Agreement to which Owner Trustee is to be a party;

(h) make payment of Lessor's Cost for the Aircraft from the aggregate amount of the Commitments for the Aircraft of Owner Participant and Loan Participant, to the extent received by Owner Trustee, in the manner provided in the Participation Agreement;

(i) execute and deliver Lease Supplement No. 1 covering the Aircraft;

(j) execute and deliver a Trust Indenture Supplement covering the Aircraft; and

(k) execute and deliver all such other instruments, documents or certificates and take all such other actions in accordance with the direction of Owner Participant, as Owner Participant may deem necessary or advisable in connection with

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the transactions contemplated by this Trust Agreement and the other Operative Agreements.

### 3.2 CONDITIONS PRECEDENT

The rights and obligations of Owner Trustee to take the actions required by Section 3.1 shall be subject to the following conditions precedent:

(a) Owner Trustee shall have received the notice described in Section 5.1.1 of the Participation Agreement, when and as required thereby, or shall have been deemed to have waived such notice in accordance with Section 5.1.1 of the Participation Agreement;

(b) Each Participant shall have made the full amount of its Commitment specified in Section 2.1 of the Participation Agreement available to Owner Trustee, in immediately available funds, in accordance with Sections 2 and 4 of the Participation Agreement; and

(c) Owner Participant shall have notified Owner Trustee that the terms and conditions of Section 5 of the Participation Agreement, insofar as they relate to conditions precedent to performance by Owner Participant of its obligations thereunder, have been either fulfilled to the satisfaction of, or waived by, Owner Participant. Owner Participant shall, by instructing Owner Trustee to release the full amount of its Commitment then held by Owner Trustee as provided in Section 2 of the Participation Agreement, be deemed to have found satisfactory to it, or waived, all such conditions precedent.

## SECTION 4. RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE TRUST ESTATE

### 4.1 PAYMENTS FROM TRUST ESTATE ONLY

Except as provided in Section 7, all payments to be made by Owner Trustee under this Trust Agreement shall be made only from (a) in the case of funds made available in accordance with Section 4 of the Participation Agreement, the Commitments (except as otherwise provided in Section 14 of the Participation Agreement) and (b) in the case of all other payments, the income from and proceeds of the Trust Estate to the extent that Owner Trustee shall have received sufficient income or proceeds from the Trust Estate to make such payments. Owner Participant agrees

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that it will look solely (y) in the case of funds made available in accordance with Section 4 of the Participation Agreement, to the Commitments and any income therefrom (except as otherwise provided in Section 14 of the Participation Agreement) and (z) in the case of all other payments, to the income from and proceeds of the Trust Estate to the extent available for distribution to Owner Participant as provided in this Trust Agreement. Except as provided in Section 7, Owner Participant agrees that First Security is neither personally liable to Owner Participant for any amounts payable nor subject to any other liability under this Trust Agreement.

#### 4.2 DISTRIBUTION OF PAYMENTS

##### 4.2.1 PAYMENTS TO MORTGAGEE

Until the Trust Indenture shall have been discharged pursuant to Section 10.01 thereof, all Rent, insurance proceeds and requisition or other payments of any kind included in the Trust Estate (other than Excluded Payments) payable to Owner Trustee shall be payable directly to Mortgagee (and, if any of the same are received by Owner Trustee, shall upon receipt be paid over to Mortgagee without deduction, set-off or adjustment of any kind) for distribution in accordance with the provisions of Article III of the Trust Indenture; provided, that any payments received by Owner Trustee from (a) Lessee with respect to Owner Trustee's fees and disbursements or (b) Owner Participant pursuant to Section 7 shall not be paid over to Mortgagee but shall be retained by Owner Trustee and applied toward the purpose for which such payments were made.

##### 4.2.2 PAYMENTS TO OWNER TRUSTEE, OTHER PARTIES

After the Trust Indenture shall have been discharged pursuant to Section 10.01 thereof, any payment of the type referred to in Section 4.2.1 (other than Excluded Payments) received by Owner Trustee, any payment received from Mortgagee (other than Excluded Payments) and any other amount received as part of the Trust Estate and for the application or distribution of which no provision is made in this Trust Agreement shall be distributed forthwith upon receipt by Owner Trustee in the following order of priority: first, so much of such payment as shall be required to reimburse Owner Trustee for any expenses not otherwise reimbursed as to which Owner Trustee is entitled to be so reimbursed pursuant to the provisions hereof shall be retained

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by Owner Trustee; second, so much of the remainder for which provision as to the application thereof is contained in the Lease or any of the other Operative Agreements shall be applied and distributed in accordance with the terms of the Lease or such other Operative Agreement; and third, the balance, if any, shall be paid to Owner Participant.

#### 4.2.3 CERTAIN DISTRIBUTIONS TO OWNER PARTICIPANT

All amounts from time to time distributable by Mortgagee to Owner Participant pursuant to the Trust Indenture shall, if paid to Owner Trustee, be distributed by Owner Trustee to Owner Participant in accordance with the provisions of Article III of the Trust Indenture; provided, that any payments received by Owner Trustee from (a) Lessee with respect to Owner Trustee's fees and disbursements or (b) Owner Participant pursuant to Section 7 shall not be paid over to Owner Participant but shall be retained by Owner Trustee and applied toward the purpose for which such payments were made.

#### 4.2.4 EXCLUDED PAYMENTS

Any Excluded Payments received by Owner Trustee shall be paid by Owner Trustee to the Person to whom such Excluded Payments are payable under the provisions of the Participation Agreement, the Tax Indemnity Agreement or the Lease.

#### 4.2.5 MULTIPLE OWNER PARTICIPANTS

If, as a result of a transfer by Owner Participant under Section 8.1, there is more than one Owner Participant under this Trust Agreement, each such Owner Participant shall hold in proportion to its respective beneficial interest in the Trust Estate an undivided beneficial interest in the entire Trust Estate and is entitled to receive ratably with any other Owner Participant payments distributable by Owner Trustee under this Trust Agreement. No Owner Participant shall have legal title to the Aircraft or any other portion of the Trust Estate.

#### 4.3 METHOD OF PAYMENTS

Owner Trustee shall make distributions or cause distributions to be made to Owner Participant pursuant to this Section 4 by transferring the amount to be distributed by wire transfer in immediately available funds on the day received (or

on the next succeeding Business Day if the funds to be so distributed shall not have been received by Owner Trustee by 12:00 noon, New York City time, and which funds Owner Trustee shall not have been reasonably able to distribute to Owner Participant on the day received) to Owner Participant's account set forth in Schedule 1 to the Participation Agreement or to such other account or accounts of Owner Participant as Owner Participant may designate from time to time in writing to Owner Trustee; provided, that Owner Trustee shall use reasonable efforts to invest overnight, in investments that would be permitted under Section 4.4 of the Lease, all funds received by it at or later than 12:00 noon, New York City time, and which funds Owner Trustee shall not have been reasonably able to distribute to Owner Participant on the day received).

#### SECTION 5. DUTIES OF OWNER TRUSTEE

##### 5.1 NOTICE OF EVENT OF DEFAULT

(a) If Owner Trustee shall have knowledge of a Lease Default or a Lease Event of Default or an Indenture Default or an Indenture Event of Default, Owner Trustee shall give to Owner Participant, Mortgagee and Lessee prompt telephonic or telex notice thereof followed by prompt confirmation thereof by certified mail, postage prepaid, provided, that (i) in the case of an event which with the passage of time would constitute an Indenture Event of Default of the type referred to in paragraph (c) or (e) of Section 4.02 of the Trust Indenture, such notice shall in no event be furnished later than ten days after Owner Trustee shall first have knowledge of such event and (ii) in the case of a misrepresentation by Owner Trustee which with the passage of time would constitute an Indenture Event of Default of the type referred to in paragraph (d) of Section 4.02 of the Trust Indenture, such notice shall in no event be furnished later than ten days after Owner Trustee shall first have knowledge of such event.

(b) Subject to the terms of Section 5.3, Owner Trustee shall take such action or shall refrain from taking such action, not inconsistent with the provisions of the Trust Indenture, with respect to such Lease Default, Lease Event of Default, Indenture Default or Indenture Event of Default or other event as Owner Trustee shall be directed in writing by Owner Participant. For all purposes of this Trust Agreement, the Lease and the other Operative Agreements, in the absence of Actual Knowledge of Owner

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Trustee, Owner Trustee shall not be deemed to have knowledge of a Lease Default, Lease Event of Default, Indenture Default or Indenture Event of Default unless notified in writing by Mortgagee, Owner Participant or Lessee.

#### 5.2 ACTION UPON INSTRUCTIONS

Subject to the terms of Sections 5.1 and 5.3, upon the written instructions at any time and from time to time of Owner Participant, Owner Trustee will take such of the following actions, not inconsistent with the provisions of the Lease and the Trust Indenture, as may be specified in such instructions: (a) give such notice or direction or exercise such right, remedy or power under this Trust Agreement or any of the other Owner Trustee Agreements or in respect of all or any part of the Trust Estate, or take such other action, as shall be specified in such instructions (including entering into such agreements and instruments as shall be necessary under Section 10); (b) take such action to preserve or protect the Trust Estate (including the discharge of Liens) as may be specified in such instructions; (c) approve as satisfactory to it all matters required by the terms of the Lease or the other Operative Agreements to be satisfactory to Owner Trustee, it being understood that without written instructions of Owner Participant, Owner Trustee shall not approve any such matter as satisfactory to it; (d) subject to the rights of Lessee under the Operative Agreements, after the expiration or earlier termination of the Lease, convey all of Owner Trustee's right, title and interest in and to the Aircraft for such amount, on such terms and to such purchaser or purchasers as shall be designated in such instructions, or retain, lease or otherwise dispose of, or from time to time take such other action with respect to, the Aircraft on such terms as shall be designated in such instructions; and (e) take or refrain from taking such other action or actions as may be specified in such instructions.

#### 5.3 LIMITATIONS ON DUTIES

Owner Trustee shall not be required to take any action under Section 5.1 (other than the giving of the notices referred to therein) or 5.2 if Owner Trustee shall reasonably believe such action is not adequately indemnified by Owner Participant under Section 7, unless Lessee or Owner Participant agrees to furnish such additional indemnity as shall reasonably be required, in manner and form satisfactory to Owner Trustee, and, in addition

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to the extent not otherwise paid pursuant to the provisions of the Lease or of the Participation Agreement, to pay the reasonable compensation of Owner Trustee for the services performed or to be performed by it pursuant to such direction and any reasonable fees and disbursements of counsel or agents employed by Owner Trustee in connection therewith. Owner Trustee shall not be required to take any action under Section 5.1 or 5.2 (other than the giving of the notices referred to therein) if Owner Trustee shall have been advised by counsel that such action is contrary to the terms of any of the Owner Trustee Agreements or is otherwise contrary to Law and Owner Trustee has delivered to Owner Participant written notice of the basis for its refusal to act.

5.4 NO DUTIES EXCEPT AS SPECIFIED; NO ACTION EXCEPT AS SPECIFIED

5.4.1 NO DUTIES EXCEPT AS SPECIFIED

Owner Trustee shall not have any duty or obligation to manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Estate or to otherwise take or refrain from taking any action under, or in connection with, any of the Owner Trustee Agreements, except as expressly required by the terms of any of the Owner Trustee Agreements, or (to the extent not inconsistent with the provisions of the Trust Indenture) as expressly provided by the terms hereof or in a written instruction from Owner Participant received pursuant to the terms of Section 5.1 or 5.2, and no implied duties or obligations shall be read into this Trust Agreement against Owner Trustee. First Security agrees that it will, in its individual capacity and at its own cost or expense (but without any right of indemnity in respect of any such cost or expense hereunder or under the Participation Agreement), promptly take such action as may be necessary to duly discharge and satisfy in full all Lessor Liens attributable to it in its individual capacity which it is required to discharge pursuant to Section 7.3.1 of the Participation Agreement and otherwise comply with the terms of said Section binding upon it.

5.4.2 NO ACTION EXCEPT AS SPECIFIED

Owner Trustee shall have no power, right or authority to, and agrees that it will not, manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the

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Trust Estate except (a) as expressly required by the terms of any of the Owner Trustee Agreements, (b) as expressly provided by the terms hereof or (c) as expressly provided in written instructions from Owner Participant pursuant to Section 5.1 or 5.2.

#### 5.5 SATISFACTION OF CONDITIONS PRECEDENT

Anything in this Trust Agreement to the contrary notwithstanding, Owner Trustee shall, subject to the satisfaction of special counsel for Owner Trustee of the occurrence of all the applicable conditions precedent specified in Section 3.2, comply with the provisions of Section 3.1.

#### 5.6 FIXED INVESTMENT TRUST

Notwithstanding anything in this Trust Agreement to the contrary, Owner Trustee shall not be authorized and shall have no power to "vary the investment" of Owner Participant within the meaning of Treasury Regulations Section 301.7701-4(c)(1), it being understood that Owner Trustee shall have the power and authority to fulfill its obligations under Section 4.3 hereof, Section 4.3.3 of the Participation Agreement and Section 4.4 of the Lease.

### SECTION 6. OWNER TRUSTEE

#### 6.1 ACCEPTANCE OF TRUSTS AND DUTIES

First Security accepts the trusts hereby created and agrees to perform the same as Owner Trustee but only upon the terms hereof and the Trust Indenture applicable to it. Owner Trustee also agrees to receive and disburse all monies received by it constituting part of the Trust Estate pursuant to the terms hereof. First Security shall not be answerable or accountable under any circumstances, except for (a) its own willful misconduct or gross negligence (including, without limitation, in connection with any activities of Owner Trustee in violation of Section 5.4.2), (b) its failure (in its individual capacity) to perform its obligations under Section 5.4.1, (c) its or Owner Trustee's failure to use ordinary care to receive or disburse funds or to comply with the first sentence of Section 6.8, (d) liabilities that may result from the inaccuracy of any representation or breach of warranty of it in its individual capacity (or from the failure by it in its individual capacity to perform any covenant) in this Trust Agreement, the Trust Indenture, the Lease or the Participation Agreement or elsewhere

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in any of the other Operative Agreements, (e) taxes, fees or other charges on, based on or measured by any fees, commissions or compensation received by First Security in connection with the transactions contemplated by this Trust Agreement and the other Operative Agreements to which it (in its individual capacity or as Owner Trustee) is a party, (f) for its or Owner Trustee's failure to use ordinary care in receiving or disbursing funds or in connection with its obligation to invest funds pursuant to Section 4 of the Participation Agreement, Section 4.4 of the Lease or Section 4.3 hereof, (g) for any liability on the part of Owner Trustee arising out of its negligence or willful or negligent misconduct in connection with its obligations under Section 5.1 (other than the first sentence thereof), 6.8 or 9.2 hereof or Section 4.01 of the Trust Indenture. First Security shall have no obligation to advance its individual funds for any purpose, and Owner Trustee shall have no obligation to distribute to Owner Participant, Lessee or any third party any amounts to be paid to Owner Trustee until such amounts are collected by Owner Trustee.

## 6.2 ABSENCE OF CERTAIN DUTIES

(a) Except in accordance with written instructions furnished pursuant to Section 5.1 or 5.2 and except as provided in, and without limiting the generality of, Sections 3.1 and 5.4.1 and the last sentence of Section 9.1.2, and subject to Section 4.01 of the Trust Indenture, neither Owner Trustee nor First Security shall have any duty (i) to see to any recording or filing of any Operative Agreement or of any supplement to any thereof or to see to the maintenance of any such recording or filing or any other filing of reports with the FAA or other governmental agencies, except that of First Security to comply with the FAA reporting requirements set forth in 14 C.F.R. Section 47.45 and 14 C.F.R. Section 47.51, and Owner Trustee shall, to the extent that information for that purpose is timely supplied by Lessee pursuant to any of the Operative Agreements, complete and timely submit (and furnish Owner Participant with a copy of) any and all reports relating to the Aircraft that may from time to time be required by the FAA or any government or governmental authority having jurisdiction, (ii) to see to any insurance on the Aircraft or to effect or maintain any such insurance, whether or not Lessee shall be in default with respect thereto, other than to forward to Owner Participant copies of all reports and other written information which Owner Trustee receives from Lessee pursuant to Section 11 of the Lease, (iii) except as

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provided in Section 7.3.1 or 7.3.2 of the Participation Agreement, Section 4.01 of the Trust Indenture or Section 5.4 or 6.1 hereof, to see to the payment or discharge of any tax, assessment or other governmental charge or any lien or encumbrance of any kind owing with respect to or assessed or levied against any part of the Trust Indenture Estate or the Trust Estate, except as provided in Section 6.3.9 of the Participation Agreement or (iv) to inspect Lessee's books and records with respect to the Aircraft at any time permitted pursuant to the Lease.

(b) Notwithstanding clause (a), Owner Trustee will furnish to Mortgagee and Owner Participant, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and other instruments furnished to Owner Trustee under the Lease or any other Operative Agreement except to the extent to which a responsible officer of Owner Trustee reasonably believes (and confirms by telephone call with Owner Participant) that duplicates or copies thereof have already been furnished to Owner Participant by some other person.

### 6.3 NO REPRESENTATIONS OR WARRANTIES AS TO CERTAIN MATTERS

NEITHER FIRST SECURITY NOR OWNER TRUSTEE MAKES OR SHALL BE DEEMED TO HAVE MADE (a) ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, AIRWORTHINESS, VALUE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, THE ABSENCE OF ANY STRICT LIABILITY OBLIGATION OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF WHATSOEVER, except that First Security warrants to Owner Participant that on the Delivery Date Owner Trustee shall have received whatever title to the Aircraft that was conveyed to it and that the Aircraft shall, on the Delivery Date and during the Term, be free of Lessor Liens attributable to First Security or (b) any representation or warranty as to the validity, legality or enforceability of this Trust Agreement or any other Operative Agreement to which First Security, in its individual capacity or as Owner Trustee, is a party, or any other document or instrument, or as to the correctness of any statement contained in any thereof except to the extent that any such statement is expressly made herein or

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therein by such party as a representation by First Security, in its individual capacity or as Owner Trustee, as the case may be, and except that First Security hereby represents and warrants that it has all corporate power and authority to execute, deliver and perform this Trust Agreement and that this Trust Agreement has been, and (assuming due authorization, execution and delivery by Owner Participant of this Trust Agreement) the other Operative Agreements to which it or Owner Trustee is a party have been (or at the time of execution and delivery of any such instrument by it or Owner Trustee under this Trust Agreement or pursuant to the terms of the Participation Agreement that such an instrument will be) duly executed and delivered by one of its officers who is or will be, as the case may be, duly authorized to execute and deliver such instruments on behalf of itself or Owner Trustee, as the case may be, and that this Trust Agreement constitutes the legal, valid and binding obligation of First Security or Owner Trustee, as the case may be, enforceable against First Security or Owner Trustee, as the case may be, in accordance with its terms.

#### 6.4 NO SEGREGATION OF MONIES; INTEREST

Monies received by Owner Trustee under this Trust Agreement need not be segregated in any manner except to the extent required by Law, or except as provided in written instructions from Owner Participant, and shall be invested as provided in Section 4.3 hereof or Section 4.4 of the Lease.

#### 6.5 RELIANCE UPON CERTIFICATES, COUNSEL AND AGENTS

Owner Trustee shall incur no liability to anyone in acting in good faith in reliance upon and in accordance with any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it to be genuine and reasonably believed by it to be signed by the proper party or parties. Unless other evidence in respect thereof is specifically prescribed in this Trust Agreement, any request, direction, order or demand of Owner Participant or Lessee mentioned in this Trust Agreement or in any of the other Owner Trustee Agreements shall be sufficiently evidenced by written instruments signed by the Chairman of the Board, the President, any Vice President or any other officer and in the name of Owner Participant or Lessee, as the case may be. Owner Trustee may accept a copy of a resolution of the Board of Directors or Executive Committee of Lessee,

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certified by the Secretary or an Assistant Secretary of Lessee as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted by said Board of Directors or Executive Committee and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described in this Trust Agreement, Owner Trustee may, absent Actual Knowledge to the contrary, for all purposes rely on a certificate signed by the Chairman of the Board, the President, any Vice President or any other officer of Lessee, and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of Lessee, as to such fact or matter, and such certificate shall constitute full protection to Owner Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon and in accordance therewith. In the administration of trusts under this Trust Agreement, Owner Trustee may execute any of the trusts or powers and perform its powers and duties under this Trust Agreement directly or through agents or attorneys and may, at the expense of the Trust Estate, consult with counsel, accountants and other skilled persons to be selected and employed by it. Owner Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons.

#### 6.6 NOT ACTING IN INDIVIDUAL CAPACITY

In acting under this Trust Agreement, First Security acts solely as Owner Trustee and not in its individual capacity except as otherwise expressly provided in this Trust Agreement or in the other Operative Agreements to which it is a party; and, except as may be otherwise expressly provided in this Trust Agreement, the Lease, the Participation Agreement and the Trust Indenture, all persons, other than the Owner Participant as provided in this Trust Agreement or the Trust Indenture, having any claim against Owner Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof except to the extent provided in Section 6.1 or otherwise as Owner Trustee shall expressly agree otherwise in writing.

#### 6.7 FEES; COMPENSATION

Lessee shall pay the Transaction Expenses of Owner Trustee. Neither Owner Participant nor the Trust Estate shall have any liability for any such fees and expenses; provided, that the

foregoing shall not limit the obligations of Owner Participant under Sections 5.3 and 7; provided, that Owner Trustee shall have a Lien upon the Trust Estate for any such fee not paid by Lessee as contemplated by Section 9.2 of the Participation Agreement and such Lien shall entitle Owner Trustee to priority as to payment thereof over payment to any other Person under this Trust Agreement; provided, that such Lien shall be subject and subordinate in all events to the Lien of the Trust Indenture; and provided, further, that Owner Trustee shall have no right to exercise, and shall not exercise, any rights or remedies Owner Trustee may have with respect to such Lien unless and until the Secured Obligations have been paid and performed in full.

#### 6.8 TAX RETURNS

Owner Trustee shall be responsible for the keeping of all appropriate books and records relating to the receipt and disbursement of all monies under this Trust Agreement or any agreement contemplated hereby. Owner Participant shall be responsible for causing to be prepared and filed all income tax returns required to be filed by Owner Participant. Owner Trustee shall be responsible for causing to be prepared, at the request of Owner Participant and at the expense of Lessee, all income tax returns required to be filed with respect to the trust created hereby and shall execute and file such returns; provided, that Owner Trustee shall send promptly a completed copy of such return to Owner Participant not more than sixty nor less than fifteen days prior to the due date of the return, provided, that Owner Trustee shall have timely received all necessary information to complete and deliver to Owner Participant such return. Owner Participant, upon request, will furnish Owner Trustee with all such information as may be reasonably required from Owner Participant in connection with the preparation of such income tax returns. Owner Trustee shall keep copies of all returns delivered to or filed by it.

#### SECTION 7. INDEMNIFICATION OF FIRST SECURITY BY OWNER PARTICIPANT

Owner Participant hereby agrees, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and hereby indemnifies, protects, saves and keeps harmless, First Security and its successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, taxes (excluding any Taxes which are

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not required to be indemnified by Lessee pursuant to Section 9.1 or 9.3 of the Participation Agreement and excluding any taxes payable by First Security on or measured by any compensation received by First Security for its services under this Trust Agreement), claims, actions, suits, costs, expenses or disbursements (including, without limitation, reasonable legal fees and expenses, but excluding internal costs and expenses such as salaries and overhead, and including, without limitation, any liability of an owner, any strict liability and any liability without fault) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against First Security (whether or not also indemnified against by Lessee under the Lease or under the Participation Agreement or also indemnified against by any other Person; provided, that Owner Participant shall be subrogated to the rights of Owner Trustee against Lessee or any other indemnitor) in any way relating to or arising out of this Trust Agreement or any of the other Operative Agreements or the enforcement of any of the terms of any thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, nonacceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of the Aircraft (including, without limitation, latent and other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Estate or the action or inaction of Owner Trustee, under this Trust Agreement, except (a) in the case of gross negligence or willful misconduct on the part of First Security, in its individual capacity or as Owner Trustee, in the performance or nonperformance of its duties under this Trust Agreement or under any of the other Owner Trustee Agreements or (b) those Claims resulting from the inaccuracy of any representation or warranty of First Security (or from the failure of First Security to perform any of its covenants) in Section 6.3, in Section 6.03 of the Trust Indenture, in Section 4 of the Lease, in Section 6.3 of the Participation Agreement or elsewhere in any of the other Operative Agreements or (c) as may result from a breach by First Security of its covenant in the last sentence of Section 5.4.1 or (d) in the case of the failure to use ordinary care on the part of First Security, in its individual capacity or as Owner Trustee, in the receipt or disbursement of funds or in connection with its obligation to invest funds pursuant to Section 4 of the Participation Agreement, Section 4.4 of the Lease or Section 4.3 hereof or in compliance with the provisions of the first sentence of Section 6.8 or (e) any liability on the part of Owner Trustee

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arising out of its negligence or willful or negligent misconduct in connection with its obligations under Section 5.1, 6.8 or 9.2 hereof or Section 4.01 of the Trust Indenture, or (f) those claims arising under any circumstances or upon any terms where Lessee would not have been required to indemnify First Security pursuant to Section 9.1 or 9.3 of the Participation Agreement; provided, that before asserting its right to indemnification, if any, pursuant to this Section 7, First Security shall first demand its corresponding right to indemnification pursuant to Section 9 of the Participation Agreement (but need not exhaust any or all remedies available thereunder). The indemnities contained in this Section 7 extend to First Security only in its individual capacity and shall not be construed as indemnities of the Trust Indenture Estate or the Trust Estate (except to the extent, if any, that First Security has been reimbursed by the Trust Indenture Estate or the Trust Estate for amounts covered by the indemnities contained in this Section 7). The indemnities contained in this Section 7 shall survive the termination of this Trust Agreement. In addition, if necessary, First Security shall be entitled to indemnification from the Trust Estate, subject to the Lien of the Trust Indenture, for any liability, obligation, loss, damage, penalty, tax, claim, action, suit, cost, expense or disbursement indemnified against pursuant to this Section 7 to the extent not reimbursed by Lessee, Owner Participant or others, but without releasing any of them from their respective agreements of reimbursement; and, to secure the same First Security shall have a lien on the Trust Estate, subject to the lien of the Trust Indenture and subject further to the provisions of Section 6.7, which shall be prior to any interest therein of Owner Participant. The payor of any indemnity under this Section 7 shall be subrogated to any right of the person indemnified in respect of the matter as to which such indemnity was paid.

#### SECTION 8. TRANSFER OF OWNER PARTICIPANT'S INTEREST

##### 8.1 TRANSFER OF INTEREST

All provisions of Section 10 of the Participation Agreement shall (with the same force and effect as if set forth in full in this Section 8.1) be applicable to any assignment, conveyance or other transfer by Owner Participant of any of its right, title or interest in and to the Participation Agreement, the Trust Estate or this Trust Agreement. If there is more than one Owner Participant, no assignment, conveyance or other transfer by an

TRUST AGREEMENT BASE



Owner Participant of any of its right, title or interest in and to this Trust Agreement or the Trust Estate shall be valid unless each other Owner Participant's prior written consent (which consent may be withheld in the sole discretion of such other Owner Participant) is given to such assignment, conveyance or other transfer.

## 8.2 ACTIONS OF OWNER PARTICIPANTS

If at any time prior to the termination of this Trust Agreement there is more than one Owner Participant, then, subject to Section 11.5, during such time, if any action is required to be taken by all Owner Participants and whenever any direction, authorization, approval, consent, instruction or other action is permitted to be given or taken by Owner Participant, it shall be given or taken only upon unanimous agreement of all Owner Participants; provided, that the termination of this Trust Agreement pursuant to Section 11.2 may be effected upon the election of any Owner Participant.

## SECTION 9. SUCCESSOR OWNER TRUSTEES; CO-TRUSTEES

### 9.1 RESIGNATION OF OWNER TRUSTEE; APPOINTMENT OF SUCCESSOR

#### 9.1.1 RESIGNATION OR REMOVAL

Owner Trustee or any successor Owner Trustee (a) shall resign if required to do so pursuant to Section 13.3 of the Participation Agreement or upon obtaining Actual Knowledge of any facts that would cast doubt upon its continuing status as a Citizen of the United States and (b) may resign at any time without cause by giving at least 60 days' prior written notice to Owner Participant, Mortgagee and Lessee, such resignation to be effective upon the assumption of the trusts hereunder by the successor Owner Trustee under Section 9.1.2. In addition, Owner Participant may at any time remove Owner Trustee, with or without cause by a notice in writing delivered to Owner Trustee, Mortgagee and Lessee, such removal to be effective upon the assumption of the trusts hereunder by the successor Owner Trustee under Section 9.1.2, provided, that, in the case of a removal without cause, unless a Lease Event of Default shall have occurred and be continuing, such removal shall be subject to the consent of Lessee (which consent shall not be unreasonably withheld). In the case of the resignation or removal of Owner Trustee, Owner Participant may appoint a successor Owner Trustee

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by an instrument signed by Owner Participant, with, unless a Lease Event of Default shall have occurred and be continuing, the consent of Lessee (which consent shall not be unreasonably withheld). If a successor Owner Trustee shall not have been appointed within 30 days after such notice of resignation or removal, Owner Trustee, any Owner Participant, Lessee or Mortgagee may apply to any court of competent jurisdiction to appoint a successor Owner Trustee to act until such time, if any, as a successor shall have been appointed as above provided. Any successor Owner Trustee so appointed by such court shall immediately and without further act be superseded by any successor Owner Trustee appointed as above provided within one year from the date of the appointment by such court.

#### 9.1.2 EXECUTION AND DELIVERY OF DOCUMENTS, ETC.

Any successor Owner Trustee, however appointed, shall execute and deliver to the predecessor Owner Trustee, with a copy to Owner Participant, Lessee and Mortgagee, an instrument accepting such appointment and assuming the obligations of Owner Trustee, in its individual capacity and as Owner Trustee, under the Owner Trustee Agreements, and thereupon such successor Owner Trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Owner Trustee in the trusts under this Trust Agreement with like effect as if originally named Owner Trustee in this Trust Agreement; but nevertheless, upon the written request of such successor Owner Trustee, such predecessor Owner Trustee shall execute and deliver an instrument transferring to such successor Owner Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of such predecessor Owner Trustee, and such predecessor Owner Trustee shall duly assign, transfer, deliver and pay over to such successor Owner Trustee all monies or other property then held by such predecessor Owner Trustee upon the trusts herein expressed. Upon the appointment of any successor Owner Trustee under this Section 9.1, the predecessor Owner Trustee will execute such documents as are provided to it by such successor Owner Trustee and will take such further actions as are requested of it by such successor Owner Trustee as are required to cause registration of the Aircraft included in the Trust Estate to be transferred upon the records of the FAA, or other governmental authority having jurisdiction, into the name of the successor Owner Trustee.

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### 9.1.3 QUALIFICATIONS

Any successor Owner Trustee, however appointed, shall be a Citizen of the United States and shall also be a bank or trust company organized under the Laws of the United States or any state thereof having a combined capital and surplus of at least \$100,000,000, if there be such an institution willing, able and legally qualified to perform the duties of Owner Trustee under this Trust Agreement upon reasonable or customary terms. No such successor Owner Trustee shall be located in a jurisdiction which creates material adverse consequences for Lessee (unless such material adverse consequences would be created by substantially all jurisdictions where major banking or trust institutions are located).

### 9.1.4 MERGER, ETC.

Any corporation into which First Security may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which First Security shall be a party, or any corporation to which substantially all the corporate trust business of First Security may be transferred, shall, subject to the terms of Section 9.1.3, be Owner Trustee under this Trust Agreement without further act, provided, that such corporation shall not also be the Mortgagee.

### 9.2 CO-TRUSTEES AND SEPARATE TRUSTEES

(a) If at any time it shall be necessary or prudent in order to conform to any Law of any jurisdiction in which all or any part of the Trust Estate is located, or Owner Trustee being advised by counsel shall determine that it is so necessary or prudent in the interest of Owner Participant or Owner Trustee, or Owner Trustee shall have been directed to do so by Owner Participant, Owner Trustee and Owner Participant shall execute and deliver an agreement supplemental hereto and all other instruments and agreements necessary or proper to constitute another bank or trust company or one or more persons (any or all of which shall be a Citizen of the United States) approved by Owner Trustee and Owner Participant, either to act as co-trustee, jointly with Owner Trustee, or to act as separate trustee under this Trust Agreement (any such co-trustee or separate trustee being herein sometimes referred to as an "additional trustee"). In the event Owner Participant shall not have joined in the

TRUST AGREEMENT BASE

execution of such agreements' supplemental hereto within ten days after the receipt of a written request from Owner Trustee so to do, or in case a Lease Event of Default or Indenture Event of Default shall occur and be continuing, Owner Trustee may act under the foregoing provisions of this Section 9.2 without the concurrence of Owner Participant; and Owner Participant hereby appoints Owner Trustee its agent and attorney-in-fact to act for it under the foregoing provisions of this Section 9.2 in either of such contingencies.

(b) Every additional trustee under this Trust Agreement shall, to the extent permitted by Law, be appointed and act, and Owner Trustee and its successors shall act, subject to the following provisions and conditions:

(i) All powers, duties, obligations and rights conferred upon Owner Trustee in respect of the custody, control and management of monies, the Aircraft or documents authorized to be delivered under this Trust Agreement or under the Participation Agreement shall be exercised solely by Owner Trustee;

(ii) All other rights, powers, duties and obligations conferred or imposed upon Owner Trustee shall be conferred or imposed upon and exercised or performed by Owner Trustee and such additional trustee jointly, except to the extent that under any Law of any jurisdiction in which any particular act or acts are to be performed (including the holding of title to the Trust Estate) Owner Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such additional trustee;

(iii) No power given to, or which it is provided hereby may be exercised by, any such additional trustee shall be exercised under this Trust Agreement by such additional trustee, except jointly with, or with the consent in writing of, Owner Trustee;

(iv) No trustee under this Trust Agreement shall be personally liable by reason of any action or omission of any other trustee under this Trust Agreement;

(v) Owner Participant, at any time, by an instrument in writing may remove any such additional trustee. In the event that Owner Participant shall not have joined in the

execution of any such instrument within ten days after the receipt of a written request from Owner Trustee so to do, Owner Trustee shall have the power to remove any such additional trustee without the concurrence of Owner Participant; and Owner Participant hereby appoints Owner Trustee its agent and attorney-in-fact to act for it in such connection in such contingency; and

(vi) No appointment of, or action by, any additional trustee will relieve Owner Trustee of any of its obligations under, or otherwise affect any of the terms of, the Trust Indenture or affect the interests of Mortgagee or the Certificate Holders in the Trust Indenture Estate.

(c) In case any separate trustee under this Section 9.2 shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights and duties of such separate trustee shall, so far as permitted by Law, vest in and be exercised by Owner Trustee, without the appointment of a successor to such separate trustee.

## SECTION 10. SUPPLEMENTS AND AMENDMENTS TO TRUST AGREEMENT AND OTHER DOCUMENTS

### 10.1 SUPPLEMENTS AND AMENDMENTS AND DELIVERY THEREOF

#### 10.1.1 SUPPLEMENTS AND AMENDMENTS

Subject to Section 7.2.2 of the Participation Agreement, this Trust Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by Owner Trustee and Owner Participant. Subject to Section 10.2, Section 9.01 of the Trust Indenture and Section 7.6.7 of the Participation Agreement, Owner Trustee will execute any amendment, supplement or other modification of this Trust Agreement or of any other Owner Trustee Agreement which it is requested in writing to execute by Owner Participant, except that Owner Trustee shall not execute any such amendment, supplement or other modification which, by the express provisions of any of the above documents, requires the consent of any other party unless such consent shall have been obtained; and provided, that, without the prior written consent of Owner Participant, (a) no such supplement, amendment or modification shall (i) modify any of the provisions of Section 4 or this Section 10.1, (ii) reduce, modify or amend any indemnities in favor of Owner Participant as set forth in Section 9 of the Participation Agreement or in the

Tax Indemnity Agreement, (iii) reduce the amount or extend the time of payment of Basic Rent, Supplemental Rent, Stipulated Loss Value or Termination Value as set forth in the Lease (except in accordance with Section 3 of the Lease) or (iv) modify any of the rights of Owner Participant under the Trust Indenture and (b) no such supplement, amendment or modification shall require Owner Participant to invest or advance funds or shall entail any additional personal liability or the surrender of any indemnification, claim or individual right on the part of Owner Participant with respect to any agreement or obligation.

10.1.2 DELIVERY OF AMENDMENTS AND SUPPLEMENTS TO  
CERTAIN PARTIES

A signed copy of each amendment or supplement referred to in Section 10.1.1 to which Lessee is not a party shall be delivered promptly by Owner Trustee to Lessee, and a signed copy of each amendment or supplement referred to in Section 10.1.1 shall be delivered promptly by Owner Trustee to Mortgagee.

10.2 DISCRETION AS TO EXECUTION OF DOCUMENTS

Prior to executing any document required to be executed by it pursuant to the terms of Section 10.1, Owner Trustee shall be entitled to receive an opinion of its counsel to the effect that the execution of such document is authorized under this Trust Agreement. If in the opinion of Owner Trustee any such document adversely affects any right, duty, immunity or indemnity in favor of Owner Trustee under this Trust Agreement or under any other Owner Trustee Agreement, Owner Trustee may in its discretion decline to execute such document unless Owner Trustee is furnished with indemnification from Lessee or any other party upon terms and in amounts reasonably satisfactory to Owner Trustee to protect the Trust Estate and the Owner Trustee against any and all liabilities, costs and expenses arising out of the execution of such documents.

10.3 ABSENCE OF REQUIREMENTS AS TO FORM

It shall not be necessary for any written request furnished pursuant to Section 10.1 to specify the particular form of the proposed documents to be executed pursuant to such Section 10.1, but it shall be sufficient if such request shall indicate the substance thereof.

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#### 10.4 DISTRIBUTION OF DOCUMENTS

Promptly after the execution by Owner Trustee of any document entered into pursuant to Section 10.1, Owner Trustee shall mail, by certified mail, postage prepaid, a conformed copy thereof to Owner Participant, but the failure of Owner Trustee to mail such conformed copy shall not impair or affect the validity of such document.

#### 10.5 NO REQUEST NEEDED AS TO LEASE SUPPLEMENT AND TRUST INDENTURE SUPPLEMENT

No written request pursuant to Section 10.1 shall be required to enable Owner Trustee to enter into, pursuant to Section 3.1 and the Lease or the Trust Indenture, as the case may be, the Lease Supplement with Lessee and the Trust Indenture Supplement.

### SECTION 11. MISCELLANEOUS

#### 11.1 TERMINATION OF TRUST AGREEMENT

This Trust Agreement and the trusts created hereby shall be of no further force or effect upon the earlier of (a) both the final discharge of the Trust Indenture pursuant to Section 10.01 thereof and the sale or other final disposition by Owner Trustee of all property constituting part of the Trust Estate and the final distribution by Owner Trustee of all monies or other property or proceeds constituting part of the Trust Estate in accordance with Section 4, provided, that at such time Lessee shall have fully complied with all of the terms of the Lease and the Participation Agreement or (b) 21 years less one day after the death of the last survivor of all of the descendants of the grandparents of David C. Rockefeller living on the date of the earliest execution of this Trust Agreement by any party hereto, but if this Trust Agreement and the trusts created hereby shall be or become authorized under applicable Law to be valid for a period commencing on the 21st anniversary of the death of such last survivor (or, without limiting the generality of the foregoing, if legislation shall become effective providing for the validity of this Trust Agreement and the trusts created hereby for a period in gross exceeding the period for which this Trust Agreement and the trusts created hereby are hereinabove stated to extend and be valid), then this Trust Agreement and the trusts created hereby shall not terminate under this clause (b) but shall extend to and continue in effect, but only

TRUST AGREEMENT BASE

if such nontermination and extension shall then be valid under applicable Law, until the day preceding such date as the same shall, under applicable Law, cease to be valid; otherwise this Trust Agreement and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof. Except as expressly set forth in Section 11.2, this Trust Agreement and the trusts created hereby may not be revoked by Owner Participant.

#### 11.2 TERMINATION AT OPTION OF THE OWNER PARTICIPANT

Notwithstanding Section 11.1 hereof, this Agreement and trust created hereby shall terminate and the Trust Estate shall be distributed to the Owner Participant, and this Agreement shall be of no further force and effect, upon the election of the Owner Participant by notice to the Owner Trustee, if such notice shall be accompanied by the written agreement (in form and substance satisfactory to the Owner Trustee) of the Owner Participant assuming all obligations of the Owner Trustee under or contemplated by the Operative Agreements or incurred by it as trustee hereunder and releasing the Owner Trustee therefrom; provided, however, that such notice may be given only after the time the Lien of the Trust Indenture is discharged under Section 10.01 of the Trust Indenture and after the Lease shall no longer be in effect.

#### 11.3 OWNER PARTICIPANT HAS NO LEGAL TITLE IN TRUST ESTATE

No Owner Participant shall have legal title to any part of the Trust Estate. No transfer, by operation of Law or otherwise, of any right, title and interest of Owner Participant in and to the Trust Estate under this Trust Agreement shall operate to terminate this Trust Agreement or the trusts under this Trust Agreement or entitle any successors or transferees of Owner Participant to an accounting or to the transfer of legal title to any part of the Trust Estate.

#### 11.4 ASSIGNMENT, SALE, ETC. OF AIRCRAFT

Any assignment, sale, transfer or other conveyance of the Aircraft by Owner Trustee made pursuant to the terms of this Trust Agreement or of the Lease or the Participation Agreement shall bind Owner Participant and shall be effective to transfer or convey all right, title and interest of Owner Trustee and Owner Participant in and to the Aircraft. No purchaser or other



grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such assignment, sale, transfer or conveyance or as to the application of any sale or other proceeds with respect thereto by Owner Trustee.

#### 11.5 TRUST AGREEMENT FOR BENEFIT OF CERTAIN PARTIES ONLY

Except for the terms of Section 10 of the Participation Agreement incorporated in Section 8 and except as otherwise provided in Sections 5.1, 6.7, 9, 10.1 and 11.1, nothing in this Trust Agreement, whether express or implied, shall be construed to give any person other than Owner Trustee and Owner Participant any legal or equitable right, remedy or claim under or in respect of this Trust Agreement; and this Trust Agreement shall be held to be for the sole and exclusive benefit of Owner Trustee and Owner Participant.

#### 11.6 CITIZENSHIP OF OWNER PARTICIPANT

If at any time there shall be more than one Owner Participant, then any Owner Participant who shall cease to be a Citizen of the United States shall have no voting or similar rights under this Trust Agreement and shall have no right to direct, influence or limit the exercise of, or to prevent the direction or influence of, or place any limitation on the exercise of, Owner Trustee's authority or to remove Owner Trustee.

#### 11.7 NOTICES

Unless otherwise expressly permitted by the terms of this Trust Agreement, all notices, requests, demands, authorizations, directions, consents, waivers and other communications required or permitted to be made, given, furnished or filed under this Trust Agreement shall be in writing, shall refer specifically to this Trust Agreement and shall be personally delivered, sent by telecopy, telex or other means of electronic facsimile or telecommunication transmission, sent by registered mail or certified mail, return receipt requested, postage prepaid, or sent by overnight courier service, in each case to the respective telex, telecopy or other number or address set forth for such party in Schedule 1 to the Participation Agreement, or to such other telex, telecopy or other number or address as each party hereto may hereafter specify by notice to the other parties hereto. Each such notice, request, demand, authorization,

TRUST AGREEMENT BASE

direction, consent, waiver or other communication shall be effective when received or, if made, given, furnished or filed (a) by telecopy or other means of electronic facsimile or telecommunication transmission, when confirmed, or (b) by registered or certified mail, three Business Days after being deposited, properly addressed, in the U.S. mail.

#### 11.8 SEVERABILITY

If any provision of this Trust Agreement shall be held invalid, illegal or unenforceable in any respect in any jurisdiction, then, to the extent permitted by Law, (a) all other provisions hereof shall remain in full force and effect in such jurisdiction and (b) such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction. If, however, any Law pursuant to which such provisions are held invalid, illegal or unenforceable may be waived, such Law is hereby waived by the parties hereto to the full extent permitted, to the end that this Trust Agreement shall be deemed to be a valid and binding agreement in all respects, enforceable in accordance with its terms.

#### 11.9 WAIVERS, ETC.

No term or provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing entered into in compliance with the terms of Section 10; and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

#### 11.10 COUNTERPARTS

This Trust Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument.

#### 11.11 BINDING EFFECT, ETC.

All covenants and agreements contained in this Trust Agreement shall be binding upon, and inure to the benefit of, Owner Trustee and its successors and assigns, and Owner Participant and its successors and, to the extent permitted by Section 8, assigns. Any request, notice, direction, consent,

waiver or other instrument or action by Owner Participant shall bind its successors and assigns.

#### 11.12 HEADINGS; REFERENCES

The headings and the table of contents used in this Trust Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof and shall not in any way affect the construction of, or be taken into consideration in interpreting, this Trust Agreement.

#### 11.13 GOVERNING LAW

THIS TRUST AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY THE LAWS OF THE STATE OF UTAH , INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS.

[This space intentionally left blank.]

TRUST AGREEMENT BASE

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

By -----

Name:

Title:

FIRST SECURITY BANK, NATIONAL ASSOCIATION

By -----

Name:

Title:

EXHIBIT B to  
Note Purchase Agreement  
FORM OF DELIVERY NOTICE

EXHIBIT B to  
Note Purchase Agreement

FORM OF DELIVERY NOTICE

Dated as of \_\_\_\_\_, \_\_ 199\_

To each of the addressees listed

Re: Delivery Notice in accordance with Note  
Purchase Agreement referred to below

Gentlemen:

Reference is made to the Note Purchase Agreement among Continental Airlines, Inc. (the "Company"), Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements (as defined therein) (the "Pass Through Trustee"), Wilmington Trust Company, as Subordination Agent (the "Subordination Agent"), First Security Bank, National Association, as Escrow Agent (the "Escrow Agent") and Wilmington Trust Company, as Paying Agent (the "Paying Agent") (as in effect from time to time, the "Note Purchase Agreement"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings set forth in the Note Purchase Agreement or, to the extent not defined therein, the Intercreditor Agreement.

Pursuant to Section 1(b) of the Note Purchase Agreement, the undersigned hereby notifies you, in respect of the Boeing \_\_\_\_\_ aircraft with manufacturer's serial number \_\_\_\_\_ (the "Aircraft"), of the following:

- (1) The Company has elected to treat the Aircraft as a [Leased]1/[Owned]1 Aircraft;
- (2) The Scheduled Delivery Date of the Aircraft is \_\_\_\_\_, \_\_, 199\_; and

- - - - -

- 1. To be inserted in the case of an Owned Aircraft.
- 2. To be inserted in the case of an Owned Aircraft.

- (3) The aggregate amount of each series of Equipment Notes to be issued, and purchased by the respective Pass Through Trustees, on the Scheduled Delivery Date, in connection with the financing of such Aircraft is as follows:
- (a) the Class A Trustee shall purchase Series A Equipment Notes in the amount of \$\_\_\_\_\_ ;
  - (b) the Class B Trustee shall purchase Series B Equipment Notes in the amount of \$\_\_\_\_\_ ;
  - (c) the Class C-I Trustee shall purchase Series C Equipment Notes in the amount of \$\_\_\_\_\_ ; and
  - (d) the Class C-II Trustee shall purchase Series C Equipment Notes in the amount of \$\_\_\_\_\_.

The Company hereby instructs the Class A Trustee to (i) execute a Withdrawal Certificate in the form of Annex A hereto dated \_\_\_\_\_, 199\_ [a date which is no later than one Business Day prior to the Scheduled Delivery Date] and attach thereto a Notice of Purchase Withdrawal dated such date completed as set forth on Exhibit A hereto and (ii) deliver such Withdrawal Certificate and Notice of Purchase Withdrawal to the applicable Escrow Agent.

The Company hereby instructs the Class B Trustee to (i) execute a Withdrawal Certificate in the form of Annex A hereto dated \_\_\_\_\_, 199\_ [a date which is no later than one Business Day prior to the Scheduled Delivery Date] and attach thereto a Notice of Purchase Withdrawal dated such date completed as set forth on Exhibit B hereto and (ii) deliver such Withdrawal Certificate and Notice of Purchase Withdrawal to the applicable Escrow Agent.

The Company hereby instructs the Class C-I Trustee to (i) execute a Withdrawal Certificate in the form of Annex A hereto dated \_\_\_\_\_, 199\_ [a date which is no later than one Business Day prior to the Scheduled Delivery Date] and attach thereto a Notice of Purchase Withdrawal dated such date completed as set forth on Exhibit C-I hereto and (ii) deliver such Withdrawal Certificate and Notice of Purchase Withdrawal to the applicable Escrow Agent.

The Company hereby instructs the Class C-II Trustee to (i) execute a Withdrawal Certificate in the form of Annex A hereto dated \_\_\_\_\_, 199\_ [a date which is no later than one Business Day prior to the Scheduled Delivery Date] and attach thereto a Notice of Purchase Withdrawal dated such date completed as set forth on Exhibit C-II hereto and (ii) deliver such Withdrawal Certificate and Notice of Purchase Withdrawal to the applicable Escrow Agent.

The Company hereby instructs each Pass Through Trustee to (i) purchase Equipment Notes of a series and in an amount set forth opposite such Pass Through Trustee in clause (3) above with a portion of the proceeds of the withdrawals of Deposits referred to in the applicable Notice of Purchase Withdrawal referred to above and (ii) re- deposit with the Depository the excess, if any, of the amount so withdrawn over the purchase price of such Equipment Notes.

The Company hereby instructs each Pass Through Trustee to (a) enter into the Participation Agreement dated as of \_\_\_\_\_; 199\_ among the Company, as [Lessee]2/[Owner]3, the Subordination Agent, the Pass Through Trustee, Wilmington Trust Company, as Mortgagee [and Loan Participant, First Security Bank, National Association, as Owner Trustee and \_\_\_\_\_, as Owner Participant]4, (b) perform its obligations thereunder and (c) deliver such certificates, documents and legal opinions relating to such Pass Through Trustee as required thereby.

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- 3. To be inserted in the case of a Leased Aircraft.
- 4. To be inserted in the case of an Owned Aircraft.
- 5. To be inserted in the case of a Leased Aircraft.



[The Company hereby certifies that the Owner Participant with respect to the Aircraft is (a) not an Affiliate of the Company and (b) a [Qualified Owner Participant/person whose obligations under the Owner Participant Agreements (as defined in the Participation Agreement) are guaranteed by a Qualified Owner Participant].(6)

Yours faithfully,  
Continental Airlines, Inc.

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

-----

6. To be inserted in the case of a Leased Aircraft.

## SCHEDULE A

Wilmington Trust Company, as  
Pass Through Trustee, Subordination Agent and Paying Agent  
Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust Administration  
Facsimile: (302) 651-1576

First Security Bank, National Association, as Escrow Agent  
79 South Main Street  
Salt Lake City, Utah 84111  
Attention: Corporate Trust Department  
Facsimile: (801) 246-5053

WITHDRAWAL CERTIFICATE  
(Class )(7)

First Security Bank, National Association,  
as Escrow Agent

Dear Sirs:

Reference is made to the Escrow and Paying Agent Agreement, dated as of March 21, 1997 (the "Agreement"). We hereby certify to you that the conditions to the obligations of the undersigned to execute a Participation Agreement pursuant to the Note Purchase Agreement have been satisfied. Pursuant to Section 1.02(c) of the Agreement, please execute the attached Notice of Withdrawal and immediately transmit by facsimile to the Depository, at (212) 325-8319.

Very truly yours,

WILMINGTON TRUST COMPANY not in its  
individual capacity by solely as  
Pass Through Trustee

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

Name:  
Title:

Dated: \_\_\_\_\_, 199\_

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7. To be inserted in the case of a Leased Aircraft.

NOTICE OF PURCHASE WITHDRAWAL

CREDIT SUISSE FIRST BOSTON  
New York Branch  
11 Madison Avenue  
New York, N.Y. 10010  
Attention: Robert Finney and  
Kevin Kappell  
Telecopier: (212) 325-8319

Gentlemen:

Reference is made to (i) the Deposit Agreement (Class A) dated as of March 21, 1997 (the "Deposit Agreement") between First Security Bank, National Association, as Escrow Agent, and Credit Suisse First Boston, New York Branch, as Depository (the "Depository").

In accordance with Section 2.3(a) of the Deposit Agreement, the undersigned hereby requests the withdrawal of the entire amount of the Deposit, \$\_\_\_\_\_, Account No. \_\_\_\_\_.

The undersigned hereby directs the Depository to pay the proceeds of the Deposit to [\_\_\_\_\_, Account No. \_\_\_\_\_, Reference: \_\_\_\_\_] on \_\_\_\_\_, 199\_, upon the telephonic request of a representative of the Pass Through Trustee.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
as Escrow Agent

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

Dated: \_\_\_\_\_, 199\_

NOTICE OF PURCHASE WITHDRAWAL

CREDIT SUISSE FIRST BOSTON  
New York Branch  
11 Madison Avenue  
New York, N.Y. 10010  
Attention: Robert Finney and  
              Kevin Kappell  
Telecopier: (212) 325-8319

Gentlemen:

Reference is made to (i) the Deposit Agreement (Class B) dated as of March 21, 1997 (the "Deposit Agreement") between First Security Bank, National Association, as Escrow Agent, and Credit Suisse First Boston, New York Branch, as Depository (the "Depository").

In accordance with Section 2.3(a) of the Deposit Agreement, the undersigned hereby requests the withdrawal of the entire amount of the Deposit, \$\_\_\_\_\_, Account NO. \_\_\_\_\_.

The undersigned hereby directs the Depository to pay the proceeds of the Deposit to [\_\_\_\_\_, Account No. \_\_\_\_\_, Reference: \_\_\_\_\_] on \_\_\_\_\_, 199\_, upon the telephonic request of a representative of the Pass Through Trustee.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
as Escrow Agent

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

Name:  
Title:

Dated: \_\_\_\_\_, 199\_

NOTICE OF PURCHASE WITHDRAWAL

CREDIT SUISSE FIRST BOSTON  
New York Branch  
11 Madison Avenue  
New York, N.Y. 10010  
Attention: Robert Finney and  
Kevin Kappell  
Telecopier: (212) 325-8319

Gentlemen:

Reference is made to (i) the Deposit Agreement (Class C-I) dated as of March 21, 1997 (the "Deposit Agreement") between First Security Bank, National Association, as Escrow Agent, and Credit Suisse First Boston, New York Branch, as Depository (the "Depository").

In accordance with Section 2.3(a) of the Deposit Agreement, the undersigned hereby requests the withdrawal of the entire amount of the Deposit, \$ \_\_\_\_\_, Account No. \_\_\_\_\_.

The undersigned hereby directs the Depository to pay the proceeds of the Deposit to [ \_\_\_\_\_, Account No. \_\_\_\_\_, Reference: \_\_\_\_\_ ] on \_\_\_\_\_, 199\_, upon the telephonic request of a representative of the Pass Through Trustee.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
as Escrow Agent

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

Dated: \_\_\_\_\_, 199\_

NOTICE OF PURCHASE WITHDRAWAL

CREDIT SUISSE FIRST BOSTON  
New York Branch  
11 Madison Avenue  
New York, N.Y. 10010  
Attention: Robert Finney and  
Kevin Kappell  
Telecopier: (212) 325-8319

Gentlemen:

Reference is made to (i) the Deposit Agreement (Class C-I) dated as of March 21, 1997 (the "Deposit Agreement") between First Security Bank, National Association, as Escrow Agent, and Credit Suisse First Boston, New York Branch, as Depositary (the "Depositary")

In accordance with Section 2.3(a) of the Deposit Agreement, the undersigned hereby requests the withdrawal of the entire amount of the Deposit, \$\_\_\_\_\_, Account No. \_\_\_\_\_.

The undersigned hereby directs the Depositary to pay the proceeds of the Deposit to [\_\_\_\_\_, Account No. \_\_\_\_\_, Reference: \_\_\_\_\_] on \_\_\_\_\_, 199\_, upon the telephonic request of a representative of the Pass Through Trustee.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
as Escrow Agent

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

Name:  
Title:

Dated: \_\_\_\_\_, 199\_

EXHIBIT C-1 to  
Note Purchase Agreement

FORM OF OWNED AIRCRAFT PARTICIPATION AGREEMENT



-----  
PARTICIPATION AGREEMENT \_\_\_\_

Dated as of \_\_\_\_\_

Among

CONTINENTAL AIRLINES, INC.,

Owner,

and

WILMINGTON TRUST COMPANY,

Not in its individual capacity

except as expressly provided herein,

but solely as Mortgagee, Subordination Agent

under the Intercreditor Agreement and Pass Through

Trustee under each of the Applicable Pass Through Agreements

-----  
One Boeing Model \_\_\_\_\_ Aircraft  
Bearing Manufacturer's Serial No. \_\_\_\_\_

-----  
OWNED AIRCRAFT PARTICIPATION AGREEMENT

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## PARTICIPATION AGREEMENT \_\_\_\_\_

PARTICIPATION AGREEMENT \_\_, dated as of \_\_\_\_\_ (this "Agreement"), among (a) CONTINENTAL AIRLINES, INC., a Delaware corporation ("Owner"), (b) WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity, except as expressly provided herein, but solely as Mortgagee (in its capacity as Mortgagee, "Mortgagee" and in its individual capacity, "WTC"), (c) WILMINGTON TRUST COMPANY, not in its individual capacity, except as expressly provided herein, but solely as Pass Through Trustee under each of the Applicable Pass Through Trust Agreements, (each, an "Applicable Pass Through Trustee") and (d) WILMINGTON TRUST COMPANY, not in its individual capacity, except as expressly provided herein, but solely as Subordination Agent under the Intercreditor Agreement ("Subordination Agent").

## RECITALS

A. Owner and Airframe Manufacturer have entered into the Purchase Agreement, pursuant to which, among other things, Airframe Manufacturer has agreed to manufacture and sell to Owner and Owner has agreed to purchase from Airframe Manufacturer, certain aircraft, including the Aircraft.

B. Pursuant to each of the Pass Through Trust Agreements, on the Issuance Date the Pass Through Trusts were created and the Pass Through Certificates were issued and sold.

C. Pursuant to the Note Purchase Agreement, each Applicable Pass Through Trustee has agreed to use a portion of the proceeds from the issuance and sale of the Pass Through Certificates issued by each Applicable Pass Through Trust to purchase from Owner, on behalf of the related Applicable Pass Through Trust, the Equipment Note bearing the same interest rate as the Pass Through Certificates issued by such Pass Through Trust.

D. Owner and Mortgagee, concurrently with the execution and delivery hereof, have entered into the Trust Indenture for the benefit of the Note Holders, pursuant to which, among other things, Owner agrees (1) to issue Equipment Notes, in the amounts and otherwise as provided in the Trust Indenture, and (2) to mortgage, pledge and assign to Mortgagee all of Owner's right,

title and interest in the Collateral to secure the Secured Obligations, including, without limitation, Owner's obligations under the Equipment Notes.

E. The parties hereto wish to set forth in this Agreement the terms and conditions upon and subject to which the aforesaid transactions shall be effected.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### SECTION 1. DEFINITIONS AND CONSTRUCTION

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed and interpreted in the manner described, in Annex A to the Trust Indenture.

#### SECTION 2. SECURED LOANS; CLOSING

##### 2.1 MAKING OF LOANS AND ISSUANCE OF EQUIPMENT NOTES

Subject to the terms and conditions of this Agreement, on the date hereof or on such other date agreed to by the parties hereto (the "Closing Date"):

- (a) Each Applicable Pass Through Trustee shall make a secured loan to the Owner in the amount in Dollars opposite such Trustee's name on Schedule 2; and
- (b) The Owner shall issue, pursuant to and in accordance with the provisions of Article II of the Trust Indenture, to the Subordination Agent as the registered holder on behalf of each Applicable Pass Through Trustee, one or more Equipment Notes, dated the Closing Date, of the Series set forth opposite such Trustee's name on Schedule 2, in an aggregate principal amount equal to the secured loan made by each such Applicable Pass Through Trustee.

##### 2.2 CLOSING

(a) The Closing of the transactions contemplated hereby shall take place at the offices of Hughes Hubbard & Reed LLP, One

Battery Park Plaza, New York, New York 10004, or at such other place as the parties shall agree.

(b) All payments pursuant to this Section 2 shall be made in immediately available funds to such accounts set forth in Schedule 1 hereto.

SECTION 3. [INTENTIONALLY OMITTED]

SECTION 4. CONDITIONS PRECEDENT

4.1 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE PASS THROUGH TRUSTEES

The obligation of each Applicable Pass Through Trustee to make the secured loan described in Section 2.1(a) and to participate in the transactions contemplated by this Agreement on the Closing Date is subject to the fulfillment, prior to or on the Closing Date, of the following conditions precedent:

4.1.1 EQUIPMENT NOTES

The Owner shall have tendered the Equipment Notes to the Mortgagee for authentication and the Mortgagee shall have authenticated such Equipment Notes and shall have tendered the Equipment Notes to the Subordination Agent on behalf of such Applicable Pass Through Trustee, against receipt of the loan proceeds, in accordance with Section 2.1.

4.1.2 DELIVERY OF DOCUMENTS

The Subordination Agent on behalf of each Applicable Pass Through Trustee shall have received executed counterparts or conformed copies of the following documents:

- (i) this Agreement;
- (ii) the Trust Indenture;
- (iii) the initial Trust Indenture Supplement;
- (iv) the broker's report and insurance certificates required by Section 4.06 of the Trust Indenture;
- (v) the Consent and Agreement and the Engine Consent and Agreement;

(vi) the Bills of Sale;

(vii) (A) a copy of the Certificate of Incorporation and By-Laws of Owner and resolutions of the board of directors of Owner and/or the executive committee thereof, in each case certified as of the Closing Date, by the Secretary or an Assistant Secretary of Owner, duly authorizing the execution, delivery and performance by Owner of the Operative Agreements to which it is party required to be executed and delivered by Owner on or prior to the Closing Date in accordance with the provisions hereof and thereof; and (B) an incumbency certificate of Owner as to the person or persons authorized to execute and deliver the Operative Agreements on behalf of Owner;

(viii) an Officer's Certificate of Owner, dated as of the Closing Date, stating that its representations and warranties set forth in this Agreement are true and correct as of the Closing Date (or, to the extent that any such representation and warranty expressly relates to an earlier date, true and correct as of such earlier date);

(ix) the Financing Statements;

(x) the following opinions of counsel, in each case dated the Closing Date:

(A) an opinion of Hughes Hubbard & Reed LLP, special counsel to Owner, substantially in the form of Exhibit A;

(B) an opinion of Owner's Legal Department, substantially in the form of Exhibit B;

(C) an opinion of Richards, Layton & Finger, special counsel to Mortgagee, substantially in the form of Exhibit C;

(D) an opinion of Richards, Layton & Finger, special counsel for the Pass Through Trustees, substantially in the form set forth in Exhibit D;

(E) an opinion of Lytle Soule & Curlee, special counsel in Oklahoma City, Oklahoma, substantially in the form of Exhibit E; and

(xi) a copy of a current, valid Standard Certificate of Airworthiness for the Aircraft duly issued by the FAA, together with a copy of a duly executed application for registration of the Aircraft with the FAA in the name of the Owner.

#### 4.1.3 PERFECTED SECURITY INTEREST

On the Closing Date, after giving effect to the filing of the FAA Filed Documents and the Financing Statements, Mortgagee shall have received a duly perfected first priority security interest in all of Owner's right, title and interest in the Aircraft, subject only to Permitted Liens.

#### 4.1.4 VIOLATION OF LAW

No change shall have occurred after the date of this Agreement in any applicable Law that makes it a violation of Law for (a) Owner, any Applicable Pass Through Trustee, Subordination Agent or Mortgagee to execute, deliver and perform the Operative Agreements to which any of them is a party or (b) any Applicable Pass Through Trustee to make the loan contemplated by Section 2.1, to acquire an Equipment Note or to realize the benefits of the security afforded by the Trust Indenture.

#### 4.1.5 REPRESENTATIONS, WARRANTIES AND COVENANTS

The representations and warranties of each other party to this Agreement made, in each case, in this Agreement and in any other Operative Agreement to which it is a party, shall be true and accurate in all material respects as of the Closing Date (unless any such representation and warranty shall have been made with reference to a specified date, in which case such representation and warranty shall be true and accurate as of such specified date) and each other party to this Agreement shall have performed and observed, in all material respects, all of its covenants, obligations and agreements in this Agreement and in any other Operative Agreement to which it is a party to be observed or performed by it as of the Closing Date.

#### 4.1.6 NO EVENT OF DEFAULT

On the Closing Date, no event shall have occurred and be continuing, or would result from the mortgage of the Aircraft, which constitutes a Default or an Event of Default.



## 4.1.7 NO EVENT OF LOSS

No Event of Loss with respect to the Airframe or any Engine shall have occurred and no circumstance, condition, act or event that, with the giving of notice or lapse of time or both, would give rise to or constitute an Event of Loss with respect to the Airframe or any Engine shall have occurred.

## 4.1.8 TITLE

Owner shall have good title (subject to filing and recordation of the FAA Bill of Sale with the FAA) to the Aircraft, free and clear of all Liens, except Permitted Liens.

## 4.1.9 CERTIFICATION

The Aircraft shall have been duly certificated by the FAA as to type and airworthiness in accordance with the terms of the Purchase Agreement.

## 4.1.10 SECTION 1110

Mortgagee shall be entitled to the benefits of Section 1110 (as currently in effect) with respect to the right to take possession of the Airframe and Engines as provided in the Trust Indenture in the event of a case under Chapter 11 of the Bankruptcy Code in which Owner is a debtor.

## 4.1.11 FILING

On the Closing Date (a) the FAA Filed Documents shall have been duly filed for recordation (or shall be in the process of being so duly filed for recordation) with the FAA in accordance with the Act and (b) each Financing Statement shall have been duly filed (or shall be in the process of being so duly filed) in the appropriate jurisdiction.

## 4.1.12 NO PROCEEDINGS

No action or proceeding shall have been instituted, nor shall any action be threatened in writing, before any Government Entity, nor shall any order, judgment or decree have been issued or proposed to be issued by any Government Entity, to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or any other Operative Agreement or the transactions contemplated hereby or thereby.

## 4.1.13 GOVERNMENTAL ACTION

All appropriate action required to have been taken prior to the Closing Date by the FAA, or any governmental or political agency, subdivision or instrumentality of the United States, in connection with the transactions contemplated by this Agreement shall have been taken, and all orders, permits, waivers, authorizations, exemptions and approvals of such entities required to be in effect on the Closing Date in connection with the transactions contemplated by this Agreement shall have been issued.

## 4.1.14 NOTE PURCHASE AGREEMENT

The conditions precedent to the obligations of the Applicable Pass Through Trustees and the other requirements relating to the Aircraft and the Equipment Notes set forth in the Note Purchase Agreement shall have been satisfied.

## 4.2 CONDITIONS PRECEDENT TO OBLIGATIONS OF MORTGAGEE

The obligation of Mortgagee to authenticate the Equipment Notes on the Closing Date is subject to the satisfaction or waiver by Mortgagee, on or prior to the Closing Date, of the conditions precedent set forth below in this Section 4.2.

## 4.2.1 DOCUMENTS

Executed originals of the agreements, instruments, certificates or documents described in Section 4.1.2 shall have been received by Mortgagee, except as specifically provided therein, unless the failure to receive any such agreement, instrument, certificate or document is the result of any action or inaction by Mortgagee.

## 4.2.2 OTHER CONDITIONS PRECEDENT

Each of the conditions set forth in Sections 4.1.4, 4.1.5, 4.1.6 and 4.1.10 shall have been satisfied unless the failure of any such condition to be satisfied is the result of any action or inaction by Mortgagee.

## 4.3 CONDITIONS PRECEDENT TO OBLIGATIONS OF OWNER

The obligation of Owner to participate in the transaction contemplated hereby on the Closing Date is subject to the

satisfaction or waiver by Owner, on or prior to the Closing Date, of the conditions precedent set forth below in this Section 4.3.

#### 4.3.1 DOCUMENTS

Executed originals of the agreements, instruments, certificates or documents described in Section 4.1.2 shall have been received by Owner, except as specifically provided therein, and shall be satisfactory to Owner, unless the failure to receive any such agreement, instrument, certificate or document is the result of any action or inaction by Owner. In addition, the Owner shall have received the following:

(i) (A) an incumbency certificate of WTC as to the person or persons authorized to execute and deliver the Operative Agreements on behalf of WTC and (B) a copy of the Certificate of Incorporation and By-Laws and general authorizing resolution of the board of directors (or executive committee) or other satisfactory evidence of authorization of WTC, certified as of the Closing Date by the Secretary or Assistant or Attesting Secretary of WTC, which authorize the execution, delivery and performance by WTC of the Operative Agreements to which it is a party; and

(ii) an Officer's Certificate of WTC, dated as of the Closing Date, stating that its representations and warranties in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, set forth in this Agreement are true and correct as of the Closing Date (or, to the extent that any such representation and warranty expressly relates to an earlier date, true and correct as of such earlier date);

#### 4.3.2 OTHER CONDITIONS PRECEDENT

Each of the conditions set forth in Sections 4.1.4, 4.1.5, 4.1.6, 4.1.7, 4.1.8, 4.1.9, 4.1.10, 4.1.11, 4.1.12 and 4.1.13 shall have been satisfied or waived by Owner, unless the failure of any such condition to be satisfied is the result of any action or inaction by Owner.

#### 4.4 POST REGISTRATION OPINION

Promptly upon the registration of the Aircraft and the recordation of the FAA Filed Documents pursuant to the Act, Owner will cause Lytle Soule & Curlee, special counsel in Oklahoma

City, Oklahoma, to deliver to Owner, each Pass Through Trustee and Mortgagee a favorable opinion or opinions addressed to each of them with respect to such registration and recordation.

## SECTION 5. REPRESENTATIONS AND WARRANTIES

### 5.1 OWNER'S REPRESENTATIONS AND WARRANTIES

Owner represents and warrants to each Applicable Pass Through Trustee, Subordination Agent and Mortgagee that:

#### 5.1.1 ORGANIZATION; QUALIFICATION

Owner is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware and has the corporate power and authority to conduct the business in which it is currently engaged and to own or hold under lease its properties and to enter into and perform its obligations under the Operative Agreements to which it is party. Owner is duly qualified to do business as a foreign corporation in good standing in each jurisdiction in which the nature and extent of the business conducted by it, or the ownership of its properties, requires such qualification, except where the failure to be so qualified would not give rise to a Material Adverse Change to Owner.

#### 5.1.2 CORPORATE AUTHORIZATION

Owner has taken, or caused to be taken, all necessary corporate action (including, without limitation, the obtaining of any consent or approval of stockholders required by its Certificate of Incorporation or By-Laws) to authorize the execution and delivery of each of the Operative Agreements to which it is party, and the performance of its obligations thereunder.

#### 5.1.3 NO VIOLATION

The execution and delivery by Owner of the Operative Agreements to which it is party, the performance by Owner of its obligations thereunder and the consummation by Owner on the Closing Date of the transactions contemplated thereby, do not and will not (a) violate any provision of the Certificate of Incorporation or By-Laws of Owner, (b) violate any Law applicable to or binding on Owner or (c) violate or constitute any default under (other than any violation or default that would not result

in a Material Adverse Change to Owner), or result in the creation of any Lien (other than as permitted under the Trust Indenture) upon the Aircraft under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, loan or other material agreement, instrument or document to which Owner is a party or by which Owner or any of its properties is bound.

#### 5.1.4 APPROVALS

The execution and delivery by Owner of the Operative Agreements to which Owner is a party, the performance by Owner of its obligations thereunder and the consummation by Owner on the Closing Date of the transactions contemplated thereby do not and will not require the consent or approval of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of, (a) any trustee or other holder of any Debt of Owner and (b) any Government Entity, other than the filing of (x) the FAA Filed Documents and the Financing Statements (and continuation statements periodically) and (y) filings, recordings, notices or other ministerial actions pursuant to any routine recording, contractual or regulatory requirements applicable to it.

#### 5.1.5 VALID AND BINDING AGREEMENTS

The Operative Agreements to which Owner is a party have been duly authorized, executed and delivered by Owner and, assuming the due authorization, execution and delivery thereof by the other party or parties thereto, constitute the legal, valid and binding obligations of Owner and are enforceable against Owner in accordance with the respective terms thereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar Laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity.

#### 5.1.6 LITIGATION

Except as set forth in Owner's most recent Annual Report on Form 10-K, as amended, filed by Owner with the SEC on or prior to the Closing Date, or in any Quarterly Report on Form 10-Q or Current Report on Form 8-K filed by Owner with the SEC subsequent to such Form 10-K and on or prior to the Closing Date, no action,

claim or proceeding is now pending or, to the Actual Knowledge of Owner, threatened, against Owner, before any court, governmental body, arbitration board, tribunal or administrative agency, which is reasonably likely to be determined adversely to Owner and if determined adversely to Owner would result in a Material Adverse Change.

#### 5.1.7 FINANCIAL CONDITION

The audited consolidated balance sheet of Owner with respect to Owner's most recent fiscal year included in Owner's most recent Annual Report on Form 10-K, as amended, filed by Owner with the SEC, and the related consolidated statements of operations and cash flows for the period then ended have been prepared in accordance with GAAP and fairly present in all material respects the financial condition of Owner and its consolidated subsidiaries as of such date and the results of its operations and cash flows for such period, and since the date of such balance sheet, there has been no material adverse change in such financial condition or operations of Owner, except for matters disclosed in (a) the financial statements referred to above or (b) any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K filed by Owner with the SEC on or prior to the date hereof.

#### 5.1.8 REGISTRATION AND RECORDATION

Except for (a) the registration of the Aircraft with the FAA pursuant to the Act in the name of Owner, (b) the filing for recordation (and recordation) of the FAA Filed Documents, (c) the filing of the Financing Statements (and continuation statements relating thereto at periodic intervals), and (d) the affixation of the nameplates referred to in Section 4.02(f) of the Trust Indenture, no further action, including any filing or recording of any document (including any financing statement in respect thereof under Article 9 of the UCC) is necessary in order to establish and perfect Mortgagee's security interest in the Aircraft as against Owner and any other Person, in each case, in any applicable jurisdictions in the United States.

#### 5.1.9 CHIEF EXECUTIVE OFFICE

The chief executive office (as such term is defined in Article 9 of the UCC) of Owner is located at 2929 Allen Parkway, Houston, Texas 77019.

## 5.1.10 NO EVENT OF LOSS

No Event of Loss has occurred with respect to the Airframe or any Engine, and, to the Actual Knowledge of Owner, no circumstance, condition, act or event has occurred that, with the giving of notice or lapse of time or both gives rise to or constitutes an Event of Loss with respect to the Airframe or any Engine.

## 5.1.11 COMPLIANCE WITH LAWS

(a) Owner is a Citizen of the United States and a U.S. Air Carrier.

(b) Owner holds all licenses, permits and franchises from the appropriate Government Entities necessary to authorize Owner to lawfully engage in air transportation and to carry on scheduled commercial passenger service as currently conducted, except where the failure to so hold any such license, permit or franchise would not give rise to a Material Adverse Change to Owner.

(c) Owner is not an "investment company" or a company controlled by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

## 5.1.12 SECURITIES LAWS

Neither Owner nor any person authorized to act on its behalf has directly or indirectly offered any beneficial interest or Security relating to the ownership of the Aircraft, or any of the Equipment Notes or any other interest in or security under the Trust Indenture, for sale to, or solicited any offer to acquire any such interest or security from, or has sold any such interest or security to, any person in violation of the Securities Act.

## 5.1.13 BROKER'S FEES

No Person acting on behalf of Owner is or will be entitled to any broker's fee, commission or finder's fee in connection with the Transactions.

## 5.1.14 SECTION 1110

Mortgagee is entitled to the benefits of Section 1110 (as currently in effect) with respect to the right to take possession

of the Airframe and Engines as provided in the Trust Indenture in the event of a case under Chapter 11 of the Bankruptcy Code in which Owner is a debtor.

## 5.2 WTC'S REPRESENTATIONS AND WARRANTIES

WTC represents and warrants (with respect to Section 5.2.10, solely in its capacity as Subordination Agent) to Owner that:

### 5.2.1 ORGANIZATION, ETC.

WTC is a Delaware banking corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware, holding a valid certificate to do business as a Delaware banking corporation with banking authority to execute and deliver, and perform its obligations under, the Pass Through Trustee Agreements and the Operative Agreements to which it is a party.

### 5.2.2 CORPORATE AUTHORIZATION

WTC has taken, or caused to be taken, all necessary corporate action (including, without limitation, the obtaining of any consent or approval of stockholders required by Law or by its Certificate of Incorporation or By-Laws) to authorize the execution and delivery by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of the Pass Through Trustee Agreements and the Operative Agreements to which it is a party and the performance of its obligations thereunder.

### 5.2.3 NO VIOLATION

The execution and delivery by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of the Pass Through Trustee Agreements and the Operative Agreements to which it is a party, the performance by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of its obligations thereunder and the consummation on the Closing Date of the transactions contemplated thereby, do not and will not (a) violate any provision of the Certificate of Incorporation or By-Laws of WTC, (b) violate any Law applicable to or binding on WTC, in its individual capacity or (except in the case of any Law relating to any Plan) as Mortgagee, a Pass Through Trustee or Subordination Agent, or (c) violate or constitute any default



under (other than any violation or default that would not result in a Material Adverse Change to WTC, in its individual capacity or Mortgagee, a Pass Through Trustee or Subordination Agent), or result in the creation of any Lien (other than the lien of the Trust Indenture) upon any property of WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, or any of WTC's subsidiaries under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, loan or other agreement, instrument or document to which WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, is a party or by which WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, or any of their respective properties is bound.

#### 5.2.4 APPROVALS

The execution and delivery by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of the Pass Through Trustee Agreements and the Operative Agreements to which it is a party, the performance by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of its obligations thereunder and the consummation on the Closing Date by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of the transactions contemplated thereby do not and will not require the consent, approval or authorization of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of, (a) any trustee or other holder of any Debt of WTC or (b) any Government Entity, other than the filing of the FAA Filed Documents and the Financing Statements.

#### 5.2.5 VALID AND BINDING AGREEMENTS

The Pass Through Trustee Agreements and the Operative Agreements to which it is a party have been duly authorized, executed and delivered by WTC and, assuming the due authorization, execution and delivery by the other party or parties thereto, constitute the legal, valid and binding obligations of WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the

case may be, and are enforceable against WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, in accordance with the respective terms thereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar Laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity.

#### 5.2.6 CITIZENSHIP

WTC is a Citizen of the United States.

#### 5.2.7 NO LIENS

On the Closing Date, there are no Liens attributable to WTC in respect of all or any part of the Collateral.

#### 5.2.8 LITIGATION

There are no pending or, to the Actual Knowledge of WTC, threatened actions or proceedings against WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, before any court, administrative agency or tribunal which, if determined adversely to WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, would materially adversely affect the ability of WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, to perform its obligations under any of the Mortgagee Agreements, the Pass Through Trustee Agreements or the Subordination Agent Agreements.

#### 5.2.9 SECURITIES LAWS

Neither WTC nor any person authorized to act on its behalf has directly or indirectly offered any beneficial interest or Security relating to the ownership of the Aircraft or any interest in the Collateral or any of the Equipment Notes or any other interest in or security under the Collateral for sale to, or solicited any offer to acquire any such interest or security from, or has sold any such interest or security to, any Person other than the Subordination Agent and the Pass Through Trustees, except for the offering and sale of the Pass Through Certificates.

## 5.2.10 INVESTMENT

The Equipment Notes to be acquired by the Subordination Agent are being acquired by it for the account of the Applicable Pass Through Trustees, for investment and not with a view to any resale or distribution thereof, except that, subject to the restrictions on transfer set forth in Section 9, the disposition by it of its Equipment Notes shall at all times be within its control.

## 5.2.11 TAXES

There are no Taxes payable by any Applicable Pass Through Trustee or WTC, as the case may be, imposed by the State of Delaware or any political subdivision or taxing authority thereof in connection with the execution, delivery and performance by such Pass Through Trustee or WTC, as the case may be, of this Agreement or any of the Pass Through Trustee Agreements (other than franchise or other taxes based on or measured by any fees or compensation received by any such Pass Through Trustee or WTC, as the case may be, for services rendered in connection with the transactions contemplated by any of the Pass Through Trust Agreements), and there are no Taxes payable by any Applicable Pass Through Trustee or WTC, as the case may be, imposed by the State of Delaware or any political subdivision thereof in connection with the acquisition, possession or ownership by any such Pass Through Trustee of any of the Equipment Notes (other than franchise or other taxes based on or measured by any fees or compensation received by any such Pass Through Trustee or WTC, as the case may be, for services rendered in connection with the transactions contemplated by any of the Pass Through Trust Agreements), and, assuming that the trusts created by the Pass Through Trust Agreements will not be taxable as corporations, but, rather, each will be characterized as a grantor trust under subpart E, Part I of Subchapter J of the Code or as a partnership under Subchapter K of the Code, such trusts will not be subject to any Taxes imposed by the State of Delaware or any political subdivision thereof;

## 5.2.12 BROKER'S FEES

No Person acting on behalf of WTC, in its individual capacity or as Mortgagee, any Applicable Pass Through Trustee or Subordination Agent, is or will be entitled to any broker's fee, commission or finder's fee in connection with the Transactions.

## SECTION 6. COVENANTS, UNDERTAKINGS AND AGREEMENTS

## 6.1 COVENANTS OF OWNER

Owner covenants and agrees, at its own cost and expense, with Note Holder and Mortgagee as follows:

## 6.1.1 CORPORATE EXISTENCE; U.S. AIR CARRIER

Owner shall at all times maintain its corporate existence, except as permitted by Section 4.07 of the Trust Indenture, and shall at all times remain a U.S. Air Carrier.

## 6.1.2 NOTICE OF CHANGE OF CHIEF EXECUTIVE OFFICE

Owner will give Mortgagee timely written notice (but in any event within 30 days prior to the expiration of the period of time specified under applicable Law to prevent lapse of perfection) of any relocation of its chief executive office (as such term is defined in Article 9 of the UCC) from its then present location and will promptly take any action required by Section 6.1.3(c) as a result of such relocation.

## 6.1.3 CERTAIN ASSURANCES

(a) Owner shall duly execute, acknowledge and deliver, or shall cause to be executed, acknowledged and delivered, all such further agreements, instruments, certificates or documents, and shall do and cause to be done such further acts and things, in any case, as Mortgagee shall reasonably request for accomplishing the purposes of this Agreement and the other Operative Agreements, provided that any instrument or other document so executed by Owner will not expand any obligations or limit any rights of Owner in respect of the transactions contemplated by any Operative Agreement.

(b) Owner shall promptly take such action with respect to the recording, filing, re-recording and refiling of the Trust Indenture and any supplements thereto, including, without limitation, the Trust Indenture Supplement, as shall be necessary to continue the perfection and priority of the Lien created by the Trust Indenture.

(c) Owner, at its sole cost and expense, will cause the FAA Filed Documents, the Financing Statements and all continuation statements (and any amendments necessitated by any combination,

consolidation or merger of the Owner, or any relocation of its chief executive office) in respect of the Financing Statements to be prepared and, subject only to the execution and delivery thereof by Mortgagee, duly and timely filed and recorded, or filed for recordation, to the extent permitted under the Act (with respect to the FAA Filed Documents) or the UCC or similar law of any other applicable jurisdiction (with respect to such other documents).

(d) If the Aircraft has been registered in a country other than the United States pursuant to Section 4.02(e) of the Trust Indenture, Owner will furnish to Mortgagee annually after such registration, commencing with the calendar year after such registration is effected, an opinion of special counsel reasonably satisfactory to Mortgagee stating that, in the opinion of such counsel, either that (i) such action has been taken with respect to the recording, filing, rerecording and refiling of the Operative Agreements and any supplements and amendments thereto as is necessary to establish, perfect and protect the Lien created by the Trust Indenture, reciting the details of such actions, or (ii) no such action is necessary to maintain the perfection of such Lien.

#### 6.1.4 SECURITIES LAWS

Neither Owner nor any person authorized to act on its behalf will directly or indirectly offer any beneficial interest or Security relating to the ownership of the Aircraft or any interest in any of the Equipment Notes or any other interest in or security under the Trust Indenture, for sale to, or solicit any offer to acquire any such interest or security from, or sell any such interest or security to, any person in violation of the Securities Act or applicable state or foreign securities Laws.

#### 6.2 COVENANTS OF WTC

WTC in its individual capacity or as Mortgagee, each Applicable Pass Through Trustee or Subordination Agent, as the case may be, covenants and agrees with Owner as follows:

##### 6.2.1 LIENS

WTC (a) will not directly or indirectly create, incur, assume or suffer to exist any Lien attributable to it on or with respect to all or any part of the Collateral or the Aircraft, (b) will, at its own cost and expense, promptly take such action

as may be necessary to discharge any Lien attributable to WTC on all or any part of the Collateral or the Aircraft and (c) will personally hold harmless and indemnify Owner, each Note Holder, each of their respective Affiliates, successors and permitted assigns, and the Collateral from and against (i) any and all Expenses, and (ii) any interference with the possession, operation or other use of all or any part of the Aircraft, imposed on, incurred by or asserted against any of the foregoing as a consequence of any such Lien.

#### 6.2.2 SECURITIES ACT

WTC in its individual capacity or as Mortgagee, an Applicable Pass Through Trustee or Subordination Agent, will not offer any beneficial interest or Security relating to the ownership of the Aircraft or any interest in the Collateral, or any of the Equipment Notes or any other interest in or security under the Trust Indenture for sale to, or solicit any offer to acquire any such interest or security from, or sell any such interest or security to, any Person in violation of the Securities Act or applicable state or foreign securities Laws, provided that the foregoing shall not be deemed to impose on WTC any responsibility with respect to any such offer, sale or solicitation by any other party hereto.

#### 6.2.3 PERFORMANCE OF AGREEMENTS

WTC, in its individual capacity and as Mortgagee, an Applicable Pass Through Trustee or Subordination Agent, as the case may be, shall perform its obligations under the Pass Through Trustee Agreements and the Operative Agreements in accordance with the terms thereof.

#### 6.2.4 WITHHOLDING TAXES

WTC shall indemnify (on an after-tax basis) and hold harmless Owner against any United States withholding taxes (and related interest, penalties and additions to tax) as a result of the failure by WTC to withhold on payments to any Note Holder if such Note Holder failed to provide to Mortgagee necessary certificates or forms to substantiate the right to exemption from such withholding tax.

## 6.3 COVENANTS OF NOTE HOLDERS

Each Note Holder (including Subordination Agent) as to itself only covenants and agrees with Owner and Mortgagee as follows:

## 6.3.1 WITHHOLDING TAXES

Such Note Holder (if it is a Non-U.S. Person) agrees to indemnify (on an after-tax basis) and hold harmless Owner and Mortgagee against any United States withholding taxes (and related interest, penalties and additions to tax) as a result of the inaccuracy or invalidity of any certificate or form provided by such Note Holder to Mortgagee in connection with such withholding taxes. Any amount payable hereunder shall be paid within 30 days after receipt by a Note Holder of a written demand therefor.

## 6.3.2 TRANSFER; COMPLIANCE

(a) Such Note Holder will (i) not transfer any Equipment Note or interest therein in violation of the Securities Act or applicable state or foreign securities Law; provided, that the foregoing provisions of this section shall not be deemed to impose on such Note Holder any responsibility with respect to any such offer, sale or solicitation by any other party hereto, and (ii) perform and comply with the obligations specified to be imposed on it (as a Note Holder) under each of the Trust Indenture and the form of Equipment Note set forth in the Trust Indenture.

(b) Except for the transfer of the interests of each Applicable Pass Through Trustee in the Equipment Notes to the trustee of the Related Trust (as defined in each Applicable Pass Through Trust Agreement) in accordance with the Applicable Pass Through Trust Agreement, each Note Holder will not sell, assign, convey, exchange or otherwise transfer any Equipment Note or any interest in, or represented by, any Equipment Note (it being understood that this provision is not applicable to the Pass Through Certificates) unless the proposed transferee thereof first provides Owner with both of the following:

(i) a written representation and covenant that either (a) no portion of the funds it uses to purchase, acquire and hold such Equipment Note or interest directly or indirectly constitutes, or may be deemed under the Code or ERISA or any

rulings, regulations or court decisions thereunder to constitute, the assets of any Plan or (b) the transfer, and subsequent holding, of such Equipment Note or interest shall not involve or give rise to a transaction that constitutes a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975(c)(1) of the Code involving Owner, a Pass Through Trustee, the Subordination Agent or the proposed transferee (other than a transaction that is exempted from the prohibitions of such sections by applicable provisions of ERISA or the Code or administrative exemptions or regulations issued thereunder); and

(ii) a written covenant that it will not transfer any Equipment Note or any interest in, or represented by, any Equipment Note unless the subsequent transferee also makes the representation described in clause (i) above and agrees to comply with this clause (ii).

#### 6.4 AGREEMENTS

##### 6.4.1 QUIET ENJOYMENT

Each Applicable Pass Through Trustee, Subordination Agent, each Note Holder and Mortgagee agrees as to itself with Owner that, so long as no Event of Default shall have occurred and be continuing, such Person shall not (and shall not permit any Affiliate or other Person claiming by, through or under it to) interfere with Owner's rights in accordance with the Indenture to the quiet enjoyment, possession and use of the Aircraft.

##### 6.4.2 CONSENTS

Each Applicable Pass Through Trustee, Subordination Agent and Mortgagee covenants and agrees, for the benefit of Owner, that it shall not unreasonably withhold its consent to any consent or approval requested of it under the terms of any of the Operative Agreements which by its terms is not to be unreasonably withheld.

##### 6.4.3 INSURANCE

Each Applicable Pass Through Trustee, Subordination Agent, Mortgagee and each Note Holder agrees not to obtain or maintain insurance for its own account as permitted by Section 4.06 of the Trust Indenture if such insurance would limit or otherwise adversely affect the coverage of any insurance required to be



obtained or maintained by Owner pursuant to Section 4.06 of the Trust Indenture.

#### 6.4.4 EXTENT OF INTEREST OF NOTE HOLDERS

A Note Holder shall not, as such, have any further interest in, or other right with respect to, the Collateral when and if the principal and Make-Whole Amount, if any, of and interest on the Equipment Note held by such Holder, and all other sums, then due and payable to such Holder hereunder and under any other Operative Agreement, shall have been paid in full.

#### 6.4.5 FOREIGN REGISTRATION

Each Note Holder and Mortgagee hereby agree, for the benefit of Owner but subject to the provisions of Section 4.02(b) of the Trust Indenture:

(a) that Owner shall be entitled to register the Aircraft or cause the Aircraft to be registered in a country other than the United States subject to compliance with the following:

- (i) each of the following requirements is satisfied:
  - (A) no Special Default or Event of Default shall have occurred and be continuing at the time of such registration;
  - (B) such proposed change of registration is made in connection with a Permitted Lease to a Permitted Air Carrier;
  - (C) such country is a country with which the United States then maintains normal diplomatic relations or, if Taiwan, the United States then maintains diplomatic relations at least as good as those in effect on the Closing Date;

(ii) the Mortgagee shall have received an opinion of counsel (subject to customary exceptions) reasonably satisfactory to the Mortgagee addressed to Mortgagee as to the effect that:

- (A) such country would recognize the Owner's ownership interest in the Aircraft;

(B) after giving effect to such change in registration, the Lien of the Trust Indenture on the Owner's right, title and interest in and to the Aircraft shall continue as a valid and duly perfected first priority security interest and all filing, recording or other action necessary to protect the same shall have been accomplished (or, if such opinion cannot be given at the time of such proposed change in registration because such change in registration is not yet effective, (1) the opinion shall detail what filing, recording or other action is necessary and (2) the Mortgagee shall have received a certificate from Owner that all possible preparations to accomplish such filing, recording and other action shall have been done, and such filing, recording and other action shall be accomplished and a supplemental opinion to that effect shall be delivered to the Mortgagee on or prior to the effective date of such change in registration;

(C) unless Owner or the Permitted Air Carrier shall have agreed to provide insurance covering the risk of requisition of use of the Aircraft by the government of such country (so long as the Aircraft is registered under the laws of such country), the laws of such country require fair compensation by the government of such country payable in currency freely convertible into Dollars and freely removable from such country (without license or permit, unless Owner prior to such proposed reregistration has obtained such license or permit) for the taking or requisition by such government of such use; and

(D) it is not necessary, solely as a consequence of such change in registration and without giving effect to any other activity of the Mortgagee (or any Affiliate of the Mortgagee), for the Mortgagee to qualify to do business in such jurisdiction as a result of such reregistration in order to exercise any rights or remedies with respect to the Aircraft.

(b) In addition, as a condition precedent to any change in registration Owner shall have given to Mortgagee assurances reasonably satisfactory to Mortgagee:

- (i) to the effect that the provisions of Section 4.06 of the Trust Indenture have been complied with after giving effect to such change of registration;
- (ii) of the payment by Owner of all reasonable out-of-pocket expenses of each Note Holder and Mortgagee in connection with such change of registry, including, without limitation (1) the reasonable fees and disbursements of counsel to Mortgagee, (2) any filing or recording fees, Taxes or similar payments incurred in connection with the change of registration of the Aircraft and the creation and perfection of the security interest therein in favor of Mortgagee for the benefit of Note Holders, and (3) all costs and expenses incurred in connection with any filings necessary to continue in the United States the perfection of the security interest in the Aircraft in favor of Mortgagee for the benefit of Note Holders; and
- (iii) to the effect that the tax and other indemnities in favor of each person named as an indemnitee under any other Operative Agreement afford each such person substantially the same protection as provided prior to such change of registration (or Owner shall have agreed upon additional indemnities that, together with such original indemnities, in the reasonable judgment of Mortgagee, afford such protection).

#### 6.4.6 INTEREST IN CERTAIN ENGINES

Each Note Holder and Mortgagee agree, for the benefit of each of the lessor, conditional seller, mortgagee or secured party of any airframe or engine leased to, or purchased by, Owner or any Permitted Lessee subject to a lease, conditional sale, trust indenture or other security agreement that it will not acquire or claim, as against such lessor, conditional seller, mortgagee or secured party, any right, title or interest in any engine as the result of such engine being installed on the Airframe at any time while such engine is subject to such lease, conditional sale, trust

indenture or other security agreement and owned by such lessor or conditional seller or subject to a trust indenture or security interest in favor of such mortgagee or secured party.

#### SECTION 7. CONFIDENTIALITY

Owner, Note Holders and Mortgagee shall keep the Participation Agreement and Annex B to the Trust Indenture confidential and shall not disclose, or cause to be disclosed, the same to any Person, except (A) to prospective and permitted transferees of Owner's, a Note Holder's, a Liquidity Provider's, Mortgagee's or other Indenture Indemnitee's interest or their respective counsel or special counsel, independent insurance brokers, auditors, or other agents who agree to hold such information confidential, (B) to Owner's, a Note Holder's, a Liquidity Provider's, a Pass Through Trustee's, Mortgagee's or other Indenture Indemnitee's counsel or special counsel, independent insurance brokers, auditors, or other agents, Affiliates or investors who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree, legal process or governmental ruling or regulation, including those of any applicable insurance regulatory bodies (including, without limitation, the National Association of Insurance Commissioners), federal or state banking examiners, Internal Revenue Service auditors or any stock exchange, (D) with respect to a Note Holder or any Pass Through Trustee, to a nationally recognized rating agency for the purpose of obtaining a rating on the Equipment Notes or the Pass Through Certificates or to support an NAIC rating for the Equipment Notes or (E) such other Persons as are reasonably deemed necessary by the disclosing party in order to protect the interests of such party or for the purposes of enforcing such documents by such party; provided, that any and all disclosures permitted by clauses (C), (D), or (E) above shall be made only to the extent necessary to meet the specific requirements or needs of the Persons making such disclosures.

#### SECTION 8. INDEMNIFICATION AND EXPENSES

##### 8.1 GENERAL INDEMNITY

[INTENTIONALLY OMITTED]

## 8.2 EXPENSES

## 8.2.1 INVOICES AND PAYMENT

The Mortgagee, the Applicable Pass Through Trustees and the Subordination Agent shall promptly submit to Owner for its prompt approval (which shall not be unreasonably withheld) copies of invoices in reasonable detail of the Transaction Expenses for which it is responsible for providing information as they are received (but in no event later than the 90th day after the Closing Date). If so submitted and approved, the Owner agrees promptly, but in any event no later than the 105th day after the Closing Date, to pay Transaction Expenses.

## 8.2.2 PAYMENT OF OTHER EXPENSES

Owner shall pay (i) the ongoing fees and expenses of Mortgagee, and (ii) all reasonable out-of-pocket costs and expenses (including the reasonable fees and disbursements of

counsel) incurred by Mortgagee or any Note Holder attributable to any waiver, amendment or modification of any Operative Agreement to the extent requested by Owner.

8.3 GENERAL TAX INDEMNITY

[INTENTIONALLY OMITTED]

## SECTION 9. ASSIGNMENT OR TRANSFER OF INTEREST

## 9.1 NOTE HOLDERS

Subject to Section 6.3.2 hereof and Section 2.07 of the Trust Indenture, any Note Holder may, at any time and from time to time, Transfer or grant participations in all or any portion of the Equipment Notes and/or all or any portion of its beneficial interest in its Equipment Notes to any person (it being understood that the sale or issuance of Pass Through Certificates by a Pass Through Trustee shall not be considered a Transfer or participation); provided, that any participant in any such participations shall not have any direct rights under the Operative Agreements or any Lien on all or any part of the Aircraft or the Collateral and Owner shall not have any increased liability or obligations as a result of any such participation. In the case of any such Transfer, the Transferee, by acceptance

of Equipment Notes in connection with such Transfer, shall be deemed to be bound by all of the covenants of Note Holders contained in the Operative Agreements.

## 9.2 EFFECT OF TRANSFER

Upon any Transfer in accordance with Section 9.1 (other than any Transfer by any Note Holder, to the extent it only grants participations in Equipment Notes or in its beneficial interest therein), Transferee shall be deemed a "Note Holder," for all purposes of this Agreement and the other Operative Agreements, and the transferring Note Holder shall be released from all of its liabilities and obligations under this Agreement and any other Operative Agreements to the extent such liabilities and obligations arise after such Transfer and, in each case, to the extent such liabilities and obligations are assumed by the transferee; provided, that such transferring Note Holder (and its respective Affiliates, successors, assigns, agents, servants, representatives, directors and officers) will continue to have the benefit of any rights or indemnities under any Operative Agreement vested or relating to circumstances, conditions, acts or events prior to such Transfer.

## SECTION 10. SECTION 1110

It is the intention of each of the Owner, the Note Holders (such intention being evidenced by each of their acceptance of an Equipment Note), and Mortgagee that Mortgagee shall be entitled to the benefits of Section 1110 in the event of a case under Chapter 11 of the Bankruptcy Code in which Owner is a debtor.

## SECTION 11. CHANGE OF CITIZENSHIP

### 11.1 GENERALLY

Without prejudice to the representations, warranties or covenants regarding the status of any party hereto as a Citizen of the United States, each of Owner, WTC and Mortgagee agrees that it will, immediately upon obtaining knowledge of any facts that would cast doubt upon its continuing status as a Citizen of the United States and promptly upon public disclosure of negotiations in respect of any transaction which would or might adversely affect such status, notify in writing all parties hereto of all relevant matters in connection therewith.



## 11.2 MORTGAGEE

Upon WTC giving any notice in accordance with Section 11.1, Mortgagee shall (if and so long as such citizenship is necessary under the Act as in effect at such time or, if it is not necessary, if and so long as Mortgagee's citizenship could have any adverse effect on Owner, or any Note Holder), subject to Section 9.02 of the Trust Indenture, resign as Mortgagee promptly upon its ceasing to be such a citizen.

## SECTION 12. MISCELLANEOUS

## 12.1 AMENDMENTS

No provision of this Agreement may be amended, supplemented, waived, modified, discharged, terminated or otherwise varied orally, but only by an instrument in writing that specifically identifies the provision of this Agreement that it purports to amend, supplement, waive, modify, discharge, terminate or otherwise vary and is signed by the party against which the enforcement of the amendment, supplement, waiver, modification, discharge, termination or variance is sought. Each such amendment, supplement, waiver, modification, discharge, termination or variance shall be effective only in the specific instance and for the specific purpose for which it is given. No provision of this Agreement shall be varied or contradicted by oral communication, course of dealing or performance or other manner not set forth in an agreement, document or instrument in writing and signed by the party against which enforcement of the same is sought.

## 12.2 SEVERABILITY

If any provision hereof shall be held invalid, illegal or unenforceable in any respect in any jurisdiction, then, to the extent permitted by Law, (a) all other provisions hereof shall remain in full force and effect in such jurisdiction and (b) such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction. If, however, any Law pursuant to which such provisions are held invalid, illegal or unenforceable may be waived, such Law is hereby waived by the parties hereto to the full extent permitted, to the end that this Agreement shall be deemed to be a valid and binding agreement in all respects, enforceable in accordance with its terms.

## 12.3 SURVIVAL

The indemnities set forth herein shall survive the delivery or return of the Aircraft, the Transfer of any interest by any Note Holder of its Equipment Note and the expiration or other termination of this Agreement or any other Operative Agreement.

## 12.4 REPRODUCTION OF DOCUMENTS

This Agreement, all schedules and exhibits hereto and all agreements, instruments and documents relating hereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed and (b) financial statements, certificates and other information previously or hereafter furnished to any party hereto, may be reproduced by such party by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process, and such party may destroy any original documents so reproduced. Any such reproduction shall be as admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such party in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction likewise is admissible in evidence.

## 12.5 COUNTERPARTS

This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts (or upon separate signature pages bound together into one or more counterparts), each of which when so executed shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument.

## 12.6 NO WAIVER

No failure on the part of any party hereto to exercise, and no delay by any party hereto in exercising, any of its respective rights, powers, remedies or privileges under this Agreement or provided at Law, in equity or otherwise shall impair, prejudice or constitute a waiver of any such right, power, remedy or privilege or be construed as a waiver of any breach hereof or default hereunder or as an acquiescence therein nor shall any single or partial exercise of any such right, power, remedy or privilege preclude any other or further exercise thereof by it or the exercise of any other right, power, remedy or privilege by

it. No notice to or demand on any party hereto in any case shall, unless otherwise required under this Agreement, entitle such party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of any party hereto to any other or further action in any circumstances without notice or demand.

#### 12.7 NOTICES

Unless otherwise expressly permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents, waivers and other communications required or permitted to be made, given, furnished or filed hereunder shall be in writing (it being understood that the specification of a writing in certain instances and not in others does not imply an intention that a writing is not required as to the latter), shall refer specifically to this Agreement or other applicable Operative Agreement, and shall be personally delivered, sent by facsimile or telecommunication transmission (which in either case provides written confirmation to the sender of its delivery), sent by registered mail or certified mail, return receipt requested, postage prepaid, or sent by overnight courier service, in each case to the respective address, or facsimile number set forth for such party in Schedule 1, or to such other address, facsimile or other number as each party hereto may hereafter specify by notice to the other parties hereto. Each such notice, request, demand, authorization, direction, consent, waiver or other communication shall be effective when received or, if made, given, furnished or filed (a) by facsimile or telecommunication transmission, when confirmed, or (b) by registered or certified mail, three Business Days after being deposited, properly addressed, with the U.S. Postal Service.

#### 12.8 GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE

(a) THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS AGREEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK.

(b) EACH PARTY HERETO HEREBY IRREVOCABLY AGREES, ACCEPTS AND SUBMITS ITSELF TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN THE CITY AND COUNTY OF NEW YORK AND OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, IN CONNECTION WITH ANY LEGAL ACTION, SUIT OR PROCEEDING

WITH RESPECT TO ANY MATTER RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

(c) EACH PARTY HERETO HEREBY IRREVOCABLY CONSENTS AND AGREES TO THE SERVICE OF ANY AND ALL LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE MADE BY MAILING COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, AT THE ADDRESS SET FORTH PURSUANT TO SECTION 12.7. EACH PARTY HERETO HEREBY AGREES THAT SERVICE UPON IT, OR ANY OF ITS AGENTS, IN EACH CASE IN ACCORDANCE WITH THIS SECTION 12.8(C), SHALL CONSTITUTE VALID AND EFFECTIVE PERSONAL SERVICE UPON SUCH PARTY, AND EACH PARTY HERETO HEREBY AGREES THAT THE FAILURE OF ANY OF ITS AGENTS TO GIVE ANY NOTICE OF SUCH SERVICE TO ANY SUCH PARTY SHALL NOT IMPAIR OR AFFECT IN ANY WAY THE VALIDITY OF SUCH SERVICE ON SUCH PARTY OR ANY JUDGMENT RENDERED IN ANY ACTION OR PROCEEDING BASED THEREON.

(d) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY LEGAL ACTION OR PROCEEDING BROUGHT HEREUNDER IN ANY OF THE ABOVE-NAMED COURTS, THAT SUCH ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT VENUE FOR THE ACTION OR PROCEEDING IS IMPROPER OR THAT THIS AGREEMENT OR ANY OTHER OPERATIVE AGREEMENT MAY NOT BE ENFORCED IN OR BY SUCH COURTS.

(e) EACH PARTY HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN ANY COURT IN ANY JURISDICTION BASED UPON OR ARISING OUT OF OR RELATING TO THIS AGREEMENT.

#### 12.9 THIRD-PARTY BENEFICIARY

This Agreement is not intended to, and shall not, provide any person not a party hereto (other than the Indenture Indemnitees, each of which is an intended third party beneficiary with respect to the provisions of Section 8.1 and the persons referred to in Section 6.4.6, which are intended third party beneficiaries with respect to such Section) with any rights of any nature whatsoever against any of the parties hereto and no person not a party hereto (other than the Indenture Indemnitees, with respect to the provisions of Section 8.1, and the persons referred to in Section 6.4.6 with respect to the provisions of such Section) shall have any right, power or privilege in respect

of any party hereto, or have any benefit or interest, arising out of this Agreement.

12.10 ENTIRE AGREEMENT

This Agreement, together with the other Operative Agreements, on and as of the date hereof, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and all prior or contemporaneous understandings or agreements, whether written or oral, among any of the parties hereto with respect to such subject matter are hereby superseded in their entireties.

12.11 FURTHER ASSURANCES

Each party hereto shall execute, acknowledge and deliver or shall cause to be executed, acknowledged and delivered, all such further agreements, instruments, certificates or documents, and shall do and cause to be done such further acts and things, in any case, as any other party hereto shall reasonably request in connection with the administration of, or to carry out more effectually the purposes of, or to better assure and confirm into such other party the rights and benefits to be provided under this Agreement and the other Operative Agreements.

[This space intentionally left blank]

IN WITNESS WHEREOF, each of the parties has caused this Participation Agreement to be duly executed and delivered as of the day and year first above written.

CONTINENTAL AIRLINES, INC.,  
Owner

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

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
except as expressly provided  
herein, but solely as Mortgagee

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

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
except as expressly provided  
herein, but solely as Pass Through  
Trustee under the Pass Through  
Trust Agreement for the Continental  
Airlines Pass Through Trust,  
1997-1A-0

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

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
except as expressly provided herein,  
but solely as Pass Through Trustee  
under the Pass Through Trust  
Agreement for the Continental  
Airlines Pass Through Trust,  
1997-1B-0

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

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
except as expressly provided  
herein, but solely as Pass Through  
Trustee under the Pass Through Trust  
Agreement for the Continental  
Airlines Pass Through Trust,  
1997-[1C-I][1C-II]-0

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

WILMINGTON TRUST COMPANY,  
not in its individual  
capacity, except as  
expressly provided  
herein, but solely as Subordination  
Agent

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

-----  
 SCHEDULE 1  
 TO  
 PARTICIPATION AGREEMENT  
 -----

## ACCOUNTS; ADDRESSES

ACCOUNTS FOR PAYMENTS  
-----ADDRESS FOR NOTICES  
-----

CONTINENTAL AIRLINES,  
 INC.

Continental Airlines, Inc.  
 2929 Allen Parkway  
 Suite 2010  
 Houston, Texas 77019  
 Attention: Executive Vice  
 President and Chief  
 Financial Officer  
 Facsimile: (713) 520-6329

WILMINGTON TRUST  
 COMPANY, MORTGAGEE

Wilmington Trust Company  
 One Rodney Square  
 1100 North Market Street  
 Wilmington, Delaware 19890  
 Attention: Corporate Trust  
 Administration  
 Facsimile: (302) 651-1576

WILMINGTON TRUST  
 COMPANY, AS  
 SUBORDINATION AGENT

Wilmington Trust Company  
 One Rodney Square  
 1100 North Market Street  
 Wilmington, Delaware 19890  
 Attention: Corporate Trust  
 Administration  
 Facsimile: (302) 651-1576

WILMINGTON TRUST  
 COMPANY, AS PASS  
 THROUGH TRUSTEE  
 FOR THE 1997-1A  
 PASS THROUGH TRUST

Wilmington Trust Company  
 One Rodney Square  
 1100 North Market Street  
 Wilmington, Delaware 19890  
 Attention: Corporate Trust  
 Administration  
 Facsimile: (302) 651-1576



## ACCOUNT FOR PAYMENTS

-----

WILMINGTON TRUST  
COMPANY, AS PASS  
THROUGH TRUSTEE  
FOR THE 1997-1B  
PASS THROUGH TRUST

## ADDRESS FOR NOTICES

-----

Wilmington Trust Company  
One Rodney Square  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust  
Administration  
Facsimile: (302) 651-1576

WILMINGTON TRUST  
COMPANY, AS PASS  
THROUGH TRUSTEE  
FOR THE  
1997-[1C-I] [1C-II]  
PASS THROUGH TRUST

Wilmington Trust Company  
One Rodney Square  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust  
Administration  
Facsimile: (302) 651-1576

-----  
SCHEDULE 2  
TO  
PARTICIPATION  
AGREEMENT  
-----

PASS THROUGH  
TRUSTEE  
-----

COMMITMENTS  
SERIES OF  
EQUIPMENT NOTES  
-----

DOLLAR AMOUNT  
OF LOAN  
-----

-----  
SCHEDULE 3 - CERTAIN  
TERMS  
PARTICIPATION  
AGREEMENT  
-----

CERTAIN TERMS

DEFINED TERM  
-----

DEFINITION  
-----

Minimum Liability Insurance Amount

Threshold Amount

-----  
SCHEDULE 4 - PERMITTED COUNTRIES  
PARTICIPATION AGREEMENT  
-----

## PERMITTED COUNTRIES

Argentina	Malta
Australia	Mexico
Austria	Morocco
Bahamas	Netherlands
Belgium	New Zealand
Brazil	Norway
Canada	Paraguay
Chile	Peoples Republic of China
Denmark	Philippines
Egypt	Portugal
Ecuador	Republic of China (Taiwan)
Finland	Singapore
France	South Africa
Germany	South Korea
Greece	Spain
Hungary	Sweden
Iceland	Switzerland
India	Thailand
Indonesia	Tobago
Ireland	Trinidad
Italy	United Kingdom
Japan	Uruguay
Luxembourg	Venezuela
Malaysia	

[Form of Opinion of Owner's Special Counsel]

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To the Persons Listed on Schedule I  
Attached Hereto

Re: Mortgage of Boeing Model \_\_\_\_\_ Aircraft with  
Manufacturer's Serial Number \_\_\_\_\_ and U.S. Registration  
Number N

Gentlemen:

We have been requested by Continental Airlines, Inc., a Delaware corporation (the "Company"), to act as special counsel with respect to, and to render this opinion letter in connection with, the transactions contemplated by the Participation Agreement \_\_\_\_\_, dated as of \_\_\_\_\_ (the "Participation Agreement"), among the Company, as Owner, and Wilmington Trust Company, a Delaware banking corporation ("WTC"), in its capacity as Mortgagee (the "Mortgagee"), as Subordination Agent under the Intercreditor Agreement (as defined in the Participation Agreement) and as Pass Through Trustee under the Applicable Pass Through Trust Agreements (as defined in the Participation Agreement). Capitalized terms used herein and not otherwise defined herein have the respective meanings given those terms in the Participation Agreement.

In connection with this opinion letter we have examined, among other things, originals or copies certified or otherwise identified to our satisfaction of the following documents:

- (i) Participation Agreement;
- (ii) Trust Indenture;
- (iii) Trust Indenture Supplement No. 1;
- (iv) Airframe Manufacturer Consent and Agreement;
- (v) Engine Manufacturer Consent and Agreement;

- (vi) Forms of the Equipment Notes; and
- (vii) Bills of Sale.

We have also examined and relied upon such other documents and such other corporate records, certificates and other statements of governmental officials and corporate officers and other representatives of the Company as we have deemed necessary or appropriate for the purposes of this opinion. As to certain facts material to the opinions expressed herein, we have relied upon representations and warranties contained in the Operative Agreements. The opinions expressed herein are subject to the following exceptions, assumptions, qualifications and limitations:

A. The opinions set forth below are limited to the laws of the State of New York, the federal laws of the United States of America and the General Corporation Law of the State of Delaware, except that we express no opinion with respect to (i) the laws, regulations or ordinances of any county, town or municipality or governmental subdivision or agency thereof, (ii) state securities or blue sky laws or federal securities laws, including the Securities Act and the Investment Company Act of 1940, (iii) any federal or state tax, antitrust or fraudulent transfer or conveyance laws, (iv) the Employee Retirement Income Security Act of 1974, as amended, or (v) the Act (except as expressly provided in paragraph 5 below), or any other laws, rules or regulations governing, regulating or relating to the acquisition, ownership, registration, use or sale of an aircraft, airframe or aircraft engine or to the particular nature of the equipment to be acquired by the Company. In addition, our opinions are based upon a review of those laws, statutes, rules and regulations which, in our experience, are normally applicable to transactions of the type contemplated by the Participation Agreement.

B. The opinions set forth in paragraphs 3 and 6 below are subject to (i) limitations on enforceability arising from applicable bankruptcy, insolvency, reorganization, moratorium, receivership, fraudulent conveyance, fraudulent transfer, preferential transfer and similar laws relating to or affecting the rights and remedies of creditors generally and the effect of general principles of equity, including, without limitation, laches and estoppel as equitable defenses and concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether such enforceability is considered or applied in a proceeding in equity or at law) and considerations of impracticability or impossibility of performance, and defenses based upon unconscionability of otherwise enforceable obligations in the context of the factual circumstances under which enforcement thereof is sought and (ii) the qualification that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. In addition, certain remedial and procedural provisions of the Company Documents (as defined in paragraph 2 below) are or may be unenforceable in whole or in part, but the inclusion of such provisions does not affect the validity of those agreements and does not, in our opinion, make the remedies provided in those agreements, or otherwise available under applicable law, inadequate for the practical realization of the substantive benefits purported to be provided thereby, except for the economic consequences resulting from any delay imposed by, or

any procedure required by, applicable laws, rules, regulations and by constitutional requirements. We express no opinion as to (i) any provision contained in any Operative Agreement (a) providing for indemnification or exculpation of any Person for such Person's gross negligence, willful misconduct, recklessness or unlawful conduct or in respect of liabilities under the Securities Act, (b) providing for late payment charges or an increase in interest rate upon delinquency in payment or the occurrence of a default or other specified event but only to the extent such provision is deemed to constitute a penalty or liquidated damages provision, (c) as such provision relates to the subject matter jurisdiction of federal courts or the waiver of inconvenient forum with respect to proceedings in federal courts, (d) that purports to establish (or may be construed to establish) evidentiary standards or (e) providing for the waiver of any statutory right or any broadly or vaguely stated rights or unknown future rights, or any waiver which is against public policy considerations or (ii) Section 12.8(c) of the Participation Agreement or any comparable provision of any other Operative Agreement. Under certain circumstances the requirement that the provisions of an Operative Agreement may be modified or waived only in writing or only in a specific instance and provisions to the effect that failure or delay in exercising any right, remedy, power and/or privilege will not impair or waive such right, remedy, power and/or privilege may be unenforceable to the extent that an oral agreement has been effected or a course of dealing has occurred modifying such provisions. A court may modify or limit contractual agreements regarding attorneys' fees.

C. To the extent that our opinions expressed herein involve conclusions as to the matters set forth in the opinions dated the date hereof of Richards, Layton & Finger or Lytle, Soule & Curlee being delivered to you on the date hereof, we have assumed, without independent investigation, the correctness of the matters set forth in such opinions.

D. We have assumed the due authorization, execution and delivery of the Operative Agreements by each of the parties thereto, that each of such parties (other than the Company) has the power and authority to execute, deliver and perform each such Operative Agreement and has obtained or made all necessary consents, approvals, filings and registrations in connection therewith (except any required under New York law by the Company), that such execution, delivery and performance does not violate its charter, by-laws or similar instrument, that value has been given by each Applicable Pass Through Trustee to the Company under the Trust Indenture, that the Company has rights in the Collateral and that WTC is duly organized, validly existing and in good standing in its jurisdiction of organization and qualified to transact business in each other jurisdiction where such qualification is required.

E. We have assumed the due authentication of the Equipment Notes by the Mortgagee and the delivery thereof against payment therefor, all in accordance with the Participation Agreement and the Trust Indenture, and that the Equipment Notes conform to the forms thereof examined by us.

F. We have assumed that all signatures on documents examined by us are genuine, that all persons signing such documents have legal capacity, that all documents

submitted to us as originals are authentic and that all documents submitted to us as copies or specimens conform with the originals, which facts we have not independently verified.

G. We express no opinion as to any provision in any Operative Agreement that is contrary to Section 9-311, or Part V of Article 9, of the UCC.

H. We have not made any examination of, and express no opinion with respect to (and to the extent relevant have assumed the accuracy and sufficiency of), (i) descriptions of, the legal or beneficial ownership of, or the title or condition of title to, the Collateral or any other property covered by any of the Operative Agreements, (ii) except as expressly set forth in paragraphs 5 and 7 below, the existence, creation, validity or attachment of any Lien thereon, (iii) except as expressly set forth in paragraph 5 below, the perfection of any Lien thereon and (iv) the priority or enforcement of any Lien thereon.

I. In giving an opinion regarding the valid existence and good standing of the Company, we have relied solely upon certificates of public officials.

J. The opinions expressed herein are given as of the date hereof. We assume no obligation to advise you of any facts or circumstance that may come to our attention, or any changes in law that may occur after the date hereof, which may affect the opinion expressed herein.

Based on and subject to the foregoing, we are of the opinion that:

1. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware.

2. The Company has all necessary corporate power to execute, deliver and perform its obligations under the Participation Agreement, the Trust Indenture, the Trust Indenture Supplement No. 1 and the Equipment Notes (collectively, the "Company Documents"). Neither the execution nor delivery of the Company Documents by the Company nor the consummation of the transactions contemplated thereby will result in any violation of (a) its Restated Certificate of Incorporation or By-laws or (b) any law, governmental rule or regulation known to us to be applicable to, or binding on, the Company, or requires the approval of the stockholders of the Company.

3. Each Company Document constitutes the valid and binding obligation of the Company and is enforceable against the Company in accordance with its terms.

4. Except for the matters referred to in clauses (i) through (iii) of paragraph 5 below, no approval, authorization or other action by or filing with any governmental authority is required for the execution and delivery by the Company of the Company Documents or the consummation of the transactions contemplated thereby to occur at the Closing.



5. Except for (i) the registration of the Aircraft with the FAA pursuant to the Act, (ii) the filing and recordation in accordance with the Act of the FAA Filed Documents, and assuming that at the time of such filing no other unrecorded document relating to the Aircraft has been filed pursuant to the Act, (iii) the filing of Financing Statements referred to in Section 4.1.11 of the Participation Agreement, and the filing of periodic continuation statements with respect thereto, (a) no further filing or recording of any document is necessary (x) to establish the Company's title to the Airframe and Engines, and (y) to create a valid security interest in the Company's interest as owner of the Airframe and Engines or in the Purchase Agreement (to the extent a security interest therein is created by the Trust Indenture) in favor of the Mortgagee pursuant to the Trust Indenture and (b) no further filing or recording of any document in the State of New York or under the Act is required to perfect a security interest in the Company's interest as owner of the Airframe and Engines or in the Purchase Agreement (to the extent a security interest therein is created by the Trust Indenture) in favor of the Mortgagee pursuant to the Trust Indenture.

6. So long as the Company continues to be a "citizen of the United States", as defined in section 40102 of Title 49 of the United States Code, holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo, the Mortgagee will be entitled to the benefits of Section 1110 of Title 11 of the United States Code with respect to the Airframe and Engines delivered on the date hereof in connection with any case commenced by or against the Company under Chapter 11 of Title 11 of the United States Code.

7. Upon issuance, execution, authentication and delivery of the Equipment Notes at the Closing, the Trust Indenture creates the security interest in favor of the Mortgagee, as trustee for the benefit of the holders of the Equipment Notes, in the Collateral it purports to create to the extent that the UCC applies to a security interest in such property.

This opinion is being delivered pursuant to Section 4.1.2(x)(A) of the Participation Agreement. This opinion may be relied upon by you (and any permitted Transferee under Section 9.1 of the Participation Agreement) in connection with the matters set forth herein and, without our prior written consent, may not be relied upon for any other purpose and may not be furnished to any other Person for any purpose.

Very truly yours,

## SCHEDULE I

Wilmington Trust Company, individually, as Mortgagee, as Subordination Agent  
and as each Applicable Pass Through Trustee

ABN AMRO Bank N.V., Chicago Branch as Liquidity Provider

ING Bank N.V., as Liquidity Provider

Moody's Investors Service, Inc.

Standard & Poor's Ratings Group

[Form of Opinion of Owner's Legal Department]

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To the Persons  
Listed on  
Schedule I Hereto

Re: Mortgage of Boeing Model \_\_\_\_\_ Aircraft with Manufacturer's  
Serial Number \_\_\_\_\_ and U.S. Registration Number N

Ladies and Gentlemen:

This opinion letter is being delivered by Continental Airlines, Inc., a Delaware corporation ("Continental"), through its Legal Department in connection with the transactions contemplated by the Participation Agreement \_\_\_\_\_ dated as of \_\_\_\_\_, among Wilmington Trust Company, a Delaware banking corporation, as Mortgagee, Subordination Agent under the Intercreditor Agreement (as defined in the Participation Agreement) and as Pass Through Trustee under the Applicable Pass Through Trust Agreements (as defined in the Participation Agreement) and Continental, as Owner (the "Participation Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given those terms in the Participation Agreement. This opinion letter is being furnished to you pursuant to Section 4.1.2(x)(B) of the Participation Agreement.

In giving the following opinions, members of Continental's Legal Department or lawyers retained by Continental's Legal Department have reviewed the Participation Agreement and the other Operative Agreements to which Continental is a party and have relied upon originals, or copies certified or otherwise identified to our satisfaction, of such records, documents, certificates and other instruments as in our judgment are necessary or appropriate to enable us to render the opinions expressed below. In addition, Continental's Legal Department has assumed and has not verified the accuracy as to factual matters of each document reviewed. As used herein, the phrase "to our knowledge" or words of similar import shall mean to actual knowledge of Continental's Legal Department after reasonable investigation, but shall not be interpreted to impute knowledge of others (other than members of Continental's Legal Department).

Based on the foregoing, and subject to the assumptions and limitations contained herein, Continental's Legal Department is of the opinion that:

(a) Continental is an "air carrier" within the meaning of Section 40102 of the Act, operating under a certificate issued pursuant to Chapter 447 of the Act, is a "citizen of the United States" as such term is defined in Section 40102 of such Act and holds all authority, necessary licenses and certificates under such Act and the rules and regulations promulgated thereunder necessary for the conduct of its business and to perform its obligations under the Participation Agreement, the Trust Indenture, the Trust Indenture Supplement No. 1 and the Equipment Notes (collectively, the "Agreements").

(b) The execution, delivery and performance by Continental of each of the Agreements do not, to our knowledge, breach or result in a default under any indenture, mortgage, deed of trust, credit agreement, conditional sale contract or other loan agreement to which Continental is a party or by which Continental or its property may be bound.

(c) The execution, delivery and performance of each of the Agreements has been duly authorized by all necessary corporate action on the part of Continental, and each of the Agreements has been duly executed and delivered by Continental.

(d) There are no pending or, to our knowledge, threatened actions, suits or proceedings before any court or administrative agency or arbitrator that question the validity of any of the Agreements or that would have been required to be disclosed in Continental's Annual Report on Form 10-K filed for the year ended \_\_\_\_\_, on any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K, except such as are therein disclosed.

The foregoing opinions are limited to the federal law of the United States of America (other than (i) the Act (except as expressly provided in paragraph 1 above) or any other laws, rules or regulations governing, regulating or relating to the acquisition, ownership, registration, use or sale of an aircraft, airframe or aircraft engine or to the particular nature of the equipment to be acquired by Continental, (ii) state securities or blue sky laws, or federal securities laws, (iii) federal or state tax, antitrust or fraudulent transfer or conveyance laws, as to which we express no opinion), the General Corporation Law of the State of Delaware and the law of the State of Texas.

This opinion letter is furnished to you for the purpose indicated above, and may not be relied upon by any other Person (except any permitted Transferee under Section 9.1 of the Participation Agreement) or for any other purpose without our written consent.

Very truly yours,

Continental Airlines, Inc.  
Legal Department

## SCHEDULE I

Wilmington Trust Company, individually and as Mortgagee, as Subordination Agent  
and as each Applicable Pass Through Trustee

ABN AMRO Bank N.V., Chicago Branch, as a Liquidity Provider

ING Bank N.V., as a Liquidity Provider

Moody's Investors Service, Inc.

Standard & Poor's Ratings Group

[FAA Counsel's opinion to be substantially the same as in the Leased Aircraft Participation Agreement, with modifications to account for elimination of lease and ownership of the Aircraft by Continental]

EXHIBIT C-2 to  
Note Purchase Agreement

FORM OF OWNED AIRCRAFT INDENTURE



-----  
TRUST INDENTURE AND MORTGAGE \_\_\_\_\_

Dated as of \_\_\_\_\_, 199\_

Between

CONTINENTAL AIRLINES, INC.,

Owner

and

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
except as expressly stated herein,  
but solely as Mortgagee,

Mortgagee

-----  
EQUIPMENT NOTES COVERING  
ONE BOEING \_\_\_\_\_ AIRCRAFT  
BEARING U.S. REGISTRATION MARK N \_\_\_\_\_  
AND MANUFACTURER'S SERIAL NO. \_\_\_\_\_  
-----

OWNED AIRCRAFT INDENTURE

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## TRUST INDENTURE AND MORTGAGE \_\_\_\_

TRUST INDENTURE AND MORTGAGE \_\_\_\_, dated as of \_\_\_\_\_  
\_\_, 199\_ ("Trust Indenture"), between CONTINENTAL AIRLINES, INC., a Delaware corporation ("Owner"), and WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity, except as expressly stated herein, but solely as Mortgagee hereunder (together with its successors hereunder, the "Mortgagee").

## W I T N E S S E T H

WHEREAS, all capitalized terms used herein shall have the respective meanings set forth or referred to in Article I hereof;

WHEREAS, the parties hereto desire by this Trust Indenture, among other things, (i) to provide for the issuance by the Owner of the Equipment Notes and (ii) to provide for the assignment, mortgage and pledge by the Owner to the Mortgagee, as part of the Collateral hereunder, among other things, of all of the Owner's right, title and interest in and to the Aircraft and, except as hereinafter expressly provided, all payments and other amounts received hereunder in accordance with the terms hereof, as security for, among other things, the Owner's obligations to the Note Holders and the Indenture Indemnitees;

WHEREAS, all things have been done to make the Equipment Notes, when executed by the Owner and authenticated and delivered by the Mortgagee hereunder, the valid, binding and enforceable obligations of the Owner; and

WHEREAS, all things necessary to make this Trust Indenture the valid, binding and legal obligation of the Owner for the uses and purposes herein set forth, in accordance with its terms, have been done and performed and have happened;

## GRANTING CLAUSE

NOW, THEREFORE, THIS TRUST INDENTURE AND MORTGAGE WITNESSETH, that, to secure the prompt payment of the Original Amount of, interest on, Make-Whole Amount, if any, and all other amounts due with respect to, all Equipment Notes from time to time outstanding hereunder according to their tenor and effect and to secure the performance and observance by the Owner of all the agreements, covenants and provisions contained herein and in the Participation Agreement and in the Equipment Notes, for the benefit of the Note Holders and each of the Indenture Indemnitees, and in consideration of the premises and of the covenants herein contained, and of the acceptance of the Equipment Notes by the holders thereof, and for other good and valuable consideration the receipt and adequacy whereof are hereby acknowledged, the Owner has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto the Mortgagee, its successors in trust and assigns, for the security and benefit of, the Note Holders and each of the Indenture Indemnitees, a first priority security interest in and mortgage lien on all right, title and interest of the Owner in,

OWNED AIRCRAFT INDENTURE

to and under the following described property, rights and privileges, whether now or hereafter acquired (which, collectively, together with all property hereafter specifically subject to the Lien of this Trust Indenture by the terms hereof or any supplement hereto, are included within, and are referred to as, the "Collateral"), to wit:

(1) The Airframe which is one Boeing \_\_\_\_\_ aircraft with the FAA Registration number of N\_\_\_\_\_ and the manufacturer's serial number of \_\_\_\_\_ and Engines, each of which Engines is a \_\_\_\_\_ engine with the manufacturer's serial numbers of \_\_\_\_\_ and \_\_\_\_\_, is of 750 or more rated takeoff horsepower or the equivalent of such horsepower (such Airframe and Engines more particularly described in the Trust Indenture Supplement executed and delivered as provided herein) as the same is now and will hereafter be constituted, whether now owned by the Owner or hereafter acquired, and in the case of such Engines, whether or not any such Engine shall be installed in or attached to the Airframe or any other airframe, together with (a) all Parts of whatever nature, which are from time to time included within the definitions of "Airframe" or "Engines", whether now owned or hereafter acquired, including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Airframe and Engines (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts) and (b) all Aircraft Documents;

(2) The Purchase Agreement and the Bills of Sale to the extent the same relate to continuing rights of the Owner in respect of any warranty, indemnity or agreement, express or implied, as to title, materials, workmanship, design or patent infringement or related matters with respect to the Airframe or the Engines (reserving to the Owner, however, all of the Owner's other rights and interest in and to the Purchase Agreement) together with all rights, powers, privileges, options and other benefits of the Owner thereunder (subject to such reservation) with respect to the Airframe or the Engines, including, without limitation, the right to make all waivers and agreements, to give and receive all notices and other instruments or communications, to take such action upon the occurrence of a default thereunder, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by law, and to do any and all other things which the Owner is or may be entitled to do thereunder (subject to such reservation), subject, with respect to the Purchase Agreement, to the terms and conditions of the Consent and Agreement and the Engine Consent and Agreement;

(3) All proceeds with respect to the requisition of title to or use of the Aircraft or any Engine by any Government Entity or from the sale or other disposition of the Aircraft, the Airframe, any Engine or other property described in any of these Granting Clauses by the Mortgagee pursuant to the terms of this Trust Indenture, and all insurance proceeds with respect to the Aircraft, the Airframe, any Engine or any part thereof, but excluding any insurance maintained by the Owner and not required under Section 4.06;

(4) All rents, revenues and other proceeds collected by the Mortgagee pursuant to Section 5.03(b) and all monies and securities from time to time deposited or required

to be deposited with the Mortgagee by or for the account of the Owner pursuant to any terms of this Trust Indenture held or required to be held by the Mortgagee hereunder; and

(5) All proceeds of the foregoing.

PROVIDED, HOWEVER, that notwithstanding any of the foregoing provisions, so long as no Event of Default shall have occurred and be continuing, (a) the Mortgagee shall not take or cause to be taken any action contrary to the Owner's right hereunder to quiet enjoyment of the Airframe and Engines, and to possess, use, retain and control the Airframe and Engines and all revenues, income and profits derived therefrom, and (b) the Owner shall have the right, to the exclusion of the Mortgagee, with respect to the Purchase Agreement, to exercise in the Owner's name all rights and powers of the buyer under the Purchase Agreement (other than to amend, modify or waive any of the warranties or indemnities contained therein, except in the exercise of the Owner's reasonable business judgment) and to retain any recovery or benefit resulting from the enforcement of any warranty or indemnity under the Purchase Agreement; and provided further that, notwithstanding the occurrence or continuation of an Event of Default, the Mortgagee shall not enter into any amendment of the Purchase Agreement which would increase the obligations of the Owner thereunder.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Mortgagee, and its successors and assigns, in trust for the equal and proportionate benefit and security of the Note Holders and the Indenture Indemnitees, except as provided in Section 2.13 and Article III hereof, without any preference, distinction or priority of any one Equipment Note over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and in all cases and as to all property specified in paragraphs (1) through (5) inclusive above, subject to the terms and provisions set forth in this Trust Indenture.

It is expressly agreed that anything herein contained to the contrary notwithstanding, the Owner shall remain liable under the Indenture Agreements to perform all of the obligations assumed by it thereunder, except to the extent prohibited or excluded from doing so pursuant to the terms and provisions thereof, and the Mortgagee, the Note Holders and the Indenture Indemnitees shall have no obligation or liability under the Indenture Agreements by reason of or arising out of the assignment hereunder, nor shall the Mortgagee, the Note Holders or the Indenture Indemnitees be required or obligated in any manner to perform or fulfill any obligations of the Owner under or pursuant to the Indenture Agreements, or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

The Owner does hereby constitute the Mortgagee the true and lawful attorney of the Owner, irrevocably, granted for good and valuable consideration and coupled with an interest and with full power of substitution, and with full power (in the name of the Owner or otherwise) to ask for, require, demand, receive, compound and give acquittance for any and all monies and

claims for monies (in each case including insurance and requisition proceeds) due and to become due under or arising out of the Indenture Agreements, and all other property which now or hereafter constitutes part of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or to take any action or to institute any proceedings which the Mortgagee may deem to be necessary or advisable in the premises; provided that the Mortgagee shall not exercise any such rights except upon the occurrence and during the continuance of an Event of Default hereunder.

The Owner agrees that at any time and from time to time, upon the written request of the Mortgagee, the Owner will promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents (including without limitation UCC continuation statements) as the Mortgagee may reasonably deem necessary to perfect, preserve or protect the mortgage, security interests and assignments created or intended to be created hereby or to obtain for the Mortgagee the full benefits of the assignment hereunder and of the rights and powers herein granted.

IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto as follows:

#### ARTICLE I

##### DEFINITIONS

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed in the manner described, in Annex A hereto.

#### ARTICLE II

##### THE EQUIPMENT NOTES

###### SECTION 2.01. FORM OF EQUIPMENT NOTES

The Equipment Notes shall be substantially in the form set forth below:

THIS EQUIPMENT NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR PURSUANT TO THE SECURITIES LAWS OF ANY STATE. ACCORDINGLY, THIS EQUIPMENT NOTE MAY NOT BE SOLD UNLESS EITHER REGISTERED UNDER THE ACT AND SUCH APPLICABLE STATE LAWS OR AN EXEMPTION FROM SUCH REGISTRATIONS IS AVAILABLE.



## CONTINENTAL AIRLINES, INC.

SERIES [\_\_\_\_\_] EQUIPMENT NOTE DUE [\_\_\_\_\_] ISSUED IN CONNECTION WITH THE BOEING  
 MODEL \_\_\_\_\_ AIRCRAFT BEARING UNITED  
 STATES REGISTRATION NUMBER N\_\_\_\_\_.

No. \_\_\_\_\_

Date: [\_\_\_\_\_, \_\_\_\_]

INTEREST RATE

MATURITY DATE

[\_\_\_\_\_]

[\_\_\_\_\_]

CONTINENTAL AIRLINES, INC., a Delaware corporation ("Owner"), hereby promises to pay to \_\_\_\_\_, or the registered assignee thereof, the principal sum of \$\_\_\_\_\_ (the "Original Amount"), together with interest on the amount of the Original Amount remaining unpaid from time to time (calculated on the basis of a year of 360 days comprised of twelve 30-day months) from the date hereof until paid in full at a rate per annum equal to the Debt Rate. The Original Amount of this Equipment Note shall be payable in installments on the dates set forth in Schedule I hereto equal to the corresponding percentage of the Original Amount of this Equipment Note set forth in Schedule I hereto. Accrued but unpaid interest shall be due and payable in semiannual installments commencing on \_\_\_\_\_, \_\_ 199\_, and thereafter on April 1, and October 1 of each year, to and including \_\_\_\_\_. Notwithstanding the foregoing, the final payment made on this Equipment Note shall be in an amount sufficient to discharge in full the unpaid Original Amount and all accrued and unpaid interest on, and any other amounts due under, this Equipment Note. Notwithstanding anything to the contrary contained herein, if any date on which a payment under this Equipment Note becomes due and payable is not a Business Day, then such payment shall not be made on such scheduled date but shall be made on the next succeeding Business Day and if such payment is made on such next succeeding Business Day, no interest shall accrue on the amount of such payment during such extension.

For purposes hereof, the term "Trust Indenture" means the Trust Indenture and Mortgage \_\_\_\_\_, dated as of \_\_\_\_\_, 199\_, between the Owner and Wilmington Trust Company (the "Mortgagee"), as the same may be amended or supplemented from time to time. All other capitalized terms used in this Equipment Note and not defined herein shall have the respective meanings assigned in the Trust Indenture.

This Equipment Note shall bear interest, payable on demand, at the Payment Due Rate (calculated on the basis of a year of 360 days comprised of twelve 30-day months) on any overdue Original Amount, any overdue Make-Whole Amount, if any, and (to the extent permitted by applicable Law) any overdue interest and any other amounts payable hereunder which are overdue, in each case for the period the same is overdue. Amounts shall be overdue if not paid when due (whether at stated maturity, by acceleration or otherwise).

The interest rate borne by this Equipment Note shall be subject to adjustments to the extent, and under the circumstances, specified by the Registration Rights Agreement.

There shall be maintained an Equipment Note Register for the purpose of registering transfers and exchanges of Equipment Notes at the Corporate Trust Office of the Mortgagee or at the office of any successor in the manner provided in Section 2.07 of the Trust Indenture.

The Original Amount and interest and other amounts due hereunder shall be payable in Dollars in immediately available funds at the Corporate Trust Office of the Mortgagee, or as otherwise provided in the Trust Indenture. Each such payment shall be made on the date such payment is due and without any presentment or surrender of this Equipment Note, except that in the case of any final payment with respect to this Equipment Note, the Equipment Note shall be surrendered promptly thereafter to the Mortgagee for cancellation.

The holder hereof, by its acceptance of this Equipment Note, agrees that, except as provided in the Trust Indenture, each payment of the Original Amount, Make-Whole Amount, if any, and interest received by it hereunder shall be applied, first, to the payment of accrued interest on this Equipment Note (as well as any interest on any overdue Original Amount, any overdue Make-Whole Amount, if any, or, to the extent permitted by Law, any overdue interest and other amounts hereunder) to the date of such payment, second, to the payment of the Original Amount of this Equipment Note then due, third, to the payment of Make-Whole Amount, if any, and any other amount due hereunder or under the Trust Indenture, and fourth, the balance, if any, remaining thereafter, to the payment of installments of the Original Amount of this Equipment Note remaining unpaid in the inverse order of their maturity.

This Equipment Note is one of the Equipment Notes referred to in the Trust Indenture which have been or are to be issued by the Owner pursuant to the terms of the Trust Indenture. The Collateral is held by the Mortgagee as security, in part, for the Equipment Notes. The provisions of this Equipment Note are subject to the Trust Indenture. Reference is hereby made to the Trust Indenture for a complete statement of the rights and obligations of the holder of, and the nature and extent of the security for, this Equipment Note and the rights and obligations of the holders of, and the nature and extent of the security for, any other Equipment Notes executed and delivered under the Trust Indenture, as well as for a statement of the terms and conditions of the Trust created by the Trust Indenture, to all of which terms and conditions in the Trust Indenture each holder hereof agrees by its acceptance of this Equipment Note.

As provided in the Trust Indenture and subject to certain limitations therein set forth, this Equipment Note is exchangeable for a like aggregate Original Amount of Equipment Notes of different authorized denominations, as requested by the holder surrendering the same.

Prior to due presentment for registration of transfer of this Equipment Note, the Owner and the Mortgagee shall treat the person in whose name this Equipment Note is registered as the owner hereof for all purposes, whether or not this Equipment Note be overdue, and neither the Owner nor the Mortgagee shall be affected by notice to the contrary.

This Equipment Note is subject to redemption as provided in Sections 2.10, 2.11 and 2.12 of the Trust Indenture but not otherwise. In addition, this Equipment Note may be accelerated as provided in Section 5.02 of the Trust Indenture.

[The indebtedness evidenced by this Equipment Note is, to the extent and in the manner provided in the Trust Indenture, subordinate and subject in right of payment to the prior payment in full of the Secured Obligations (as defined in the Trust Indenture) in respect of [Series A Equipment Notes](1) [Series A and Series B Equipment Notes](2) and this Equipment Note is issued subject to such provisions. The Note Holder of this Equipment Note, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Mortgagee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Trust Indenture and (c) appoints the Mortgagee his attorney-in-fact for such purpose.](3)

Unless the certificate of authentication hereon has been executed by or on behalf of the Mortgagee by manual signature, this Equipment Note shall not be entitled to any benefit under the Trust Indenture or be valid or obligatory for any purpose.

THIS EQUIPMENT NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

\* \* \*

IN WITNESS WHEREOF, the Owner has caused this Equipment Note to be executed in its corporate name by its officer thereunto duly authorized on the date hereof.

CONTINENTAL AIRLINES, INC.

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

- - - - -

- (1) To be inserted in the case of a Series B Equipment Note.
- (2) To be inserted in the case of a Series C Equipment Note.
- (3) To be inserted for each Equipment Note other than any Series A Equipment Note.

MORTGAGEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Equipment Notes referred to in the within-mentioned Trust Indenture.

WILMINGTON TRUST COMPANY, as  
Mortgagee

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

SCHEDULE I  
EQUIPMENT NOTE AMORTIZATION

Payment Date                      Percentage of Original Amount to Be Paid  
-----                                      -----

[SEE SCHEDULE I TO TRUST INDENTURE  
WHICH IS INSERTED UPON ISSUANCE]

\* \* \*

## SECTION 2.02. ISSUANCE AND TERMS OF EQUIPMENT NOTES

The Equipment Notes shall be dated the date of issuance thereof, shall be issued in three separate series consisting of Series A, Series B and Series C and in the maturities and principal amounts and shall bear interest as specified in Schedule I hereto. On the date thereof, each Equipment Note shall be issued to the Subordination Agent on behalf of the Pass Through Trustee under the Applicable Pass Through Trust Agreement. The Equipment Notes shall be issued in registered form only. The Equipment Notes shall be issued in denominations of \$1,000 and integral multiples thereof, except that one Equipment Note of each Series may be in an amount that is not an integral multiple of \$1,000.

Each Equipment Note shall bear interest at the Debt Rate (calculated on the basis of a year of 360 days comprised of twelve 30-day months) on the unpaid Original Amount thereof from time to time outstanding, payable in arrears on \_\_\_\_ , 199\_, and on each \_\_\_\_ April 1 and October 1 thereafter until maturity. The Original Amount of each Equipment Note shall be payable on the dates and in the installments equal to the corresponding percentage of the Original Amount as set forth in Schedule I hereto which shall be attached as Schedule I to the Equipment Notes. Notwithstanding the foregoing, the final payment made under each Equipment Note shall be in an amount sufficient to discharge in full the unpaid Original Amount and all accrued and unpaid interest on, and any other amounts due under, such Equipment Note. Each Equipment Note shall bear interest at the Payment Due Rate (calculated on the basis of a year of 360 days comprised of twelve 30-day months) on any part of the Original Amount, Make-Whole Amount, if any, and, to the extent permitted by applicable Law, interest and any other amounts payable thereunder not paid when due for any period during which the same shall be overdue, in each case for the period the same is overdue. Amounts shall be overdue if not paid when due (whether at stated maturity, by acceleration or otherwise). Notwithstanding anything to the contrary contained herein, if any date on which a payment under any Equipment Note becomes due and payable is not a Business Day then such payment shall not be made on such scheduled date but shall be made on the next succeeding Business Day and if such payment is made on such next succeeding Business Day, no interest shall accrue on the amount of such payment during such extension.

The Owner agrees to pay to the Mortgagee for distribution in accordance with Section 3.04 hereof: (i) to the extent not payable (whether or not in fact paid) under Section 6(a) of the Note Purchase Agreement, an amount equal to the fees payable to the relevant Liquidity Provider under Section 2.03 of each Liquidity Facility and the related Fee Letter (as defined in the Intercreeitor Agreement) multiplied by a fraction the numerator of which shall be the then outstanding aggregate principal amount of the Series A Equipment Notes, Series B Equipment Notes and Series C Equipment Notes and the denominator of which shall be the then outstanding aggregate principal amount of all "Series A Equipment Notes," "Series B Equipment Notes" and "Series C Equipment Notes" (each as defined in the Note Purchase Agreement); (ii) (x) the amount equal to interest on any Downgrade Advance (other than any Applied Downgrade Advance) payable under Section 3.07(e) of each Liquidity Facility minus Investment Earnings from such Downgrade Advance multiplied by (y) the fraction specified in the foregoing clause

(i); (iii) (x) the amount equal to interest on any Non-Extension Advance (other than any Applied Non-Extension Advance) payable under Section 3.07(a)(i) of each Liquidity Facility minus Investment Earnings from such Non-Extension Advance multiplied by (y) the fraction specified in the foregoing clause (i); (iv) if any payment default shall have occurred and be continuing with respect to interest on any Series A Equipment Notes, Series B Equipment Notes or Series C Equipment Notes, (x) the excess, if any, of (1) an amount equal to interest on any Unpaid Advance, Applied Downgrade Advance or Applied Non-Extension Advance payable under Section 3.07(a)(i) of each Liquidity Facility over (2) the sum of Investment Earnings from any Final Advance plus any amount of interest at the Payment Due Rate actually payable (whether or not in fact paid) by Owner on the overdue scheduled interest on the Equipment Notes in respect of which such Unpaid Advance, Applied Downgrade Advance or Applied Non-Extension Advance was made multiplied by (y) a fraction the numerator of which shall be the then aggregate overdue amounts of interest on the Series A Equipment Notes, Series B Equipment Notes and Series C Equipment Notes (other than interest becoming due and payable solely as a result of acceleration of any such Equipment Notes) and the denominator of which shall be the then aggregate overdue amounts of interest on all "Series A Equipment Notes," "Series B Equipment Notes" and "Series C Equipment Notes" (each as defined in the Note Purchase Agreement) (other than interest becoming due and payable solely as a result of acceleration of any such "Equipment Notes"); and (v) Owner's pro rata share of any other amounts owed to the Liquidity Providers by the Subordination Agent as borrower under each Liquidity Facility other than amounts due as repayment of advances thereunder or as interest on such advances, except to the extent payable pursuant to clause (ii), (iii) or (iv) above, (c) Owner's pro rata share of all compensation and reimbursement of expenses, disbursements and advances payable by Owner under the Pass Through Trust Agreements, (d) Owner's pro rata share of all compensation and reimbursement of expenses and disbursements payable to the Subordination Agent under the Intercreditor Agreement except with respect to any income or franchise taxes incurred by the Subordination Agent in connection with the transactions contemplated by the Intercreditor Agreement and (e) in the event Owner requests any amendment to any Operative Agreement or Pass Through Agreement, Owner's pro rata share of all reasonable fees and expenses (including, without limitation, fees and disbursements of counsel) of the Escrow Agents and the Paying Agents in connection therewith payable by the Pass Through Trustees under the Escrow Agreements. As used herein, "Owner's pro rata share" means as of any time a fraction, the numerator of which is the principal balance then outstanding of Equipment Notes and the denominator of which is the aggregate principal balance then outstanding of all "Equipment Notes" (as such term is defined in each of the Operative Indentures). For purposes of this paragraph, the terms "Applied Downgrade Advance", "Applied Non-Extension Advance", "Cash Collateral Account", "Downgrade Advance", "Final Advance", "Investment Earnings", "Non-Extension Advance" and "Unpaid Advance" shall have the meanings specified in each Liquidity Facility.

The Equipment Notes shall be executed on behalf of the Owner by one of its authorized officers. Equipment Notes bearing the signatures of individuals who were at any time the proper officers of the Owner shall bind the Owner, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Equipment Notes or did not hold such offices at the respective dates of such Equipment Notes.

The Owner may from time to time execute and deliver Equipment Notes with respect to the Aircraft to the Mortgagee for authentication upon original issue and such Equipment Notes shall thereupon be authenticated and delivered by the Mortgagee upon the written request of the Owner signed by an authorized officer of the Owner; provided, however, that each such request shall specify the aggregate Original Amount of all Equipment Notes to be authenticated hereunder on original issue with respect to the Aircraft. No Equipment Note shall be secured by or entitled to any benefit under this Trust Indenture or be valid or obligatory for any purposes, unless there appears on such Equipment Note a certificate of authentication in the form provided for herein executed by the Mortgagee by the manual signature of one of its authorized officers and such certificate upon any Equipment Notes be conclusive evidence, and the only evidence, that such Equipment Note has been duly authenticated and delivered hereunder.

The aggregate Original Amount of the Equipment Notes issued hereunder shall not exceed \_\_\_\_\_.

SECTION 2.03. [INTENTIONALLY OMITTED]

SECTION 2.04. METHOD OF PAYMENT

(a) The Original Amount of, interest on, Make-Whole Amount, if any, and other amounts due under each Equipment Note or hereunder will be payable in Dollars by wire transfer of immediately available funds not later than 12:30 PM, New York time, on the due date of payment to the Mortgagee at the Corporate Trust Office for distribution among the Note Holders in the manner provided herein. The Owner shall not have any responsibility for the distribution of such payment to any Note Holder. Notwithstanding the foregoing or any provision in any Equipment Note to the contrary, the Mortgagee will use reasonable efforts to pay or cause to be paid, if so directed in writing by any Note Holder (with a copy to the Owner), all amounts paid by the Owner hereunder and under such holder's Equipment Note or Equipment Notes to such holder or a nominee therefor (including all amounts distributed pursuant to Article III of this Trust Indenture) by transferring, or causing to be transferred, by wire transfer of immediately available funds in Dollars, prior to 2:00 p.m., New York City time, on the due date of payment, to an account maintained by such holder with a bank located in the continental United States the amount to be distributed to such holder, for credit to the account of such holder maintained at such bank. If the Mortgagee shall fail to make any such payment as provided in the immediately foregoing sentence after its receipt of funds at the place and prior to the time specified above, the Mortgagee, in its individual capacity and not as trustee, agrees to compensate such holders for loss of use of funds at Debt Rate until such payment is made and the Mortgagee shall be entitled to any interest earned on such funds until such payment is made. Any payment made hereunder shall be made without any presentment or surrender of any Equipment Note, except that, in the case of the final payment in respect of any Equipment Note, such Equipment Note shall be surrendered to the Mortgagee for cancellation promptly after such payment. Notwithstanding any other provision of this Trust Indenture to the contrary, the Mortgagee shall not be required to make, or cause to be made, wire transfers as aforesaid prior to the first Business Day on which it is practicable for the Mortgagee to do so in view of the time of day when the funds to be so transferred were received by it if such funds were received after

12:30 PM, New York time, at the place of payment. Prior to the due presentment for registration of transfer of any Equipment Note, the Owner and the Mortgagee shall deem and treat the Person in whose name any Equipment Note is registered on the Equipment Note Register as the absolute owner and holder of such Equipment Note for the purpose of receiving payment of all amounts payable with respect to such Equipment Note and for all other purposes, and none of the Owner or the Mortgagee shall be affected by any notice to the contrary. So long as any signatory to the Participation Agreement or nominee thereof shall be a registered Note Holder, all payments to it shall be made to the account of such Note Holder specified in Schedule I thereto and otherwise in the manner provided in or pursuant to the Participation Agreement unless it shall have specified some other account or manner of payment by notice to the Mortgagee consistent with this Section 2.04.

(b) The Mortgagee, as agent for the Owner, shall exclude and withhold at the appropriate rate from each payment of Original Amount of, interest on, Make-Whole Amount, if any, and other amounts due hereunder or under each Equipment Note (and such exclusion and withholding shall constitute payment in respect of such Equipment Note) any and all United States withholding taxes applicable thereto as required by Law. The Mortgagee agrees to act as such withholding agent and, in connection therewith, whenever any present or future United States taxes or similar charges are required to be withheld with respect to any amounts payable hereunder or in respect of the Equipment Notes, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Note Holders, that it will file any necessary United States withholding tax returns or statements when due, and that as promptly as possible after the payment thereof it will deliver to each Note Holder (with a copy to the Owner) appropriate receipts showing the payment thereof, together with such additional documentary evidence as any such Note Holder may reasonably request from time to time.

If a Note Holder which is a Non-U.S. Person has furnished to the Mortgagee a properly completed, accurate and currently effective U.S. Internal Revenue Service Form 1001 or W-8 (or such successor form or forms as may be required by the United States Treasury Department) during the calendar year in which the payment hereunder or under the Equipment Note(s) held by such holder is made (but prior to the making of such payment), or in either of the two preceding calendar years, and has not notified the Mortgagee of the withdrawal or inaccuracy of such form prior to the date of such payment (and the Mortgagee has no reason to believe that any information set forth in such form is inaccurate), the Mortgagee shall withhold only the amount, if any, required by Law (after taking into account any applicable exemptions properly claimed by the Note Holder) to be withheld from payments hereunder or under the Equipment Notes held by such holder in respect of United States federal income tax. If a Note Holder (x) which is a Non-U.S. Person has furnished to the Mortgagee a properly completed, accurate and currently effective U.S. Internal Revenue Service Form 4224 in duplicate (or such successor certificate, form or forms as may be required by the United States Treasury Department as necessary in order to properly avoid withholding of United States federal income tax), for each calendar year in which a payment is made (but prior to the making of any payment for such year), and has not notified the Mortgagee of the withdrawal or inaccuracy of such certificate or form prior to the date of such payment (and the Mortgagee has no reason to believe that any information set forth in such form is inaccurate) or (y) which is a U.S. Person has



furnished to the Mortgagee a properly completed, accurate and currently effective U.S. Internal Revenue Service Form W- 9, if applicable, prior to a payment hereunder or under the Equipment Notes held by such holder, no amount shall be withheld from payments in respect of United States federal income tax. If any Note Holder has notified the Mortgagee that any of the foregoing forms or certificates is withdrawn or inaccurate, or if such holder has not filed a form claiming an exemption from United States withholding tax or if the Code or the regulations thereunder or the administrative interpretation thereof is at any time after the date hereof amended to require such withholding of United States federal income taxes from payments under the Equipment Notes held by such holder, the Mortgagee agrees to withhold from each payment due to the relevant Note Holder withholding taxes at the appropriate rate under Law and will, on a timely basis as more fully provided above, deposit such amounts with an authorized depository and make such returns, statements, receipts and other documentary evidence in connection therewith as required by Law.

Owner shall not have any liability for the failure of the Mortgagee to withhold taxes in the manner provided for herein or for any false, inaccurate or untrue evidence provided by any Note Holder hereunder.

#### SECTION 2.05. APPLICATION OF PAYMENTS

In the case of each Equipment Note, each payment of Original Amount, Make-Whole Amount, if any, and interest due thereon shall be applied:

First: to the payment of accrued interest on such Equipment Note (as well as any interest on any overdue Original Amount, any overdue Make-Whole Amount, if any, and to the extent permitted by Law, any overdue interest and any other overdue amounts thereunder) to the date of such payment;

Second: to the payment of the Original Amount of such Equipment Note (or a portion thereof) then due thereunder;

Third: to the payment of Make-Whole Amount, if any, and any other amount due hereunder or under such Equipment Note; and

Fourth: the balance, if any, remaining thereafter, to the payment of the Original Amount of such Equipment Note remaining unpaid (provided that such Equipment Note shall not be subject to redemption except as provided in Sections 2.10, 2.11 and 2.12 hereof).

The amounts paid pursuant to clause "Fourth" above shall be applied to the installments of Original Amount of such Equipment Note in the inverse order of their normal maturity.

#### SECTION 2.06. TERMINATION OF INTEREST IN COLLATERAL

No Note Holder nor any other Indenture Indemnitee shall, as such, have any further interest in, or other right with respect to, the Collateral when and if the Original Amount

of, Make-Whole Amount, if any, and interest on and other amounts due under all Equipment Notes held by such Note Holder and all other sums then due and payable to such Note Holder, such Indenture Indemnitee or the Mortgagee hereunder (including, without limitation, under the third paragraph of Section 2.02 hereof) and under the other Operative Agreements by the Owner (collectively, the "Secured Obligations") shall have been paid in full.

#### SECTION 2.07. REGISTRATION TRANSFER AND EXCHANGE OF EQUIPMENT

##### NOTES

The Mortgagee shall keep a register (the "Equipment Note Register") in which the Mortgagee shall provide for the registration of Equipment Notes and the registration of transfers of Equipment Notes. No such transfer shall be given effect unless and until registration hereunder shall have occurred. The Equipment Note Register shall be kept at the Corporate Trust Office of the Mortgagee. The Mortgagee is hereby appointed "Equipment Note Registrar" for the purpose of registering Equipment Notes and transfers of Equipment Notes as herein provided. A holder of any Equipment Note intending to exchange such Equipment Note shall surrender such Equipment Note to the Mortgagee at the Corporate Trust Office, together with a written request from the registered holder thereof for the issuance of a new Equipment Note, specifying, in the case of a surrender for transfer, the name and address of the new holder or holders. Upon surrender for registration of transfer of any Equipment Note, the Owner shall execute, and the Mortgagee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Equipment Notes of a like aggregate Original Amount and of the same series. At the option of the Note Holder, Equipment Notes may be exchanged for other Equipment Notes of any authorized denominations of a like aggregate Original Amount, upon surrender of the Equipment Notes to be exchanged to the Mortgagee at the Corporate Trust Office. Whenever any Equipment Notes are so surrendered for exchange, the Owner shall execute, and the Mortgagee shall authenticate and deliver, the Equipment Notes which the Note Holder making the exchange is entitled to receive. All Equipment Notes issued upon any registration of transfer or exchange of Equipment Notes (whether under this Section 2.07 or under Section 2.08 hereof or otherwise under this Trust Indenture) shall be the valid obligations of the Owner evidencing the same respective obligations, and entitled to the same security and benefits under this Trust Indenture, as the Equipment Notes surrendered upon such registration of transfer or exchange. Every Equipment Note presented or surrendered for registration of transfer, shall (if so required by the Mortgagee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Mortgagee duly executed by the Note Holder or such holder's attorney duly authorized in writing, and the Mortgagee shall require evidence satisfactory to it as to the compliance of any such transfer with the Securities Act, and the securities Laws of any applicable state. The Mortgagee shall make a notation on each new Equipment Note of the amount of all payments of Original Amount previously made on the old Equipment Note or Equipment Notes with respect to which such new Equipment Note is issued and the date to which interest on such old Equipment Note or Equipment Notes has been paid. Interest shall be deemed to have been paid on such new Equipment Note to the date on which interest shall have been paid on such old Equipment Note, and all payments of the Original Amount marked on such new Equipment Note, as provided above, shall be deemed to have been made thereon. The Owner shall not be required to exchange any surrendered Equipment Notes as provided above during the ten-day period preceding the due

date of any payment on such Equipment Note. The Owner shall in all cases deem the Person in whose name any Equipment Note shall have been issued and registered as the absolute owner and holder of such Equipment Note for the purpose of receiving payment of all amounts payable by the Owner with respect to such Equipment Note and for all purposes until a notice stating otherwise is received from the Mortgagee and such change is reflected on the Equipment Note Register. The Mortgagee will promptly notify the Owner of each registration of a transfer of an Equipment Note. Any such transferee of an Equipment Note, by its acceptance of an Equipment Note, agrees to the provisions of this Indenture and the Participation Agreement applicable to Note Holders, including Sections 6.3, 6.4 and 9.1 thereof and shall be deemed to have covenanted to the parties to the Participation Agreement as to the matters covenanted by the original Note Holder in the Participation Agreement. Subject to compliance by the Note Holder and its transferee (if any) of the requirements set forth in this Section 2.07, Mortgagee and Owner shall use all reasonable efforts to issue new Equipment Notes upon transfer or exchange within 10 Business Days of the date an Equipment Note is surrendered for transfer or exchange.

#### SECTION 2.08. MUTILATED, DESTROYED, LOST OR STOLEN EQUIPMENT

##### NOTES

If any Equipment Note shall become mutilated, destroyed, lost or stolen, the Owner shall, upon the written request of the holder of such Equipment Note, execute and the Mortgagee shall authenticate and deliver in replacement thereof a new Equipment Note, payable in the same Original Amount dated the same date and captioned as issued in connection with the Aircraft. If the Equipment Note being replaced has become mutilated, such Equipment Note shall be surrendered to the Mortgagee and a photocopy thereof shall be furnished to the Owner. If the Equipment Note being replaced has been destroyed, lost or stolen, the holder of such Equipment Note shall furnish to the Owner and the Mortgagee such security or indemnity as may be required by them to save the Owner and the Mortgagee harmless and evidence satisfactory to the Owner and the Mortgagee of the destruction, loss or theft of such Equipment Note and of the ownership thereof. If a "qualified institutional buyer" of the type referred to in paragraph (a)(1)(i)(A), (B), (D) or (E) of Rule 144A under the Securities Act (a "QIB") is the holder of any such destroyed, lost or stolen Equipment Note, then the written indemnity of such QIB, signed by an authorized officer thereof, in favor of, delivered to and in form reasonably satisfactory Owner shall be accepted as satisfactory indemnity and security and no further indemnity or security shall be required as a condition to the execution and delivery of such new Equipment Note. Subject to compliance by the Note Holder with the requirements set forth in this Section 2.08, Mortgagee and Owner shall use all reasonable efforts to issue new Equipment Notes within 10 Business Days of the date of the written request therefor from the Note Holder.

#### SECTION 2.09. PAYMENT OF EXPENSES ON TRANSFER; CANCELLATION

(a) No service charge shall be made to a Note Holder for any registration of transfer or exchange of Equipment Notes, but the Mortgagee, as Equipment Note Registrar, may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Equipment Notes.

(b) The Mortgagee shall cancel all Equipment Notes surrendered for replacement, redemption, transfer, exchange, payment or cancellation and shall destroy the canceled Equipment Notes.

#### SECTION 2.10. MANDATORY REDEMPTIONS OF EQUIPMENT NOTES

On the date on which the Owner is required pursuant to Section 4.05 hereof to make payment for an Event of Loss with respect to the Airframe, all of the Equipment Notes shall be redeemed in whole at a redemption price equal to 100% of the unpaid Original Amount thereof, together with all accrued interest thereon to the date of redemption and all other Secured Obligations owed or then due and payable to the Note Holders but without Make-Whole Amount.

#### SECTION 2.11. VOLUNTARY REDEMPTIONS OF EQUIPMENT NOTES

All (but not less than all) of the Equipment Notes may be redeemed by the Owner upon at least 30 days' revocable prior written notice to the Mortgagee and the Note Holders, and the Equipment Notes shall be redeemed in whole at a redemption price equal to 100% of the unpaid Original Amount thereof, together with accrued interest thereon to the date of redemption and all other Secured Obligations owed or then due and payable to the Note Holders plus, if such redemption is made prior to the Premium Termination Date, Make-Whole Amount, if any.

#### SECTION 2.12. REDEMPTIONS; NOTICE OF REDEMPTION

(a) No redemption of any Equipment Note may be made except to the extent and in the manner expressly permitted by this Trust Indenture. No purchase of any Equipment Note may be made by the Mortgagee.

(b) Notice of redemption with respect to the Equipment Notes shall be given by the Mortgagee by first-class mail, postage prepaid, mailed not less than 25 nor more than 60 days prior to the applicable redemption date, to each Note Holder of such Equipment Notes to be redeemed, at such Note Holder's address appearing in the Equipment Note Register; provided that such notice shall be revocable by written notice from the Owner to Mortgagee given not later than three days prior to the redemption date. All notices of redemption shall state: (1) the redemption date, (2) the applicable basis for determining the redemption price, (3) that on the redemption date, the redemption price will become due and payable upon each such Equipment Note, and that, if any such Equipment Notes are then outstanding, interest on such Equipment Notes shall cease to accrue on and after such redemption date, and (4) the place or places where such Equipment Notes are to be surrendered for payment of the redemption price.

(c) On or before the redemption date, the Owner (or any person on behalf of the Owner) shall, to the extent an amount equal to the redemption price for the Equipment Notes to be redeemed on the redemption date shall not then be held by the Mortgagee, deposit or cause to be deposited with the Mortgagee by 12:30 PM New York time on the redemption date in immediately available funds the redemption price of the Equipment Notes to be redeemed.

(d) Notice of redemption having been given as aforesaid, the Equipment Notes to be redeemed shall, on the redemption date, become due and payable at the Corporate Trust Office of the Mortgagee or at any office or agency maintained for such purposes pursuant to Section 2.07, and from and after such redemption date (unless there shall be a default in the payment of the redemption price) any such Equipment Notes then outstanding shall cease to bear interest. Upon surrender of any such Equipment Note for redemption in accordance with said notice, such Equipment Note shall be redeemed at the redemption price. If any Equipment Note called for redemption shall not be so paid upon surrender thereof for redemption, the principal amount thereof shall, until paid, continue to bear interest from the applicable redemption date at the interest rate in effect for such Equipment Note as of such redemption date.

#### SECTION 2.13. SUBORDINATION

(a) The Owner and, by acceptance of its Equipment Notes of any Series, each Note Holder of such Series, hereby agree that no payment or distribution shall be made on or in respect of the Secured Obligations owed to such Note Holder of such Series, including any payment or distribution of cash, property or securities after the commencement of a proceeding of the type referred to in Section 5.01(vi) hereof, except as expressly provided in Article III hereof.

(b) By the acceptance of its Equipment Notes of any Series (other than Series A), each Note Holder of such Series agrees that in the event that such Note Holder, in its capacity as a Note Holder, shall receive any payment or distribution on any Secured Obligations in respect of such Series which it is not entitled to receive under this Section 2.13 or Article III hereof, it will hold any amount so received in trust for the Senior Holder (as defined in Section 2.13(c) hereof) and will forthwith turn over such payment to the Mortgagee in the form received to be applied as provided in Article III hereof.

(c) As used in this Section 2.13, the term "Senior Holder" shall mean, (i) the Note Holders of Series A until the Secured Obligations in respect of Series A Equipment Notes have been paid in full, (ii) after the Secured Obligations in respect of Series A Equipment Notes have been paid in full, the Note Holders of Series B until the Secured Obligations in respect of Series B Equipment Notes have been paid in full and (iii) after the Secured Obligations in respect of Series B Equipment Notes have been paid in full, the Note Holders of Series C until the Secured Obligations in respect of Series C Equipment Notes have been paid in full.

#### ARTICLE III

##### RECEIPT, DISTRIBUTION AND APPLICATION OF PAYMENTS

##### SECTION 3.01. BASIC DISTRIBUTIONS

Except as otherwise provided in Section 3.03 hereof, each periodic payment of principal or interest on the Equipment Notes received by the Mortgagee shall be promptly distributed in the following order of priority:

- (i) so much of such payment as shall be required to pay in full the aggregate amount of the payment or payments of Original Amount and interest (as well as any interest on any overdue Original Amount and, to the extent permitted by Law, on any overdue interest) then due under all Series A Equipment Notes shall be distributed to the Note Holders of Series A ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series A Equipment Note bears to the aggregate amount of the payments then due under all Series A Equipment Notes;
- (ii) after giving effect to paragraph (i) above, so much of such payment remaining as shall be required to pay in full the aggregate amount of the payment or payments of Original Amount and interest (as well as any interest on any overdue Original Amount and, to the extent permitted by Law, on any overdue interest) then due under all Series B Equipment Notes shall be distributed to the Note Holders of Series B ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series B Equipment Note bears to the aggregate amount of the payments then due under all Series B Equipment Notes; and
- (iii) after giving effect to paragraph (ii) above, so much of such payment remaining as shall be required to pay in full the aggregate amount of the payment or payments of Original Amount and interest (as well as any interest on any overdue Original Amount and, to the extent permitted by Law, on any overdue interest) then due under all Series C Equipment Notes shall be distributed to the Note Holders of Series C ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series C Equipment Note bears to the aggregate amount of the payments then due under all Series C Equipment Notes.

#### SECTION 3.02. EVENT OF LOSS; REPLACEMENT; OPTIONAL REDEMPTION

Except as otherwise provided in Section 3.03 hereof, any payments received by the Mortgagee (i) with respect to the Airframe or the Airframe and one or more Engines as the result of an Event of Loss or (ii) pursuant to an optional redemption of the Equipment Notes pursuant to Section 2.11 hereof shall be applied to redemption of the Equipment Notes and to all other Secured Obligations by applying such funds in the following order of priority:

- First,
  - (a) to reimburse the Mortgagee and the Note Holders for any reasonable costs or expenses incurred in connection with such redemption for which they are entitled to reimbursement, or indemnity by Owner, under the Operative Agreements and then
  - (b) to pay any other amounts then due (except as provided in clause "Second" below) to the Mortgagee, the Note Holders and the other Indenture Indemnitees under this Trust Indenture, the Participation Agreement or the Equipment Notes;

- Second, (i) to pay the amounts specified in paragraph (i) of clause "Third" of Section 3.03 hereof plus Make-Whole Amount, if any, then due and payable in respect of the Series A Equipment Notes;
- (ii) after giving effect to paragraph (i) above, to pay the amounts specified in paragraph (ii) of clause "Third" of Section 3.03 hereof plus Make-Whole Amount, if any, then due and payable in respect of the Series B Equipment Notes; and
- (iii) after giving effect to paragraph (ii) above, to pay the amounts specified in paragraph (iii) of clause "Third" of Section 3.03 hereof plus Make-Whole Amount, if any, then due and payable in respect of the Series C Equipment Notes; and

Third, as provided in clause "Fourth" of Section 3.03 hereof;

provided, however, that if a Replacement Airframe or Replacement Engine shall be substituted for the Airframe or Engine subject to such Event of Loss as provided in Section 4.05 hereof, any insurance, condemnation or similar proceeds which result from such Event of Loss and are paid over to the Mortgagee shall be held by the Mortgagee as permitted by Section 7.04 hereof (provided that such moneys shall be invested as provided in Section 6.06 hereof) as additional security for the obligations of Owner under Operative Agreements and such proceeds (and such investment earnings), to the extent not theretofore applied as provided herein, shall be released to the Owner at the Owner's written request upon the release of such Airframe or Engine and the replacement thereof as provided herein.

#### SECTION 3.03. PAYMENTS AFTER EVENT OF DEFAULT

Except as otherwise provided in Section 3.04 hereof, all payments received and amounts held or realized by the Mortgagee (including any amounts realized by the Mortgagee from the exercise of any remedies pursuant to Article V hereof) after an Event of Default shall have occurred and be continuing and after the declaration specified in Section 5.02(b) hereof, as well as all payments or amounts then held by the Mortgagee as part of the Collateral, shall be promptly distributed by the Mortgagee in the following order of priority:

- First, so much of such payments or amounts as shall be required to (i) reimburse the Mortgagee or WTC for any tax (except to the extent resulting from a failure of the Mortgagee to withhold taxes pursuant to Section 2.04(b) hereof), expense or other loss (including, without limitation, all amounts to be expended at the expense of, or charged upon the rents, revenues, issues, products and profits of, the property included in the Collateral (all such property being herein called the "Mortgaged Property") pursuant to Section 5.03(b) hereof) incurred by the Mortgagee or WTC (to the extent not previously reimbursed), the expenses of any sale, or other proceeding, reasonable attorneys' fees and expenses, court costs, and any other expenditures incurred or expenditures or advances made by the Mortgagee, WTC or the Note Holders in the protection, exercise or enforcement of any right, power or remedy or any damages sustained by the Mortgagee, WTC or any Note Holder,

liquidated or otherwise, upon such Event of Default shall be applied by the Mortgagee as between itself, WTC and the Note Holders in reimbursement of such expenses and any other expenses for which the Mortgagee, WTC or the Note Holders are entitled to reimbursement under any Operative Agreement and (ii) all amounts payable to the other Indenture Indemnitees hereunder and under the Participation Agreement; and in the case the aggregate amount to be so distributed is insufficient to pay as aforesaid in clauses (i) and (ii), then ratably, without priority of one over the other, in proportion to the amounts owed each hereunder;

Second, so much of such payments or amounts remaining as shall be required to reimburse the then existing or prior Note Holders for payments made pursuant to Section 6.03 hereof (to the extent not previously reimbursed) shall be distributed to such then existing or prior Note Holders ratably, without priority of one over the other, in accordance with the amount of the payment or payments made by each such then existing or prior Note Holder pursuant to said Section 6.03 hereof;

Third, (i) so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid Original Amount of all Series A Equipment Notes, and the accrued but unpaid interest and other amounts due thereon (other than Make-Whole Amount which shall not be due and payable) and all other Secured Obligations in respect of the Series A Equipment Notes (other than Make-Whole Amount) to the date of distribution, shall be distributed to the Note Holders of Series A, and in case the aggregate amount so to be distributed shall be insufficient to pay in full as aforesaid, then ratably, without priority of one over the other, in the proportion that the aggregate unpaid Original Amount of all Series A Equipment Notes held by each holder plus the accrued but unpaid interest and other amounts due hereunder or thereunder (other than Make-Whole Amount, if any) to the date of distribution, bears to the aggregate unpaid Original Amount of all Series A Equipment Notes held by all such holders plus the accrued but unpaid interest and other amounts due thereon (other than Make-Whole Amount) to the date of distribution;

(ii) after giving effect to paragraph (i) above, so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid Original Amount of all Series B Equipment Notes, and the accrued but unpaid interest and other amounts due thereon (other than Make-Whole Amount which shall not be due and payable) and all other Secured Obligations in respect of the Series B Equipment Notes (other than Make-Whole Amount) to the date of distribution, shall be distributed to the Note Holders of Series B, and in case the aggregate amount so to be distributed shall be insufficient to pay in full as aforesaid, then ratably, without priority of one over the other, in the proportion that the aggregate unpaid Original Amount of all Series B Equipment Notes held by each holder plus the accrued but unpaid interest and other amounts due hereunder or thereunder (other than the Make-Whole Amount, if any) to the date of distribution, bears to the aggregate unpaid Original Amount of all Series B Equipment Notes held by



all such holders plus the accrued but unpaid interest and other amounts due thereon (other than the Make-Whole Amount) to the date of distribution; and

- (iii) after giving effect to paragraph (ii) above, so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid Original Amount of all Series C Equipment Notes, and the accrued but unpaid interest and other amounts due thereon (other than Make-Whole Amount which shall not be due and payable) and all other Secured Obligations in respect of the Series C Equipment Notes (other than Make-Whole Amount) to the date of distribution, shall be distributed to the Note Holders of Series C, and in case the aggregate amount so to be distributed shall be insufficient to pay in full as aforesaid, then ratably, without priority of one over the other, in the proportion that the aggregate unpaid Original Amount of all Series C Equipment Notes held by each holder plus the accrued but unpaid interest and other amounts due hereunder or thereunder (other than the Make-Whole Amount, if any) to the date of distribution, bears to the aggregate unpaid Original Amount of all Series C Equipment Notes held by all such holders plus the accrued but unpaid interest and other amounts due thereon (other than the Make-Whole Amount) to the date of distribution; and

Fourth, the balance, if any, of such payments or amounts remaining thereafter shall be distributed to the Owner.

No Make-Whole Amount shall be due and payable on the Equipment Notes as a consequence of the acceleration of the Equipment Notes as a result of an Event of Default.

#### SECTION 3.04. CERTAIN PAYMENTS

(a) Any payments received by the Mortgagee for which no provision as to the application thereof is made in this Trust Indenture and for which such provision is made in any other Operative Agreement shall be applied forthwith to the purpose for which such payment was made in accordance with the terms of such other Operative Agreement, as the case may be.

(b) Notwithstanding anything to the contrary contained in this Article III, the Mortgagee will distribute promptly upon receipt any indemnity payment received by it from the Owner in respect of the Mortgagee in its individual capacity, any Note Holder or any other Indenture Indemnitee, in each case whether pursuant to Section 8 of the Participation Agreement, directly to the Person entitled thereto. Any payment received by the Mortgagee under the third paragraph of Section 2.02 shall be distributed to the Subordination Agent to be distributed in accordance with the terms of the Intercreditor Agreement.

#### SECTION 3.05. OTHER PAYMENTS

Any payments received by the Mortgagee for which no provision as to the application thereof is made elsewhere in this Trust Indenture or in any other Operative Agreement shall be distributed by the Mortgagee to the extent received or realized at any time, in

the order of priority specified in Section 3.01 hereof, and after payment in full of all amounts then due in accordance with Section 3.01 in the manner provided in clause "Fourth" of Section 3.03 hereof.

## ARTICLE IV

## COVENANTS OF THE OWNER

## SECTION 4.01. LIENS

The Owner will not directly or indirectly create, incur, assume or suffer to exist any Lien or with respect to the Airframe or any Engine, title to any of the foregoing or any interest of Owner therein, except Permitted Liens. The Owner shall promptly, at its own expense, take such action as may be necessary to duly discharge (by bonding or otherwise) any Lien other than a Permitted Lien arising at any time.

## SECTION 4.02. POSSESSION, OPERATION AND USE, MAINTENANCE, REGISTRATION AND MARKINGS

(a) General. Except as otherwise expressly provided herein, the Owner shall be entitled to operate, use, locate, employ or otherwise utilize or not utilize the Airframe, any Engine or any Parts in any lawful manner or place in accordance with the Owner's business judgment.

(b) Possession. The Owner, without the prior consent of Mortgagee, shall not lease or otherwise in any manner deliver, transfer or relinquish possession of the Aircraft, the Airframe or any Engine or install any Engine, or permit any Engine to be installed, on any airframe other than the Airframe; except that the Owner may, without such prior written consent of Mortgagee:

(i) Subject or permit any Permitted Lessee to subject any Engine to normal interchange agreements or pooling agreements or arrangements, in each case customary in the commercial airline industry and entered into by Owner or such Permitted Lessee, as the case may be, in the ordinary course of business; provided, however, that if Owner's title to any such Engine is divested under any such agreement or arrangement, then such Engine shall be deemed to have suffered an Event of Loss as of the date of such divestiture, and Owner shall comply with Section 4.04(e) in respect thereof;

(ii) Deliver or permit any Permitted Lessee to deliver possession of the Aircraft, Airframe, any Engine or any Part (x) to the manufacturer thereof or to any third-party maintenance provider for testing, service, repair, maintenance or overhaul work on the Aircraft, Airframe, any Engine or any Part, or, to the extent required or permitted by Section 4.04, for alterations or modifications in or additions to the Aircraft, Airframe or any Engine or (y) to any Person for the purpose of transport to a Person referred to in the preceding clause (x);

(iii) Install or permit any Permitted Lessee to install an Engine on an airframe owned by Owner or such Permitted Lessee, as the case may be, free and clear of all Liens, except (x) Permitted Liens and those that do not apply to the Engines, and (y) the rights of third parties under normal interchange or pooling agreements and arrangements of the type that would be permitted under Section 4.02(b)(i);

(iv) Install or permit any Permitted Lessee to install an Engine on an airframe leased to Owner or such Permitted Lessee, or purchased by Owner or such Permitted Lessee subject to a mortgage, security agreement, conditional sale or other secured financing arrangement, but only if (x) such airframe is free and clear of all Liens, except (A) the rights of the parties to such lease, or any such secured financing arrangement, covering such airframe and (B) Liens of the type permitted by clause (iii) above and (y) Owner or Permitted Lessee, as the case may be, shall have received from the lessor, mortgagee, secured party or conditional seller, in respect of such airframe, a written agreement (which may be a copy of the lease, mortgage, security agreement, conditional sale or other agreement covering such airframe), whereby such Person agrees that it will not acquire or claim any right, title or interest in, or Lien on, such Engine by reason of such Engine being installed on such airframe at any time while such Engine is subject to the Lien of this Trust Indenture;

(v) Install or permit any Permitted Lessee to install an Engine on an airframe owned by Owner or such Permitted Lessee, leased to Owner or such Permitted Lessee, or purchased by Owner or such Permitted Lessee subject to a conditional sale or other security agreement under circumstances where neither clause (iii) or (iv) above is applicable; provided, however, that any such installation shall be deemed an Event of Loss with respect to such Engine, and Owner shall comply with Section 4.04(e) hereof in respect thereof;

(vi) Transfer or permit any Permitted Lessee to transfer possession of the Aircraft, Airframe or any Engine to the U.S. Government, in which event Owner shall promptly notify Mortgagee in writing of any such transfer of possession and, in the case of any transfer pursuant to CRAF, in such notification shall identify by name, address and telephone numbers the Contracting Office Representative or Representatives for the Military Airlift Command of the United States Air Force to whom notices must be given and to whom requests or claims must be made to the extent applicable under CRAF;

(vii) Enter into a charter or Wet Lease or other similar arrangement with respect to the Aircraft or any other aircraft on which any Engine may be installed (which shall not be considered a transfer of possession hereunder); provided that the Owner's obligations hereunder shall continue in full force and effect notwithstanding any such charter or Wet Lease or other similar arrangement;

(viii) So long as no Event of Default shall have occurred and be continuing, and subject to the provisions of the immediately following paragraph, enter into a lease with respect to the Aircraft, Airframe or any Engine to any Permitted Air Carrier that is not the subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator,

trustee, receiver or similar person; provided that, in the case only of a lease to a Permitted Foreign Air Carrier, (A) the United States maintains diplomatic relations with the country of domicile of such Permitted Foreign Air Carrier (or, in the case of Taiwan, diplomatic relations at least as good as those in effect on the Closing Date) and (B) Owner shall have furnished Mortgagee a favorable opinion of counsel, reasonably satisfactory to Mortgagee, in the country of domicile of such Permitted Foreign Air Carrier, that (v) the terms of such lease are the legal, valid and binding obligations of the parties thereto enforceable under the laws of such jurisdiction, (w) it is not necessary for Mortgagee to register or qualify to do business in such jurisdiction, if not already so registered or qualified, as a result, in whole or in part, of the proposed lease, (x) Mortgagee's Lien in respect of, the Aircraft, Airframe and Engines will be recognized in such jurisdiction, (y) the Laws of such jurisdiction of domicile require fair compensation by the government of such jurisdiction, payable in a currency freely convertible into Dollars, for the loss of title to the Aircraft, Airframe or Engines in the event of the requisition by such government of such title (unless Owner shall provide insurance in the amounts required with respect to hull insurance under this Trust Indenture covering the requisition of title to the Aircraft, Airframe or Engines by the government of such jurisdiction so long as the Aircraft, Airframe or Engines are subject to such lease) and (z) the agreement of such Permitted Air Carrier that its rights under the lease are subject and subordinate to all the terms of this Trust Indenture is enforceable against such Permitted Air Carrier under applicable law;

provided that (1) the rights of any transferee who receives possession by reason of a transfer permitted by this Section 4.02(b) (other than by a transfer of an Engine which is deemed an Event of Loss) shall be subject and subordinate to all the terms of this Trust Indenture, (2) the Owner shall remain primarily liable for the performance of all of the terms of this Trust Indenture and all the terms and conditions of this Trust Indenture and the other Operative Agreements shall remain in effect and (3) no lease or transfer of possession otherwise in compliance with this Section 4.02(b) shall (x) result in any registration or re-registration of an Aircraft, except to the extent permitted by Section 4.02(e) or the maintenance, operation or use thereof except in compliance with Sections 4.02(c) and 4.02(d) or (y) permit any action not permitted to the Owner hereunder.

In the case of any lease permitted under this Section 4.02(b), the Owner will included in such lease appropriate provisions which (t) make such lease expressly subject and subordinate to all of the terms of this Trust Indenture, including the rights of the Mortgagee to avoid such lease in the exercise of its rights to repossession of the Airframe and Engines hereunder; (u) require the Permitted Lessee to comply with the terms of Section 4.06; and (v) require that the Airframe or any Engine subject thereto be used in accordance with the limitations applicable to the Owner's possession and use provided in this Trust Indenture. No lease permitted under this Section 4.02(b) shall be entered into unless (w) Owner shall provide written notice to Mortgagee (such notice in the event of a lease to a U.S. Air Carrier to be given promptly after entering into any such lease or, in the case of a lease to any other Permitted Air Carrier, 10 days in advance of entering into such lease); (x) Owner shall furnish to Mortgagee evidence reasonably satisfactory to Mortgagee that the insurance required by Section 4.06 remains in effect; (y) all necessary documents shall have been duly filed, registered or recorded in such public offices as may be required fully to preserve the first priority security interest

(subject to Permitted Liens) of Mortgagee in the Aircraft, Airframe and Engines; and (z) Owner shall reimburse Mortgagee for all of its reasonable out-of-pocket fees and expenses, including, without limitation, reasonable fees and disbursements of counsel, incurred by Mortgagee in connection with any such lease. For all purposes of this Section, the term "lease" shall be deemed to include interchange agreements with respect to the Aircraft or Airframe. Except as otherwise provided herein and without in any way relieving the Owner from its primary obligation for the performance of its obligations under this Trust Indenture, the Owner may in its sole discretion permit a lessee to exercise any or all rights which the Owner would be entitled to exercise under Sections 4.02 and 4.04, and may cause a lessee to perform any or all of the Owner's obligations under Article IV, and the Mortgagee agrees to accept actual and full performance thereof by a lessee in lieu of performance by the Owner.

Mortgagee hereby agrees, and each Note Holder by acceptance of an Equipment Note agrees, for the benefit of each lessor, conditional seller, indenture trustee or secured party of any engine leased to, or purchased by, Owner or any Permitted Lessee subject to a lease, conditional sale, trust indenture or other security agreement that Mortgagee, each Note Holder and their respective successors and assigns will not acquire or claim, as against such lessor, conditional seller, indenture trustee or secured party, any right, title or interest in any engine as the result of such engine being installed on the Airframe at any time while such engine is subject to such lease, conditional sale, trust indenture or other security agreement and owned by such lessor or conditional seller or subject to a trust indenture or security interest in favor of such indenture trustee or secured party.

(c) Operation and Use. So long as the Aircraft, Airframe or any Engine is subject to the Lien of this Trust Indenture, the Owner shall not operate, use or locate the Aircraft, Airframe or any Engine, or allow the Aircraft, Airframe or any Engine to be operated, used or located, (i) in any area excluded from coverage by any insurance required by the terms of Section 4.06, except in the case of a requisition by the U.S. Government where the Owner obtains indemnity in lieu of such insurance from the U.S. Government, or insurance from the U.S. Government, against substantially the same risks and for at least the amounts of the insurance required by Section 4.06 covering such area, or (ii) in any recognized area of hostilities unless covered in accordance with Section 4.06 by war risk insurance, or in either case unless the Aircraft, the Airframe or any Engine is only temporarily operated, used or located in such area as a result of an emergency, equipment malfunction, navigational error, hijacking, weather condition or other similar unforeseen circumstance, so long as Owner diligently and in good faith proceeds to remove the Aircraft from such area. So long as the Aircraft, the Airframe or any Engine is subject to the Lien of this Trust Indenture, the Owner shall not permit such Aircraft, Airframe or any Engine, as the case may be, to be used, operated, maintained, serviced, repaired or overhauled (x) in violation of any Law binding on or applicable to such Aircraft, Airframe or Engine or (y) in violation of any airworthiness certificate, license or registration of any Government Entity relating to the Aircraft, the Airframe or any Engine, except (i) immaterial or non-recurring violations with respect to which corrective measures are taken promptly by Owner or Permitted Lessee, as the case may be, upon discovery thereof, or (ii) to the extent the validity or application of any such Law or requirement relating to any such certificate, license or registration is being contested in good faith by Owner or Permitted Lessee in any reasonable

manner which does not involve any material risk of the sale, forfeiture or loss of the Aircraft, Airframe or any Engine, any material risk of criminal liability or material civil penalty against Mortgagee or impair the Mortgagee's security interest in the Aircraft, Airframe or any Engine.

(d) Maintenance and Repair. So long as the Aircraft, Airframe or any Engine is subject to the Lien of this Trust Indenture, the Owner shall cause the Aircraft, Airframe and each Engine to be maintained, serviced, repaired and overhauled in accordance with (i) maintenance standards required by or substantially equivalent to those required by the FAA or the central aviation authority of Canada, France, Germany, Japan, the Netherlands or the United Kingdom for the Aircraft, Airframe and Engines, so as to (A) keep the Aircraft, the Airframe and each Engine in as good operating condition as on the Closing Date, ordinary wear and tear excepted, (B) keep the Aircraft in such operating condition as may be necessary to enable the applicable airworthiness certification of such Aircraft to be maintained under the regulations of the FAA or other Aviation Authority then having jurisdiction over the operation of the Aircraft, except during (x) temporary periods of storage in accordance with applicable regulations, (y) maintenance and modification permitted hereunder or (z) periods when the FAA or such other Aviation Authority has revoked or suspended the airworthiness certificates for Similar Aircraft; and (ii) except during periods when a Permitted Lease is in effect, the same standards as Owner uses with respect to similar aircraft of similar size in its fleet operated by Owner in similar circumstances and, during any period in which a Permitted Lease is in effect, the same standards used by the Permitted Lessee with respect to similar aircraft of similar size in its fleet and operated by the Permitted Lessee in similar circumstances. Owner further agrees that the Aircraft, Airframe and Engines will be maintained, used, serviced, repaired, overhauled or inspected in compliance with applicable Laws with respect to the maintenance of the Aircraft and in compliance with each applicable airworthiness certificate, license and registration relating to the Aircraft, Airframe or any Engine issued by the Aviation Authority, other than minor or nonrecurring violations with respect to which corrective measures are taken upon discovery thereof and except to the extent Owner or Permitted Lessee is contesting in good faith the validity or application of any such Law or requirement relating to any such certificate, license or registration in any reasonable manner which does not create a material risk of sale, loss or forfeiture of the Aircraft, the Airframe or any Engine or the interest of Mortgagee therein, or any material risk of criminal liability or material civil penalty against Mortgagee. The Owner shall maintain or cause to be maintained the Aircraft Documents in the English language.

(e) Registration. The Owner on or prior to the date of the Closing shall cause the Aircraft to be duly registered in its name under the Act and except as otherwise permitted by this Section 4.02(e) at all times thereafter shall cause the Aircraft to remain so registered. So long as no Special Default or Event of Default shall have occurred and be continuing, Owner may, by written notice to Mortgagee, request to change the country of registration of the Aircraft. Any such change in registration shall be effected only in compliance with, and subject to all of the conditions set forth in, Section 6.4.5 of the Participation Agreement. Unless the Trust Indenture has been discharged, Owner shall also cause the Trust Indenture to be duly recorded and at all times maintained of record as a first-priority perfected mortgage (subject to Permitted Liens) on the Aircraft, the Airframe and each of the Engines

(except to the extent such perfection or priority cannot be maintained solely as a result of the failure by Mortgagee to execute and deliver any necessary documents).

(f) Markings. If permitted by applicable Law, on or reasonably promptly after the Closing Date, Owner will cause to be affixed to, and maintained in, the cockpit of the Airframe and on each Engine, in each case, in a clearly visible location, a placard of a reasonable size and shape bearing the legend: "Subject to a security interest in favor of Wilmington Trust Company, not in its individual capacity but solely as Mortgagee." Such placards may be removed temporarily, if necessary, in the course of maintenance of the Airframe or Engines. If any such placard is damaged or becomes illegible, Owner shall promptly replace it with a placard complying with the requirements of this Section.

#### SECTION 4.03. INSPECTION

(a) At all reasonable times, so long as the Aircraft is subject to the Lien of this Trust Indenture, Mortgagee and its authorized representatives (the "Inspecting Parties") may (not more than once every 12 months unless an Event of Default has occurred and is continuing then such inspection right shall not be so limited) inspect the Aircraft, Airframe and Engines (including without limitation, the Aircraft Documents) and any such Inspecting Party may make copies of such Aircraft Documents not reasonably deemed confidential by Owner or such Permitted Lessee.

(b) Any inspection of the Aircraft hereunder shall be limited to a visual, walk-around inspection and shall not include the opening of any panels, bays or other components of the Aircraft, and no such inspection shall interfere with Owner's or any Permitted Lessee's maintenance and operation of the Aircraft, Airframe and Engines.

(c) With respect to such rights of inspection, Mortgagee shall not have any duty or liability to make, or any duty or liability by reason of not making, any such visit, inspection or survey.

(d) Each Inspecting Party shall bear its own expenses in connection with any such inspection (including the cost of any copies made in accordance with Section 4.03(a)).

#### SECTION 4.04. REPLACEMENT AND POOLING OF PARTS, ALTERATIONS, MODIFICATIONS AND ADDITIONS; SUBSTITUTION OF ENGINES

(a) Replacement of Parts. Except as otherwise provided herein, so long as the Airframe or Engine is subject to the Lien of this Indenture, Owner, at its own cost and expense, will, or will cause a Permitted Lessee to, at its own cost and expense, promptly replace (or cause to be replaced) all Parts which may from time to time be incorporated or installed in or attached to the Aircraft, Airframe or any Engine and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. In addition, Owner may, at its own cost and expense, or may permit a Permitted Lessee at its own cost and expense to, remove (or cause to be removed)

in the ordinary course of maintenance, service, repair, overhaul or testing any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use; provided, however, that Owner, except as otherwise provided herein, at its own cost and expense, will, or will cause a Permitted Lessee at its own cost and expense to, replace such Parts as promptly as practicable. All replacement Parts shall be free and clear of all Liens, except for Permitted Liens and pooling arrangements to the extent permitted by Section 4.04(c) below (and except in the case of replacement property temporarily installed on an emergency basis) and shall be in good operating condition and have a value and utility not less than the value and utility of the Parts replaced (assuming such replaced Parts were in the condition required hereunder).

(b) Parts. Except as otherwise provided herein, any Part at any time removed from the Airframe or any Engine shall remain subject to the Lien of this Trust Indenture, no matter where located, until such time as such Part shall be replaced by a Part that has been incorporated or installed in or attached to such Airframe or any Engine and that meets the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to such Airframe or any Engine as provided in Section 4.04(a), without further act, (i) the replaced Part shall thereupon be free and clear of all rights of the Mortgagee and shall no longer be deemed a Part hereunder, and (ii) such replacement Part shall become subject to this Trust Indenture and be deemed part of such Airframe or any Engine, as the case may be, for all purposes hereof to the same extent as the Parts originally incorporated or installed in or attached to such Airframe or any Engine.

(c) Pooling of Parts. Any Part removed from the Aircraft, Airframe or an Engine may be subjected by the Owner or a Permitted Lessee to a normal pooling arrangement customary in the airline industry and entered into in the ordinary course of business of Owner or Permitted Lessee that the part replacing such removed Part shall be incorporated or installed in or attached to such Airframe or any Engine in accordance with Sections 4.04(a) and 4.04(b) as promptly as practicable after the removal of such removed Part. In addition, any replacement part when incorporated or installed in or attached to the Airframe or any Engine may be owned by any third party, subject to a normal pooling arrangement, so long as the Owner or a Permitted Lessee, at its own cost and expense, as promptly thereafter as reasonably possible, either (i) causes such replacement part to become subject to the Lien of this Trust Indenture, free and clear of all Liens except Permitted Liens, at which time such replacement part shall become a Part or (ii) replaces such replacement part by incorporating or installing in or attaching to the Aircraft, Airframe or any Engine a further replacement Part owned by the Owner free and clear of all Liens except Permitted Liens and which shall become subject to the Lien of this Trust Indenture in accordance with Section 4.04(b).

(d) Alterations, Modifications and Additions. The Owner shall, or shall cause a Permitted Lessee to, make (or cause to be made) alterations and modifications in an additions to the Aircraft, Airframe and each Engine as may be required to be made from time to time to meet the applicable standards of the FAA or other Aviation Authority having jurisdiction over the operation of the Aircraft, to the extent made mandatory in respect of the Aircraft (a "Mandatory Modification"); provided however, that the Owner or a Permitted Lessee may, in



good faith and by appropriate procedure, contest the validity or application of any law, rule, regulation or order in any reasonable manner which does not materially adversely affect Mortgagee's interest in the Aircraft and does not involve any material risk of sale, forfeiture or loss of the Aircraft or the interest of Mortgagee therein, or any material risk of material civil penalty or any material risk of criminal liability being imposed on Mortgagee or the holder of any Equipment Note. In addition, the Owner, at its own expense, may, or may permit a Permitted Lessee at its own cost and expense to, from time to time make or cause to be made such alterations and modifications in and additions to the Airframe or any Engine (each an "Optional Modification") as the Owner or such Permitted Lessee may deem desirable in the proper conduct of its business including, without limitation, removal of Parts which Owner deems are obsolete or no longer suitable or appropriate for use in the Aircraft, Airframe or such Engine; provided, however, that no such Optional Modification shall (i) materially diminish the fair market value, utility, or useful life of the Aircraft or any Engine below its fair market value, utility or useful life immediately prior to such Optional Modification (assuming the Aircraft or such Engine was in the condition required by the Lease immediately prior to such Optional Modification) or (ii) cause the Aircraft to cease to have the applicable standard certificate of airworthiness. All Parts incorporated or installed in or attached to any Airframe or any Engine as the result of any alteration, modification or addition effected by the Owner shall be free and clear of any Liens except Permitted Liens and become subject to the Lien of this Trust Indenture; provided that the Owner or any Permitted Lessee may, at any time so long as the Airframe or any Engine is subject to the Lien of this Trust Indenture, remove any such Part (such Part being referred to herein as a "Removable Part") from such Airframe or an Engine if (i) such Part is in addition to, and not in replacement of or in substitution for, any Part originally incorporated or installed in or attached to such Airframe or any Engine at the time of delivery thereof hereunder or any Part in replacement of, or in substitution for, any such original Part, (ii) such Part is not required to be incorporated or installed in or attached or added to such Airframe or any Engine pursuant to the terms of Section 4.02(d) or the first sentence of this Section 4.04(d) and (iii) such Part can be removed from such Airframe or any Engine without materially diminishing the fair market value, utility or remaining useful life which such Airframe or any Engine would have had at the time of removal had such removal not been effected by the Owner, assuming the Aircraft was otherwise maintained in the condition required by this Trust Indenture. Upon the removal by the Owner of any such Part as above provided, title thereto shall, without further act, be free and clear of all rights of the Mortgagee and such Part shall no longer be deemed a Part hereunder. Removable Parts may be leased from or financed by third parties other than Mortgagee.

(e) Substitution of Engines. Upon the occurrence of an Event of Loss with respect to an Engine under circumstances in which an Event of Loss with respect to the Airframe has not occurred, Owner shall promptly (and in any event within 15 days after such occurrence) give the Mortgagee written notice of such Event of Loss. The Owner shall have the right at its option at any time, on at least 5 Business Days' prior notice to the Mortgagee, to substitute, and if an Event of Loss shall have occurred with respect to an Engine under circumstances in which an Event of Loss with respect to the Airframe has not occurred, shall within 60 days of the occurrence of such Event of Loss substitute, a Replacement Engine for any Engine. In such event, immediately upon the effectiveness of such substitution and without further act, (i) the replaced Engine shall thereupon be free and clear of all rights of the Mortgagee

and the Lien of this Trust Indenture and shall no longer be deemed an Engine hereunder and (ii) such Replacement Engine shall become subject to this Trust Indenture and be deemed part of the Aircraft for all purposes hereof to the same extent as the replaced Engine. Such Replacement Engine shall be an engine manufactured by Engine Manufacturer that is the same model as the Engine to be replaced thereby, or an improved model, and that is suitable for installation and use on the Airframe, and that has a value, utility and remaining useful life (without regard to hours and cycles remaining until overhaul) at least equal to the Engine to be replaced thereby (assuming that such Engine had been maintained in accordance with this Trust Indenture). The Owner's right to make a replacement hereunder shall be subject to the fulfillment (which may be simultaneous with such replacement) of the following conditions precedent at the Owner's sole cost and expense, and the Mortgagee agrees to cooperate with the Owner to the extent necessary to enable it to timely satisfy such conditions:

(i) an executed counterpart of each of the following documents shall be delivered to the Mortgagee:

(A) a Trust Indenture Supplement covering the Replacement Engine, which shall have been duly filed for recordation pursuant to the Act or such other applicable law of the jurisdiction other than the United States in which the Aircraft of which such Engine is a part is registered in accordance with Section 4.02(e), as the case may be;

(B) a full warranty bill of sale (as to title), covering the Replacement Engine, executed by the former owner thereof in favor of the Owner (or, at the Owner's option, other evidence of the Owner's ownership of such Replacement Engine, reasonably satisfactory to the Mortgagee); and

(C) Uniform Commercial Code financing statements covering the security interests created by this Trust Indenture (or any similar statements or other documents required to be filed or delivered pursuant to the laws of the jurisdiction in which such Aircraft may be registered) as are deemed necessary or desirable by counsel for the Mortgagee to protect the security interests of the Mortgagee in the Replacement Engine;

(ii) the Owner shall cause to be delivered to the Mortgagee an opinion of counsel to the effect that the Lien of this Trust Indenture continues to be in full force and effect with respect to the Replacement Engine and such evidence of compliance with the insurance provisions of Section 4.06 with respect to such Replacement Engine as Mortgagee shall reasonably request; and

(iii) the Owner shall have furnished to Mortgagee an opinion of Owner's aviation law counsel reasonably satisfactory to Mortgagee and addressed to Mortgagee as to the due filing for recordation of the Trust Indenture Supplement with respect to such Replacement Engine under the Act or such other applicable law of the jurisdiction other than the United States in which the Aircraft is registered in accordance with Section 4.02(e), as the case may be.

(iv) the Owner shall have furnished to Mortgagee a certificate of a qualified aircraft engineer (who may be an employee of Owner) certifying that such Replacement Engine has a value and utility and remaining useful life (without regard to hours and cycles remaining until overhaul) at least equal to the Engine so replaced (assuming that such Engine had been maintained in accordance with this Trust Indenture).

Upon satisfaction of all conditions to such substitution, (x) the Mortgagee shall execute and deliver to the Owner such documents and instruments, prepared at the Owner's expense, as the Owner shall reasonably request to evidence the release of such replaced Engine from the Lien of this Trust Indenture, (y) the Mortgagee shall assign to the Owner all claims it may have against any other Person relating to any Event of Loss giving rise to such substitution and (z) the Owner shall receive all insurance proceeds (other than those reserved to others under Section 4.06(b)) and proceeds in respect of any Event of Loss giving rise to such replacement to the extent not previously applied to the purchase price of the Replacement Engine as provided in Sections 4.05(d).

#### SECTION 4.05. LOSS, DESTRUCTION OR REQUISITION

##### (a) Event of Loss With Respect to the Airframe.

Upon the occurrence of an Event of Loss with respect to the Airframe, the Owner shall promptly (and in any event within 15 days after such occurrence) give the Mortgagee written notice of such Event of Loss. The Owner shall, within 45 days after such occurrence, give the Mortgagee written notice of Owner's election to either replace the Airframe as provided under Section 4.05(a)(i) or to make payment in respect of such Event of Loss as provided under Section 4.05(a)(ii) (it being agreed that if Owner shall not have given the Mortgagee such notice of such election within the above specified time period, the Owner shall be deemed to have elected to make payment in respect of such Event of Loss as provided under Section 4.03(a)(ii)):

(i) if Owner elects to replace the Airframe, Owner shall, subject to the satisfaction of the conditions contained in Section 4.05(c), as promptly as possible and in any event within 120 days after the occurrence of such Event of Loss, cause to be subjected to the Lien of this Trust Indenture, in replacement of the Airframe with respect to which the Event of Loss occurred, a Replacement Airframe and, if any Engine shall have been installed on the Airframe when it suffered the Event of Loss, a Replacement Engine therefor, such Replacement Airframe and Replacement Engines to be free and clear of all Liens except Permitted Liens and to have a value, utility and remaining useful life (without regard to hours or cycles remaining until the next regular maintenance check) at least equal to the Airframe or Engine, as the case may be, to be replaced thereby (assuming that such Airframe or Engine had been maintained in accordance with this Trust Indenture); provided that if the Owner shall not perform its obligation to effect such replacement under this clause (i) during the 120-day period of time provided herein, it shall pay the amounts required to be paid pursuant to and within the time frame specified in clause (ii) below; or

(ii) if Owner elects to make a payment in respect of such Event of Loss of the Airframe, Owner shall make a payment to the Mortgagee for purposes of

redeeming Equipment Notes in accordance with Section 2.10 hereof on a date on or before the Business Day next following the earlier of (x) the 120th day following the date of the occurrence of such Event of Loss, and (y) the fourth Business Day following the receipt of insurance proceeds with respect to such Event of Loss (but in any event not earlier than the date of Owner's election under Section 4.05(a) to make payment under this section 4.05 (a)(ii)); and upon such payment and payment of all other Secured Obligations then due and payable, the Mortgagee shall, at the cost and expense of the Owner, release from the Lien of this Trust Indenture the Airframe and the Engines, by executing and delivering to the Owner all documents and instruments as the Owner may reasonably request to evidence such release.

(b) Effect of Replacement. Should the Owner have provided a Replacement Airframe and Replacement Engines, if any, as provided for in Section 4.05(a)(i), (i) the Lien of this Trust Indenture shall continue with respect to such Replacement Airframe and Replacement Engines, if any, as though no Event of Loss had occurred; (ii) the Mortgagee shall, at the cost and expense of the Owner, release from the Lien of this Trust Indenture the replaced Airframe and Engines, if any, by executing and delivering to the Owner such documents and instruments as the Owner may reasonably request to evidence such release; and (iii) in the case of a replacement upon an Event of Loss, the Mortgagee shall assign to the Owner all claims the Mortgagee may have against any other Person arising from the Event of Loss and the Owner shall receive all insurance proceeds (other than those reserved to others under Section 4.06(b)) and proceeds from any award in respect of condemnation, confiscation, seizure or requisition, including any investment interest thereon, to the extent not previously applied to the purchase price of the Replacement Airframe and Replacement Engines, if any, as provided in Sections 4.05(d).

(c) Conditions to Airframe and Engine Replacement. The Owner's right to substitute a Replacement Airframe and Replacement Engines, if any, as provided in Section 4.05(a)(i) shall be subject to the fulfillment, at the Owner's sole cost and expense, in addition to the conditions contained in such Section 4.05(a)(i), of the following conditions precedent:

(i) on the date when the Replacement Airframe and Replacement Engines, if any, is subjected to the Lien of this Trust Indenture (such date being referred to in this Section 4.05 as the "Replacement Closing Date"), an executed counterpart of each of the following documents (or, in the case of the FAA Bill of Sale and full warranty bill of sale referred to below, a photocopy thereof) shall have been delivered to the Mortgagee:

(A) a Trust Indenture Supplement covering the Replacement Airframe and Replacement Engines, if any, which shall have been duly filed for recordation pursuant to the Act or such other applicable law of such jurisdiction other than the United States in which the Replacement Airframe and Replacement Engines, if any, are to be registered in accordance with Section 4.02(e), as the case may be;

(B) an FAA Bill of Sale (or a comparable document, if any, of another Aviation Authority, if applicable) covering the Replacement Airframe and

Replacement Engines, if any, executed by the former owner thereof in favor of the Owner;

(C) a full warranty (as to title) bill of sale, covering the Replacement Airframe and Replacement Engines, if any, executed by the former owner thereof in favor of the Owner (or, at the Owner's option, other evidence of the Owner's ownership of such Replacement Airframe and Replacement Engines, if any, reasonably satisfactory to the Mortgagee); and

(D) Uniform Commercial Code financing statements (or any similar statements or other documents required to be filed or delivered pursuant to the laws of the jurisdiction in which the Replacement Airframe and Replacement Engines, if any, may be registered in accordance with Section 4.02(e)) as are deemed necessary or desirable by counsel for the Mortgagee to protect the security interests of the Mortgagee in the Replacement Airframe and Replacement Engines, if any;

(ii) the Replacement Airframe and Replacement Engines, if any, shall be of the same model as the Airframe or Engines, as the case may be, or an improved model of such aircraft or engines of the manufacturer thereof, shall have a value and utility (without regard to hours or cycles remaining until the next regular maintenance check) at least equal to, and be in as good operating condition and repair as, the Airframe and any Engines replaced (assuming such Airframe and Engines had been maintained in accordance with this Trust Indenture);

(iii) the Mortgagee (acting directly or by authorization to its special counsel) shall have received satisfactory evidence as to the compliance with Section 4.06 with respect to the Replacement Airframe and Replacement Engines, if any;

(iv) on the Replacement Closing Date, (A) the Owner shall cause the Replacement Airframe and Replacement Engines, if any, to be subject to the Lien of this Trust Indenture free and clear of Liens (other than Permitted Liens), (B) the Replacement Airframe shall have been duly certified by the FAA as to type and airworthiness in accordance with the terms of this Trust Indenture and (C) application for registration of the Replacement Airframe in accordance with Section 4.02(e) shall have been duly made with the FAA or other applicable Aviation Authority and the Owner shall have authority to operate the Replacement Airframe;

(v) the Mortgagee at the expense of the Owner, shall have received (acting directly or by authorization to its special counsel) (A) an opinion of counsel, addressed to the Mortgagee, to the effect that the Replacement Airframe and Replacement Engine, if any, has or have duly been made subject to the Lien of this Trust Indenture, and Mortgagee will be entitled to the benefits of Section 1110 with respect to the Replacement Airframe, provided that such opinion with respect to Section 1110 need not be delivered to the extent that immediately prior to such replacement the benefits of Section 1110 were not, solely by reason of a change in law or court interpretation thereof, available to Mortgagee, and (B) an

opinion of Owner's aviation law counsel reasonably satisfactory to and addressed to Mortgagee as to the due registration of any such Replacement Airframe and the due filing for recordation of each Trust Indenture Supplement with respect to such Replacement Airframe or Replacement Engine under the Act or such other applicable law of the jurisdiction other than the United States in which the Replacement Airframe is to be registered in accordance with Section 4.02(e), as the case may be; and

(vi) the Owner shall have furnished to the Mortgagee a certificate of a qualified aircraft engineer (who may be an employee of Owner) certifying that the Replacement Airframe and Replacement Engines, if any, have a value and utility and remaining useful life (without regard to hours and cycles remaining until overhaul) at least equal to the Airframe and any Engines so replaced (assuming that such Airframe and Engines had been maintained in accordance with this Trust Indenture).

(d) Non-Insurance Payments Received on Account of an Event of Loss. Any amounts, other than insurance proceeds in respect of damage or loss not constituting an Event of Loss (the application of which is provided for in Annex B), received at any time by Mortgagee or Owner from any Government Entity or any other Person in respect of any Event of Loss will be applied as follows:

(i) If such amounts are received with respect to the Airframe, and any Engine installed thereon at the time of such Event of Loss, upon compliance by Owner with the applicable terms of Section 4.05(c) with respect to the Event of Loss for which such amounts are received, such amounts shall be paid over to, or retained by, Owner;

(ii) If such amounts are received with respect to an Engine (other than an Engine installed on the Airframe at the time such Airframe suffers an Event of Loss), upon compliance by Owner with the applicable terms of Section 4.04(e) with respect to the Event of Loss for which such amounts are received, such amounts shall be paid over to, or retained by, Owner;

(iii) If such amounts are received, in whole or in part, with respect to the Airframe, and Owner makes, has made or is deemed to have made the election set forth in Section 4.05(a)(ii), such amounts shall be applied as follows:

first, if the sum described in Section 4.05(a)(ii) has not then been paid in full by Owner, such amounts shall be paid to Mortgagee to the extent necessary to pay in full such sum; and

second, the remainder, if any, shall be paid to Owner.

(e) Requisition for Use. In the event of a requisition for use by any Government Entity of the Airframe and the Engines, if any, or engines installed on such Airframe while such Airframe is subject to the Lien of this Trust Indenture, the Owner shall promptly notify the Mortgagee of such requisition and all of the Owner's obligations under this

Trust Indenture shall continue to the same extent as if such requisition had not occurred except to the extent that the performance or observance of any obligation by the Owner shall have been prevented or delayed by such requisition; provided that the Owner's obligations under this Section 4.05 with respect to the occurrence of an Event of Loss for the payment of money and under Section 4.06 (except while an assumption of liability by the U.S. Government of the scope referred to in Section 4.02(c) is in effect) shall not be reduced or delayed by such requisition. Any payments received by the Mortgagee or the Owner or Permitted Lessee from such Government Entity with respect to such requisition of use shall be paid over to, or retained by, the Owner. In the event of an Event of Loss of an Engine resulting from the requisition for use by a Government Entity of such Engine (but not the Airframe), the Owner will replace such Engine hereunder by complying with the terms of Section 4.04(e) and any payments received by the Mortgagee or the Owner from such Government Entity with respect to such requisition shall be paid over to, or retained by, the Owner.

(f) Certain Payments to be Held As Security. Any amount referred to in this Section 4.05 or Section 4.06 which is payable or creditable to, or retainable by, the Owner shall not be paid or credited to, or retained by the Owner if at the time of such payment, credit or retention a Special Default or an Event of Default shall have occurred and be continuing, but shall be paid to and held by the Mortgagee as security for the obligations of the Owner under this Trust Indenture and the Operative Agreements, and at such time as there shall not be continuing any such Special Default or Event of Default such amount and any gain realized as a result of investments required to be made pursuant to Section 6.06 shall to the extent not theretofore applied as provided herein, be paid over to the Owner.

#### SECTION 4.06. INSURANCE

(a) Owner's Obligation to Insure. Owner shall comply with, or cause to be complied with, each of the provisions of Annex B, which provisions are hereby incorporated by this reference as if set forth in full herein.

(b) Insurance for Own Account. Nothing in Section 4.06 shall limit or prohibit (a) Owner from maintaining the policies of insurance required under Annex B with higher limits than those specified in Annex B, or (b) Mortgagee from obtaining insurance for its own account (and any proceeds payable under such separate insurance shall be payable as provided in the policy relating thereto); provided, however, that no insurance may be obtained or maintained that would limit or otherwise adversely affect the coverage of any insurance required to be obtained or maintained by Owner pursuant to this Section 4.06 and Annex B.

(c) Indemnification by Government in Lieu of Insurance. Mortgagee agrees to accept, in lieu of insurance against any risk with respect to the Aircraft described in Annex B, indemnification from, or insurance provided by, the U.S. Government, or upon the written consent of Mortgagee, other Government Entity, against such risk in an amount that, when added to the amount of insurance (including permitted self-insurance), if any, against such risk that Owner (or any Permitted Lessee) may continue to maintain, in accordance with this

Section 11, during the period of such requisition or transfer, shall be at least equal to the amount of insurance against such risk otherwise required by this Section 11.

(d) Application of Insurance Proceeds. As between Owner and Mortgagee, all insurance proceeds received as a result of the occurrence of an Event of Loss with respect to the Aircraft or any Engine under policies required to be maintained by Owner pursuant to this Section 4.06 will be applied in accordance with Section 4.05(d). All proceeds of insurance required to be maintained by Owner, in accordance with Section 4.06 and Section B of Annex B, in respect of any property damage or loss not constituting an Event of Loss with respect to the Aircraft, Airframe or any Engine will be applied in payment (or to reimburse Owner) for repairs or for replacement property, and any balance remaining after such repairs or replacement with respect to such damage or loss shall be paid over to, or retained by, Owner.

#### SECTION 4.07. MERGER OF OWNER

##### (a) In General.

Owner shall not consolidate with or merge into any other person under circumstances in which Owner is not the surviving corporation, or convey, transfer or lease in one or more transactions all or substantially all of its assets to any other person, unless:

(i) such person is organized, existing and in good standing under the Laws of the United States, any State of the United States or the District of Columbia and, upon consummation of such transaction, such person will be a U.S. Air Carrier;

(ii) such person executes and delivers to Mortgagee a duly authorized, legal, valid, binding and enforceable agreement, reasonably satisfactory in form and substance to Mortgagee, containing an effective assumption by such person of the due and punctual performance and observance of each covenant, agreement and condition in the Operative Agreements to be performed or observed by Owner;

(iii) such person makes such filings and recordings with the FAA pursuant to the Act as shall be necessary to evidence such consolidation or merger; and

(iv) immediately after giving effect to such consolidation or merger no Event of Default shall have occurred and be continuing.

##### (b) Effect of Merger

Upon any such consolidation or merger of Owner with or into, or the conveyance, transfer or lease by Owner of all or substantially all of its assets to, any Person in accordance with this Section 4.07, such Person will succeed to, and be substituted for, and may exercise every right and power of, Owner under the Operative Agreements with the same effect as if such person had been named as "Owner" therein. No such consolidation or merger, or conveyance, transfer or lease, shall have the effect of releasing Owner or such Person from any of the obligations, liabilities, covenants or undertakings of Owner under the Trust Indenture.



## ARTICLE V

## EVENTS OF DEFAULT; REMEDIES OF MORTGAGEE

## SECTION 5.01. EVENT OF DEFAULT

"Event of Default" means any of the following events (whatever the reason for such Event of Default and whether such event shall be voluntary or involuntary or come about or be effected by operation of Law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) the failure of the Owner to pay (i) principal of, interest on or Make-Whole Amount, if any, under any Equipment Note when due, and such failure shall continue unremedied for a period of 10 Business Days, or (ii) any other amount payable by it to the Note Holders under this Trust Indenture or the Participation Agreement when due, and such failure shall continue for a period in excess of 10 Business Days after Owner has received written notice from Mortgagee of the failure to make such payment when due;

(ii) Owner shall fail to carry and maintain, or cause to be carried and maintained, insurance on and in respect of the Aircraft, Airframe and Engines in accordance with the provisions of Section 4.06;

(iii) Owner shall fail to observe or perform (or caused to be observed and performed) in any material respect any other covenant, agreement or obligation set forth herein or in any other Operative Agreement to which Owner is a party and such failure shall continue unremedied for a period of 30 days from and after the date of written notice thereof to Owner from Mortgagee, unless such failure is capable of being corrected and Owner shall be diligently proceeding to correct such failure, in which case there shall be no Event of Default unless and until such failure shall continue unremedied for a period of 180 days after receipt of such notice;

(iv) any representation or warranty made by Owner herein, in the Participation Agreement or in any other Operative Agreement to which Owner is a party (a) shall prove to have been untrue or inaccurate in any material respect as of the date made, (b) such untrue or inaccurate representation or warranty is material at the time in question, (c) and the same shall remain uncured (to the extent of the adverse impact of such incorrectness on the interest of the Mortgagee) for a period in excess of 30 days from and after the date of written notice thereof from Mortgagee to Owner;

(v) the Owner shall consent to the appointment of or taking possession by a receiver, trustee or liquidator of itself or of a substantial part of its property, or the Owner shall admit in writing its inability to pay its debts generally as they come due or shall make a general assignment for the benefit of its creditors, or the Owner shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, liquidation or other relief under any bankruptcy laws or insolvency laws (as in effect at such time), or an answer admitting the material allegations of a petition filed against it in any such case, or the

Owner shall seek relief by voluntary petition, answer or consent, under the provisions of any other bankruptcy or similar law providing for the reorganization or winding-up of corporations (as in effect at such time), or the Owner shall seek an agreement, composition, extension or adjustment with its creditors under such laws or the Owner's board of directors shall adopt a resolution authorizing corporate action in furtherance of any of the foregoing;

(vi) an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of the Owner, a receiver, trustee or liquidator of the Owner or of any substantial part of its property, or any substantial part of the property of the Owner shall be sequestered, or granting any other relief in respect of the Owner as a debtor under any bankruptcy laws or other insolvency laws (as in effect at such time), and any such order, judgment, decree, or decree of appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of 90 days after the date of entry thereof; or

(vii) a petition against the Owner in a proceeding under any bankruptcy laws or other insolvency laws (as in effect at such time) is filed and not withdrawn or dismissed within 90 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations which may apply to the Owner, any court of competent jurisdiction shall assume jurisdiction, custody or control of the Owner of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unexpired for a period of 90 days.

#### SECTION 5.02. REMEDIES

(a) If an Event of Default shall have occurred and be continuing and so long as the same shall continue unremedied, then and in every such case the Mortgagee may exercise any or all of the rights and powers and pursue any and all of the remedies pursuant to this Article V and shall have and may exercise all of the rights and remedies of a secured party under the Uniform Commercial Code and may take possession of all or any part of the properties covered or intended to be covered by the Lien created hereby or pursuant hereto and may exclude the Owner and all persons claiming under it wholly or partly therefrom; provided, that the Mortgagee shall give the Owner twenty days' prior written notice of its intention to sell the Aircraft. Without limiting any of the foregoing, it is understood and agreed that the Mortgagee may exercise any right of sale of the Aircraft available to it, even though it shall not have taken possession of the Aircraft and shall not have possession thereof at the time of such sale.

(b) If an Event of Default shall have occurred and be continuing, then and in every such case the Mortgagee may (and shall, upon receipt of a written demand therefor from a Majority in Interest of Note Holders), at any time, by delivery of written notice or notices to the Owner, declare all the Equipment Notes to be due and payable, whereupon the unpaid Original Amount of all Equipment Notes then outstanding, together with accrued but unpaid interest thereon (without Make-Whole Amount) and other amounts due thereunder or otherwise payable hereunder, shall immediately become due and payable without presentment, demand, protest or notice, all of which are hereby waived; provided that if an Event of Default referred to in clause (v), (vi) or (vii) of Section 5.01 hereof shall have occurred, then and in every such case

the unpaid Original Amount then outstanding, together with accrued but unpaid interest and all other amounts due hereunder and under the Equipment Notes shall immediately and without further act become due and payable without presentment, demand, protest or notice, all of which are hereby waived.

This Section 5.02(b), however, is subject to the condition that, if at any time after the Original Amount of the Equipment Notes shall have become so due and payable, and before any judgment or decree for the payment of the money so due, or any thereof, shall be entered, all overdue payments of interest upon the Equipment Notes and all other amounts payable hereunder or under the Equipment Notes (except the Original Amount of the Equipment Notes which by such declaration shall have become payable) shall have been duly paid, and every other Default and Event of Default with respect to any covenant or provision of this Trust Indenture shall have been cured, then and in every such case a Majority in Interest of Note Holders may (but shall not be obligated to), by written instrument filed with the Mortgagee, rescind and annul the Mortgagee's declaration (or such automatic acceleration) and its consequences; but no such rescission or annulment shall extend to or affect any subsequent Default or Event of Default or impair any right consequent thereon.

(c) The Note Holders shall be entitled, at any sale pursuant to this Section 5.02, to credit against any purchase price bid at such sale by such holder all or any part of the unpaid obligations owing to such Note Holder and secured by the Lien of this Trust Indenture (only to the extent that such purchase price would have been paid to such Note Holder pursuant to Article III hereof if such purchase price were paid in cash and the foregoing provisions of this subsection (c) were not given effect).

(d) In the event of any sale of the Collateral, or any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Trust Indenture, the unpaid Original Amount of all Equipment Notes then outstanding, together with accrued interest thereon (without Make-Whole Amount), and other amounts due thereunder, shall immediately become due and payable without presentment, demand, protest or notice, all of which are hereby waived.

(e) Notwithstanding anything contained herein, so long as the Pass Through Trustee under any Pass Through Trust Agreement (or its designee) is a Note Holder, the Mortgagee will not be authorized or empowered to acquire title to any Collateral or take any action with respect to any Collateral so acquired by it if such acquisition or action would cause any Trust to fail to qualify as a "grantor trust" for federal income tax purposes.

#### SECTION 5.03. RETURN OF AIRCRAFT, ETC.

(a) If an Event of Default shall have occurred and be continuing and the Equipment Notes have been accelerated, at the request of the Mortgagee, the Owner shall promptly execute and deliver to the Mortgagee such instruments of title and other documents as the Mortgagee may deem necessary or advisable to enable the Mortgagee or an agent or representative designated by the Mortgagee, at such time or times and place or places as the Mortgagee may specify, to obtain possession of all or any part of the Collateral to which the

Mortgagee shall at the time be entitled hereunder. If the Owner shall for any reason fail to execute and deliver such instruments and documents after such request by the Mortgagee, the Mortgagee may (i) obtain a judgment conferring on the Mortgagee the right to immediate possession and requiring the Owner to execute and deliver such instruments and documents to the Mortgagee, to the entry of which judgment the Owner hereby specifically consents to the fullest extent permitted by Law, and (ii) pursue all or part of such Collateral wherever it may be found and may enter any of the premises of Owner wherever such Collateral may be or be supposed to be and search for such Collateral and take possession of and remove such Collateral. All expenses of obtaining such judgment or of pursuing, searching for and taking such property shall, until paid, be secured by the Lien of this Trust Indenture.

(b) Upon every such taking of possession, the Mortgagee may, from time to time, at the expense of the Collateral, make all such expenditures for maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modifications or alterations to and of the Collateral, as it may deem proper. In each such case, the Mortgagee shall have the right to maintain, use, operate, store, insure, lease, control, manage, dispose of, modify or alter the Collateral and to exercise all rights and powers of the Owner relating to the Collateral, as the Mortgagee shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modification or alteration of the Collateral or any part thereof as the Mortgagee may determine, and the Mortgagee shall be entitled to collect and receive directly all rents, revenues and other proceeds of the Collateral and every part thereof, without prejudice, however, to the right of the Mortgagee under any provision of this Trust Indenture to collect and receive all cash held by, or required to be deposited with, the Mortgagee hereunder. Such rents, revenues and other proceeds shall be applied to pay the expenses of the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, improvement, modification or alteration of the Collateral and of conducting the business thereof, and to make all payments which the Mortgagee may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Collateral or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Owner), and all other payments which the Mortgagee may be required or authorized to make under any provision of this Trust Indenture, as well as just and reasonable compensation for the services of the Mortgagee, and of all persons properly engaged and employed by the Mortgagee with respect hereto.

#### SECTION 5.04. REMEDIES CUMULATIVE

Each and every right, power and remedy given to the Mortgagee specifically or otherwise in this Trust Indenture shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at Law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Mortgagee, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Mortgagee in the

exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Owner or to be an acquiescence therein.

#### SECTION 5.05. DISCONTINUANCE OF PROCEEDINGS

In case the Mortgagee shall have instituted any proceeding to enforce any right, power or remedy under this Trust Indenture by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Mortgagee, then and in every such case the Owner and the Mortgagee shall, subject to any determination in such proceedings, be restored to their former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Owner or the Mortgagee shall continue as if no such proceedings had been instituted.

#### SECTION 5.06. WAIVER OF PAST DEFAULTS

Upon written instruction from a Majority in Interest of Note Holders, the Mortgagee shall waive any past Default hereunder and its consequences and upon any such waiver such Default shall cease to exist and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Trust Indenture, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon; provided, that in the absence of written instructions from all the Note Holders, the Mortgagee shall not waive any Default (i) in the payment of the Original Amount, Make-Whole Amount, if any, and interest and other amounts due under any Equipment Note then outstanding, or (ii) in respect of a covenant or provision hereof which, under Article X hereof, cannot be modified or amended without the consent of each Note Holder.

#### SECTION 5.07. APPOINTMENT OF RECEIVER

The Mortgagee shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Mortgagee or any successor or nominee thereof) for all or any part of the Collateral, whether such receivership be incidental to a proposed sale of the Collateral or the taking of possession thereof or otherwise, and the Owner hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Collateral shall be entitled to exercise all the rights and powers of the Mortgagee with respect to the Collateral.

#### SECTION 5.08. MORTGAGEE AUTHORIZED TO EXECUTE BILLS OF

SALE, ETC.

The Owner irrevocably appoints, while an Event of Default has occurred and is continuing, the Mortgagee the true and lawful attorney-in-fact of the Owner (which appointment is coupled with an interest) in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the Lien of this Trust Indenture, whether pursuant to foreclosure or power of sale, assignments and other instruments as may be necessary or appropriate, with full power of substitution, the Owner hereby ratifying and confirming all that such attorney or any substitute shall do by virtue hereof in accordance with

applicable law. Nevertheless, if so requested by the Mortgagee or any purchaser, the Owner shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Mortgagee or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

#### SECTION 5.09. RIGHTS OF NOTE HOLDERS TO RECEIVE PAYMENT

Notwithstanding any other provision of this Trust Indenture, the right of any Note Holder to receive payment of principal of, and premium, if any, and interest on an Equipment Note on or after the respective due dates expressed in such Equipment Note, or to bring suit for the enforcement of any such payment on or after such respective dates in accordance with the terms hereof, shall not be impaired or affected without the consent of such Note Holder.

### ARTICLE VI

#### DUTIES OF THE MORTGAGEE

##### SECTION 6.01. NOTICE OF EVENT OF DEFAULT

If the Mortgagee shall have Actual Knowledge of an Event of Default or of a Default arising from a failure to pay any installment of principal and interest on any Equipment Note, the Mortgagee shall give prompt written notice thereof to each Note Holder. Subject to the terms of Sections 5.06, 6.02 and 6.03 hereof, the Mortgagee shall take such action, or refrain from taking such action, with respect to such Event of Default or Default (including with respect to the exercise of any rights or remedies hereunder) as the Mortgagee shall be instructed in writing by a Majority in Interest of Note Holders. Subject to the provisions of Section 6.03, if the Mortgagee shall not have received instructions as above provided within 20 days after mailing notice of such Event of Default to the Note Holders, the Mortgagee may, subject to instructions thereafter received pursuant to the preceding provisions of this Section 6.01, take such action, or refrain from taking such action, but shall be under no duty to take or refrain from taking any action, with respect to such Event of Default or Default as it shall determine advisable in the best interests of the Note Holders; provided, however, that the Mortgagee may not sell the Aircraft or any Engine without the consent of a Majority in Interest of Note Holders. For all purposes of this Trust Indenture, in the absence of Actual Knowledge on the part of the Mortgagee, the Mortgagee shall not be deemed to have knowledge of a Default or an Event of Default (except, the failure of Owner to pay any installment of principal or interest within one Business Day after the same shall become due, which failure shall constitute knowledge of a Default) unless notified in writing by the Owner or one or more Note Holders.

##### SECTION 6.02. ACTION UPON INSTRUCTIONS; CERTAIN RIGHTS AND

##### LIMITATIONS

Subject to the terms of Sections 5.02(a), 5.06, 6.01 and 6.03 hereof, upon the written instructions at any time and from time to time of a Majority in Interest of Note Holders, the Mortgagee shall, subject to the terms of this Section 6.02, take such of the following actions

as may be specified in such instructions: (i) give such notice or direction or exercise such right, remedy or power hereunder as shall be specified in such instructions and (ii) give such notice or direction or exercise such right, remedy or power hereunder with respect to any part of the Collateral as shall be specified in such instructions; it being understood that without the written instructions of a Majority in Interest of Note Holders, the Mortgagee shall not, except as provided in Section 6.01, approve any such matter as satisfactory to the Mortgagee.

The Mortgagee will execute and the Owner will file such continuation statements with respect to financing statements relating to the security interest created hereunder in the Collateral as may be specified from time to time in written instructions of a Majority in Interest of Note Holders (which instructions shall be accompanied by the form of such continuation statement so to be filed). The Mortgagee will furnish to each Note Holder, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates and other instruments furnished to the Mortgagee hereunder

#### SECTION 6.03. INDEMNIFICATION

The Mortgagee shall not be required to take any action or refrain from taking any action under Section 6.01 (other than the first sentence thereof), 6.02 or Article V hereof unless the Mortgagee shall have been indemnified to its reasonable satisfaction against any liability, cost or expense (including counsel fees) which may be incurred in connection therewith pursuant to a written agreement with one or more Note Holders. The Mortgagee agrees that it shall look solely to the Note Holders for the satisfaction of any indemnity (except expenses for foreclosure of the type referred to in clause "First" of Section 3.03 hereof) owed to it pursuant to this Section 6.03. The Mortgagee shall not be under any obligation to take any action under this Trust Indenture or any other Operative Agreement and nothing herein or therein shall require the Mortgagee to expend or risk its own funds or otherwise incur the risk of any financial liability in the performance of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it (the written indemnity of any Note Holder who is a QIB, signed by an authorized officer thereof, in favor of, delivered to and in form reasonably satisfactory to the Mortgagee shall be accepted as reasonable assurance of adequate indemnity). The Mortgagee shall not be required to take any action under Section 6.01 (other than the first sentence thereof) or 6.02 or Article V hereof, nor shall any other provision of this Trust Indenture or any other Operative Agreement be deemed to impose a duty on the Mortgagee to take any action, if the Mortgagee shall have been advised by counsel that such action is contrary to the terms hereof or of the Lease or is otherwise contrary to Law.

#### SECTION 6.04. NO DUTIES EXCEPT AS SPECIFIED IN TRUST INDENTURE OR INSTRUCTIONS

The Mortgagee shall not have any duty or obligation to use, operate, store, lease, control, manage, sell, dispose of or otherwise deal with the Aircraft or any other part of the Collateral, or to otherwise take or refrain from taking any action under, or in connection with, this Trust Indenture or any part of the Collateral, except as expressly provided by the terms of

this Trust Indenture or as expressly provided in written instructions from Note Holders as provided in this Trust Indenture; and no implied duties or obligations shall be read into this Trust Indenture against the Mortgagee. The Mortgagee agrees that it will in its individual capacity and at its own cost and expense (but without any right of indemnity in respect of any such cost or expense under Section 8.01 hereof), promptly take such action as may be necessary duly to discharge all liens and encumbrances on any part of the Collateral which result from claims against it in its individual capacity not related to the ownership of the Aircraft or the administration of the Collateral or any other transaction pursuant to this Trust Indenture or any document included in the Collateral.

#### SECTION 6.05. NO ACTION EXCEPT UNDER TRUST INDENTURE OR

#### INSTRUCTIONS

The Mortgagee will not use, operate, store, lease, control, manage, sell, dispose of or otherwise deal with the Aircraft or any other part of the Collateral except in accordance with the powers granted to, or the authority conferred upon the Mortgagee pursuant to this Trust Indenture and in accordance with the express terms hereof.

#### SECTION 6.06. INVESTMENT OF AMOUNTS HELD BY MORTGAGEE

Any amounts held by the Mortgagee pursuant to the proviso to the first sentence of Section 3.01, pursuant to Section 3.02, or pursuant to any provision of any other Operative Agreement providing for amounts to be held by the Mortgagee which are not distributed pursuant to the other provisions of Article III hereof shall be invested by the Mortgagee from time to time in Cash Equivalents as directed by the Owner so long as the Mortgagee may acquire the same using its best efforts. Unless otherwise expressly provided in this Trust Indenture, any income realized as a result of any such investment, net of the Mortgagee's reasonable fees and expenses in making such investment, shall be held and applied by the Mortgagee in the same manner as the principal amount of such investment is to be applied and any losses, net of earnings and such reasonable fees and expenses, shall be charged against the principal amount invested. The Mortgagee shall not be liable for any loss resulting from any investment required to be made by it under this Trust Indenture other than by reason of its willful misconduct or gross negligence, and any such investment may be sold (without regard to its maturity) by the Mortgagee without instructions whenever such sale is necessary to make a distribution required by this Trust Indenture.

### ARTICLE VII

#### THE MORTGAGEE

#### SECTION 7.01. ACCEPTANCE OF TRUSTS AND DUTIES

The Mortgagee accepts the duties hereby created and applicable to it and agrees to perform the same but only upon the terms of this Trust Indenture and agrees to receive and disburse all monies constituting part of the Trust Indenture Estate in accordance with the terms hereof. The Mortgagee, in its individual capacity, shall not be answerable or accountable under



any circumstances, except (i) for its own willful misconduct or gross negligence (other than for the handling of funds, for which the standard of accountability shall be willful misconduct or negligence), (ii) as provided in the fourth sentence of Section 2.04(a) hereof and the last sentence of Section 6.04 hereof, and (iii) from the inaccuracy of any representation or warranty of the Mortgagee (in its individual capacity) in the Participation Agreement or expressly made hereunder.

#### SECTION 7.02. ABSENCE OF DUTIES

Except in accordance with written instructions furnished pursuant to Section 6.01 or 6.02 hereof, and except as provided in, and without limiting the generality of, Sections 6.03, 6.04 and 7.07 hereof the Mortgagee shall have no duty (i) to see to any registration of the Aircraft or any recording or filing of this Trust Indenture or any other document, or to see to the maintenance of any such registration, recording or filing, (ii) to see to any insurance on the Aircraft or to effect or maintain any such insurance, whether or not Owner shall be in default with respect thereto, (iii) to see to the payment or discharge of any lien or encumbrance of any kind against any part of the Collateral, (iv) to confirm, verify or inquire into the failure to receive any financial statements from Owner, or (v) to inspect the Aircraft at any time or ascertain or inquire as to the performance or observance of any of Owner's covenants herein or any Permitted Lessee's covenants under any assigned Permitted Lease with respect to the Aircraft.

#### SECTION 7.03. NO REPRESENTATIONS OR WARRANTIES AS TO AIRCRAFT

##### OR DOCUMENTS

THE MORTGAGEE IN ITS INDIVIDUAL OR TRUST CAPACITY DOES NOT MAKE AND SHALL NOT BE DEEMED TO HAVE MADE AND HEREBY EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, AIRWORTHINESS, VALUE, COMPLIANCE WITH SPECIFICATIONS, CONDITION, DESIGN, QUALITY, DURABILITY, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY ENGINE, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER. The Mortgagee, in its individual or trust capacities, does not make or shall not be deemed to have made any representation or warranty as to the validity, legality or enforceability of this Trust Indenture, the Participation Agreement, the Equipment Notes, or the Purchase Agreement, or as to the correctness of any statement contained in any thereof, except for the representations and warranties of the Owner made in its individual capacity and the representations and warranties of the Mortgagee in its individual capacity, in each case expressly made in this Trust Indenture or in the Participation Agreement. The Note Holders make no representation or warranty hereunder whatsoever.

## SECTION 7.04. NO SEGREGATION OF MONIES; NO INTEREST

Any monies paid to or retained by the Mortgagee pursuant to any provision hereof and not then required to be distributed to the Note Holders, or the Owner as provided in Article III hereof need not be segregated in any manner except to the extent required by Law or Section 6.06 hereof, and may be deposited under such general conditions as may be prescribed by Law, and the Mortgagee shall not be liable for any interest thereon (except that the Mortgagee shall invest all monies held as directed by Owner so long as no Event of Default has occurred and is continuing (or in the absence of such direction, by the Majority In Interest of Note Holders) in Cash Equivalents; provided, however, that any payments received, or applied hereunder, by the Mortgagee shall be accounted for by the Mortgagee so that any portion thereof paid or applied pursuant hereto shall be identifiable as to the source thereof.

## SECTION 7.05. RELIANCE; AGREEMENTS; ADVICE OF COUNSEL

The Mortgagee shall not incur any liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. The Mortgagee may accept a copy of a resolution of the Board of Directors (or Executive Committee thereof) of the Owner, certified by the Secretary or an Assistant Secretary thereof as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted and that the same is in full force and effect. As to the aggregate unpaid Original Amount of Equipment Notes outstanding as of any date, the Owner may for all purposes hereof rely on a certificate signed by any Vice President or other authorized corporate trust officer of the Mortgagee. As to any fact or matter relating to the Owner the manner of which is not specifically described herein, the Mortgagee may for all purposes hereof rely on a certificate, signed by a duly authorized officer of the Owner, as to such fact or matter, and such certificate shall constitute full protection to the Mortgagee for any action taken or omitted to be taken by it in good faith in reliance thereon. In the administration of the trusts hereunder, the Mortgagee may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may, at the expense of the Collateral, advise with counsel, accountants and other skilled persons to be selected and retained by it, and the Mortgagee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the written advice or written opinion of any such counsel, accountants or other skilled persons.

## SECTION 7.06. COMPENSATION

The Mortgagee shall be entitled to reasonable compensation, including expenses and disbursements (including the reasonable fees and expenses of counsel), for all services rendered hereunder and shall, on and subsequent to an Event of Default hereunder, have a priority claim on the Collateral for the payment of such compensation, to the extent that such compensation shall not be paid by Owner, and shall have the right, on and subsequent to an Event of Default hereunder, to use or apply any monies held by it hereunder in the Collateral toward such payments. The Mortgagee agrees that it shall have no right against the Note Holders for any fee as compensation for its services as trustee under this Trust Indenture.

## SECTION 7.07. INSTRUCTIONS FROM NOTE HOLDERS

In the administration of the trusts created hereunder, the Mortgagee shall have the right to seek instructions from a Majority in Interest of Note Holders should any provision of this Trust Indenture appear to conflict with any other provision herein or should the Mortgagee's duties or obligations hereunder be unclear, and the Mortgagee shall incur no liability in refraining from acting until it receives such instructions. The Mortgagee shall be fully protected for acting in accordance with any instructions received under this Section 7.07.

## ARTICLE VIII

## INDEMNIFICATION

## SECTION 8.01. SCOPE OF INDEMNIFICATION

The Mortgagee shall be indemnified by the Owner to the extent and in the manner provided in Section 8 of the Participation Agreement.

## ARTICLE IX

## SUCCESSOR AND SEPARATE TRUSTEES

## SECTION 9.01. RESIGNATION OF MORTGAGEE; APPOINTMENT OF

## SUCCESSOR

(a) The Mortgagee or any successor thereto may resign at any time without cause by giving at least 30 days' prior written notice to the Owner and each Note Holder, such resignation to be effective upon the acceptance of the trusteeship by a successor Mortgagee. In addition, a Majority in Interest of Note Holders may at any time (but only with the consent of Owner, which consent shall not be unreasonably withheld, except that such consent shall not be necessary if an Event of Default is continuing) remove the Mortgagee without cause by an instrument in writing delivered to the Owner and the Mortgagee, and the Mortgagee shall promptly notify each Note Holder thereof in writing, such removal to be effective upon the acceptance of the trusteeship by a successor Mortgagee. In the case of the resignation or removal of the Mortgagee, a Majority in Interest of Note Holders may appoint a successor Mortgagee by an instrument signed by such holders, which successor, so long as no Lease Event of Default shall have occurred and be continuing, shall be subject to Owner's reasonable approval. If a successor Mortgagee shall not have been appointed within 30 days after such notice of resignation or removal, the Mortgagee, the Owner or any Note Holder may apply to any court of competent jurisdiction to appoint a successor Mortgagee to act until such time, if any, as a successor shall have been appointed as above provided. The successor Mortgagee so appointed by such court shall immediately and without further act be superseded by any successor Mortgagee appointed as above provided.

(b) Any successor Mortgagee, however appointed, shall execute and deliver to the Owner and the predecessor Mortgagee an instrument accepting such appointment and assuming the obligations of the Mortgagee arising from and after the time of such appointment, and thereupon such successor Mortgagee, without further act, shall become vested with all the estates, properties, rights, powers and duties of the predecessor Mortgagee hereunder in the trust hereunder applicable to it with like effect as if originally named the Mortgagee herein; but nevertheless upon the written request of such successor Mortgagee, such predecessor Mortgagee shall execute and deliver an instrument transferring to such successor Mortgagee, upon the trusts herein expressed applicable to it, all the estates, properties, rights and powers of such predecessor Mortgagee, and such predecessor Mortgagee shall duly assign, transfer, deliver and pay over to such successor Mortgagee all monies or other property then held by such predecessor Mortgagee hereunder.

(c) Any successor Mortgagee, however appointed, shall be a bank or trust company having its principal place of business in the Borough of Manhattan, City and State of New York; Chicago, Illinois; Hartford, Connecticut; Wilmington, Delaware; or Boston, Massachusetts and having (or whose obligations under the Operative Agreements are guaranteed by an affiliated entity having) a combined capital and surplus of at least \$100,000,000, if there be such an institution willing, able and legally qualified to perform the duties of the Mortgagee hereunder upon reasonable or customary terms.

(d) Any corporation into which the Mortgagee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Mortgagee shall be a party, or any corporation to which substantially all the corporate trust business of the Mortgagee may be transferred, shall, subject to the terms of paragraph (c) of this Section 9.01, be a successor Mortgagee and the Mortgagee under this Trust Indenture without further act.

#### SECTION 9.02. APPOINTMENT OF ADDITIONAL AND SEPARATE TRUSTEES

(a) Whenever (i) the Mortgagee shall deem it necessary or desirable in order to conform to any Law of any jurisdiction in which all or any part of the Collateral shall be situated or to make any claim or bring any suit with respect to or in connection with the Collateral this Trust Indenture, any other Indenture Agreement, the Equipment Notes or any of the transactions contemplated by the Participation Agreement, (ii) the Mortgagee shall be advised by counsel satisfactory to it that it is so necessary or prudent in the interests of the Note Holders (and the Mortgagee shall so advise the Owner), or (iii) the Mortgagee shall have been requested to do so by a Majority in Interest of Note Holders, then in any such case, the Mortgagee and, upon the written request of the Mortgagee, the Owner, shall execute and deliver an indenture supplemental hereto and such other instruments as may from time to time be necessary or advisable either (1) to constitute one or more bank or trust companies or one or more persons approved by the Mortgagee, either to act jointly with the Mortgagee as additional trustee or trustees of all or any part of the Collateral, or to act as separate trustee or trustees of all or any part of the Collateral, in each case with such rights, powers, duties and obligations consistent with this Trust Indenture as may be provided in such supplemental indenture or other

instruments as the Mortgagee or a Majority in Interest of Note Holders may deem necessary or advisable, or (2) to clarify, add to or subtract from the rights, powers, duties and obligations theretofore granted any such additional or separate trustee, subject in each case to the remaining provisions of this Section 9.02. If the Owner shall not have taken any action requested of it under this Section 9.02(a) that is permitted or required by its terms within 15 days after the receipt of a written request from the Mortgagee so to do, or if an Event of Default shall have occurred and be continuing, the Mortgagee may act under the foregoing provisions of this Section 9.02(a) without the concurrence of the Owner, and the Owner hereby irrevocably appoints (which appointment is coupled with an interest) the Mortgagee, its agent and attorney-in-fact to act for it under the foregoing provisions of this Section 9.02(a) in either of such contingencies. The Mortgagee may, in such capacity, execute, deliver and perform any such supplemental indenture, or any such instrument, as may be required for the appointment of any such additional or separate trustee or for the clarification of, addition to or subtraction from the rights, powers, duties or obligations theretofore granted to any such additional or separate trustee. In case any additional or separate trustee appointed under this Section 9.02(a) shall die, become incapable of acting, resign or be moved, all the assets, property, rights, powers, trusts, duties and obligations of such additional or separate trustee shall revert to the Mortgagee until a successor additional or separate trustee is appointed as provided in this Section 9.02(a).

(b) No additional or separate trustee shall be entitled to exercise any of the rights, powers, duties and obligations conferred upon the Mortgagee in respect of the custody, investment and payment of monies and all monies received by any such additional or separate trustee from or constituting part of the Collateral or otherwise payable under any Operative Agreement to the Mortgagee shall be promptly paid over by it to the Mortgagee. All other rights, powers, duties and obligations conferred or imposed upon any additional or separate trustee shall be exercised or performed by the Mortgagee and such additional or separate trustee jointly except to the extent that applicable Law of any jurisdiction in which any particular act is to be performed renders the Mortgagee incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations (including the holding of title to all or part of the Collateral in any such jurisdiction) shall be exercised and performed by such additional or separate trustee. No additional or separate trustee shall take any discretionary action except on the instructions of the Mortgagee or a Majority in Interest of Note Holders. No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, except that the Mortgagee shall be liable for the consequences of its lack of reasonable care in selecting, and the Mortgagee's own actions in acting with, any additional or separate trustee. Each additional or separate trustee appointed pursuant to this Section 9.02 shall be subject to, and shall have the benefit of Articles V through IX and Article XI hereof insofar as they apply to the Mortgagee. The powers of any additional or separate trustee appointed pursuant to this Section 9.02 shall not in any case exceed those of the Mortgagee hereunder.

(c) If at any time the Mortgagee shall deem it no longer necessary or in order to conform to any such Law or take any such action or shall be advised by such counsel that it is no longer so necessary or desirable in the interest of the Note Holders, or in the event that the Mortgagee shall have been requested to do so in writing by a Majority in Interest of Note Holders, the Mortgagee and, upon the written request of the Mortgagee, the Owner, shall execute

and deliver an indenture supplemental hereto and all other instruments and agreements necessary or proper to remove any additional or separate trustee. The Mortgagee may act on behalf of the Owner under this Section 9.02(c) when and to the extent it could so act under Section 9.02(a) hereof.

## ARTICLE X

SUPPLEMENTS AND AMENDMENTS TO THIS TRUST INDENTURE  
AND OTHER DOCUMENTS

## SECTION 10.01. INSTRUCTIONS OF MAJORITY; LIMITATIONS

(a) The Mortgagee agrees with the Note Holders that it shall not enter into any amendment, waiver or modification of, supplement or consent to this Trust Indenture, or any other Operative Agreement to which it is a party, unless such supplement, amendment, waiver, modification or consent is consented to in writing by a Majority in Interest of Note Holders, but upon the written request of a Majority in Interest of Note Holders, the Mortgagee shall from time to time enter into any such supplement or amendment, or execute and deliver any such waiver, modification or consent, as may be specified in such request and as may be (in the case of any such amendment, supplement or modification), to the extent such agreement is required, agreed to by the Owner, as may be appropriate, the Airframe Manufacturer or the Engine Manufacturer; provided, however, that, without the consent of each holder of an affected Equipment Note then outstanding and of each Liquidity Provider, no such amendment, waiver or modification of the terms of, or consent under, any thereof, shall (i) modify any of the provisions of this Section 10.01, or of Article II or III or Section 5.01, 5.02(c), 5.02(d), or 6.02 hereof, the definitions of "Event of Default," "Default," "Majority in Interest of Note Holders," "Make-Whole Amount" or "Note Holder," or the percentage of Note Holders required to take or approve any action hereunder, (ii) reduce the amount, or change the time of payment or method of calculation of any amount, of Original Amount, Make-Whole Amount, if any, or interest with respect to any Equipment Note, (iii) reduce, modify or amend any indemnities in favor of the Mortgagee or the Note Holders (except that the Mortgagee may consent to any waiver or reduction of an indemnity payable to it), or (iv) permit the creation of any Lien on the Trust Indenture Estate or any part thereof other than Permitted Liens or deprive any Note Holder of the benefit of the Lien of this Trust Indenture on the Collateral, except as provided in connection with the exercise of remedies under Article V hereof.

(b) The Owner and the Mortgagee may enter into one or more agreements supplemental hereto without the consent of any Note Holder for any of the following purposes: (i) (a) to cure any defect or inconsistency herein or in the Equipment Notes, or to make any change not inconsistent with the provisions hereof (provided that such change does not adversely affect the interests of any Note Holder in its capacity solely as Note Holder) or (b) to cure any ambiguity or correct any mistake; (ii) to evidence the succession of another party as the Owner in accordance with the terms hereof or to evidence the succession of a new trustee hereunder pursuant hereto, the removal of the trustee hereunder or the appointment of any co-trustee or co-trustees or any separate or additional trustee or trustees; (iii) to convey, transfer,

assign, mortgage or pledge any property to or with the Mortgagee or to make any other provisions with respect to matters or questions arising hereunder so long as such action shall not adversely affect the interests of the Note Holders in its capacity solely as Note Holder; (iv) to correct or amplify the description of any property at any time subject to the Lien of this Trust Indenture or better to assure, convey and confirm unto the Mortgagee any property subject or required to be subject to the Lien of this Trust Indenture, the Airframe or Engines or any Replacement Airframe or Replacement Engine; (v) to add to the covenants of the Owner for the benefit of the Note Holders, or to surrender any rights or power herein conferred upon the Owner; (vi) to add to the rights of the Note Holders; and (vii) to include on the Equipment Notes any legend as may be required by Law.

#### SECTION 10.02. MORTGAGEE PROTECTED

If, in the opinion of the institution acting as Mortgagee hereunder, any document required to be executed by it pursuant to the terms of Section 10.01 hereof affects any right, duty, immunity or indemnity with respect to such institution under this Trust Indenture, such institution may in its discretion decline to execute such document.

#### SECTION 10.03. DOCUMENTS MAILED TO NOTE HOLDERS

Promptly after the execution by the Owner or the Mortgagee of any document entered into pursuant to Section 10.01 hereof, the Mortgagee shall mail, by first class mail, postage prepaid, a copy thereof to Owner (if not a party thereto) and to each Note Holder at its address last set forth in the Equipment Note Register, but the failure of the Mortgagee to mail such copies shall not impair or affect the validity of such document.

#### SECTION 10.04. NO REQUEST NECESSARY FOR TRUST INDENTURE

##### SUPPLEMENT

No written request or consent of the Note Holders pursuant to Section 10.01 hereof shall be required to enable the Mortgagee to execute and deliver a Trust Indenture Supplement specifically required by the terms hereof.

### ARTICLE XI

#### MISCELLANEOUS

#### SECTION 11.01. TERMINATION OF TRUST INDENTURE

Upon (or at any time after) payment in full of the Original Amount of, Make-Whole Amount, if any, and interest on and all other amounts due under all Equipment Notes and provided that there shall then be no other Secured Obligations due to the Indenture Indemnitees, the Note Holders and the Mortgagee hereunder or under the Participation Agreement or other Operative Agreement, the Owner shall direct the Mortgagee to execute and deliver to or as directed in writing by the Owner an appropriate instrument releasing the Aircraft and the Engines and all other Collateral from the Lien of the Trust Indenture and the Mortgagee shall execute and

deliver such instrument as aforesaid; provided, however, that this Trust Indenture and the trusts created hereby shall earlier terminate and this Trust Indenture shall be of no further force or effect upon any sale or other final disposition by the Mortgagee of all property constituting part of the Collateral and the final distribution by the Mortgagee of all monies or other property or proceeds constituting part of the Collateral in accordance with the terms hereof. Except as aforesaid otherwise provided, this Trust Indenture and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof.

#### SECTION 11.02. NO LEGAL TITLE TO COLLATERAL IN NOTE HOLDERS

No holder of an Equipment Note shall have legal title to any part of the Collateral. No transfer, by operation of law or otherwise, of any Equipment Note or other right, title and interest of any Note Holder in and to the Collateral or hereunder shall operate to terminate this Trust Indenture or entitle such holder or any successor or transferee of such holder to an accounting or to the transfer to it of any legal title to any part of the Collateral.

#### SECTION 11.03. SALE OF AIRCRAFT BY MORTGAGEE IS BINDING

Any sale or other conveyance of the Collateral, or any part thereof (including any part thereof or interest therein), by the Mortgagee made pursuant to the terms of this Trust Indenture shall bind the Note Holders and shall be effective to transfer or convey all right, title and interest of the Mortgagee, the Owner and such holders in and to such Collateral or part thereof. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Mortgagee.

#### SECTION 11.04. TRUST INDENTURE FOR BENEFIT OF OWNER, MORTGAGEE, NOTE HOLDERS AND THE OTHER INDENTURE INDEMNITEES

Nothing in this Trust Indenture, whether express or implied, shall be construed to give any person other than the Owner, the Mortgagee, the Note Holders and the other Indenture Indemnitees, any legal or equitable right, remedy or claim under or in respect of this Trust Indenture, except that the persons referred to in the last paragraph of Section 4.02(b) shall be third party beneficiaries of such paragraph.

#### SECTION 11.05. NOTICES

Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents, waivers or documents provided or permitted by this Trust Indenture to be made, given, furnished or filed shall be in writing, personally delivered or mailed by certified mail, postage prepaid, or by facsimile or confirmed telex, and (i) if to the Owner, addressed to it at 2929 Allan Parkway, Houston, Texas 77019, Attention: Chief Financial Officer, facsimile number (713) 520-6329, (ii) if to Mortgagee, addressed to it at its office at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attention: Corporate Trust Administration, facsimile number (302) 651-8882, (iii) if to any Note Holder or any Indenture Indemnitee, addressed to such party at such address



as such party shall have furnished by notice to the Owner and the Mortgagee, or, until an address is so furnished, addressed to the address of such party (if any) set forth on Schedule 1 to the Participation Agreement or in the Equipment Note Register. Whenever any notice in writing is required to be given by the Owner or the Mortgagee or any Note Holder to any of the other of them, such notice shall be deemed given and such requirement satisfied when such notice is received, or if such notice is mailed by certified mail, postage prepaid, three Business Days after being mailed, addressed as provided above. Any party hereto may change the address to which notices to such party will be sent by giving notice of such change to the other parties to this Trust Indenture.

#### SECTION 11.06. SEVERABILITY

Any provision of this Trust Indenture which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

#### SECTION 11.07. NO ORAL MODIFICATION OR CONTINUING WAIVERS

No term or provision of this Trust Indenture or the Equipment Notes may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Owner and the Mortgagee, in compliance with Section 10.01 hereof. Any waiver of the terms hereof or of any Equipment Note shall be effective only in the specific instance and for the specific purpose given.

#### SECTION 11.08. SUCCESSORS AND ASSIGNS

All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, each of the parties hereto and the permitted successors and assigns of each, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by any Note Holder shall bind the successors and assigns of such holder. Each Note Holder by its acceptance of an Equipment Note agrees to be bound by this Trust Indenture and all provisions of the Operative Agreements applicable to a Note Holder.

#### SECTION 11.09. HEADINGS

The headings of the various Articles and sections herein and in the table of contents hereto are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

#### SECTION 11.10. NORMAL COMMERCIAL RELATIONS

Anything contained in this Trust Indenture to the contrary notwithstanding. Owner and Mortgagee may conduct any banking or other financial transactions, and have banking or other commercial relationships, with Owner, fully to the same extent as if this Trust

Indenture were not in effect, including without limitation the making of loans or other extensions of credit to Owner for any purpose whatsoever, whether related to any of the transactions contemplated hereby or otherwise.

SECTION 11.11 GOVERNING LAW; COUNTERPART FORM

THIS TRUST INDENTURE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS TRUST INDENTURE IS BEING DELIVERED IN THE STATE OF NEW YORK. This Trust Indenture may be executed by the parties hereto in separate counterparts (or upon separate signature pages bound together into one or more counterparts), each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 11.12. VOTING BY NOTE HOLDERS

All votes of the Note Holders shall be governed by a vote of a Majority in Interest of Note Holders, except as otherwise provided herein.

SECTION 11.13. BANKRUPTCY

It is the intention of the parties that the Mortgagee shall be entitled to the benefits of Section 1110 with respect to the right to take possession of the Aircraft. Airframe, Engines and Parts as provided herein in the event of a case under Chapter 11 of the Bankruptcy Code in which Owner is a debtor, and in any instance where more than one construction is possible of the terms and conditions hereof or any other pertinent Operative Agreement, each such party agrees that a construction which would preserve such benefits shall control over any construction which would not preserve such benefits.

IN WITNESS WHEREOF, the parties hereto have caused this Trust Indenture and Mortgage to be duly executed by their respective officers thereof duly authorized as of the day and year first above written.

CONTINENTAL AIRLINES, INC.

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

WILMINGTON TRUST COMPANY,  
as Mortgagee

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

## ANNEX A

## DEFINITIONS

## GENERAL PROVISIONS

(a) In each Operative Agreement, unless otherwise expressly provided, a reference to:

- (i) each of "Owner," "Mortgagee," "Note Holder" or any other person includes, without prejudice to the provisions of any Operative Agreement, any successor in interest to it and any permitted transferee, permitted purchaser or permitted assignee of it;
- (ii) words importing the plural include the singular and words importing the singular include the plural;
- (iii) any agreement, instrument or document, or any annex, schedule or exhibit thereto, or any other part thereof, includes, without prejudice to the provisions of any Operative Agreement, that agreement, instrument or document, or annex, schedule or exhibit, or part, respectively, as amended, modified or supplemented from time to time in accordance with its terms and in accordance with the Operative Agreements, and any agreement, instrument or document entered into in substitution or replacement therefor (including, without limitation, in the case of each Pass Through Trust Agreement, the "Related Pass Through Trust Agreement" as defined therein);
- (iv) any provision of any Law includes any such provision as amended, modified, supplemented, substituted, reissued or reenacted prior to the Closing Date, and thereafter from time to time;
- (v) the words "Agreement," "this Agreement," "hereby," "herein," "hereto," "hereof" and "hereunder" and words of similar import when used in any Operative Agreement refer to such Operative Agreement as a whole and not to any particular provision of such Operative Agreement;
- (vi) the words "including," "including, without limitation," "including, but not limited to," and terms or phrases of similar import when used in any Operative Agreement, with respect to any matter or thing, mean including, without limitation, such matter or thing; and
- (vii) a "Section," an "Exhibit," an "Annex" or a "Schedule" in any Operative Agreement, or in any annex thereto, is a reference to a section of, or an exhibit, an annex or a schedule to, such Operative Agreement or such annex, respectively.

(b) Each exhibit, annex and schedule to each Operative Agreement is incorporated in, and shall be deemed to be a part of, such Operative Agreement.

(c) Unless otherwise defined or specified in any Operative Agreement, all accounting terms therein shall be construed and all accounting determinations thereunder shall be made in accordance with GAAP.

(d) Headings used in any Operative Agreement are for convenience only and shall not in any way affect the construction of, or be taken into consideration in interpreting, such Operative Agreement.

(e) For purposes of each Operative Agreement, the occurrence and continuance of a Default or Event of Default referred to in Section 5.01(v), (vi) or (vii) shall not be deemed to prohibit the Owner from taking any action or exercising any right that is conditioned on no Special Default, Default or Event of Default having occurred and be continuing if such Special Default, Default or Event of Default consists of the institution of reorganization proceedings with respect to Owner under Chapter 11 of the Bankruptcy Code and the trustee or debtor-in-possession in such proceedings shall have (i) agreed to perform its obligations under the Trust Indenture with the approval of the applicable court and thereafter shall have continued to perform such obligations in accordance with Section 1110 or (ii) shall have assumed the Trust Indenture with the approval of the relevant court and thereafter shall have continued to perform its obligations under the Trust Indenture.

#### DEFINED TERMS

"Act" means part A of subtitle VII of title 49, United States Code.

"Actual Knowledge" means (a) as it applies to Mortgagee, actual knowledge of a responsible officer in the Corporate Trust Office, and (b) as it applies to Owner, actual knowledge of a Vice President or more senior officer of Owner or any other officer of Owner having responsibility for the transactions contemplated by the Operative Agreements; provided that each of Owner and Mortgagee shall be deemed to have "Actual Knowledge" of any matter as to which it has received notice from Owner, any Note Holder or Mortgagee, such notice having been given pursuant to Section 11.05 of the Trust Indenture.

"Affiliate" means, with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with such person. For purposes of this definition, "control" means the power, directly or indirectly, to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise and "controlling," "controlled by" and "under common control with" have correlative meanings.

"Aircraft" means, collectively, the Airframe and Engines.

"Aircraft Bill of Sale" means the full warranty bill of sale covering the Aircraft delivered by Airframe Manufacturer to Owner on the Closing Date.

"Aircraft Documents" means all technical data, manuals and log books, and all inspection, modification and overhaul records and other service, repair, maintenance and technical records that are required by the FAA (or the relevant Aviation Authority), to be maintained with respect to the Aircraft, Airframe, Engines or Parts, and such term shall include all additions, renewals, revisions and replacements of any such materials from time to time made, or required to be made, by the FAA (or other Aviation Authority) regulations, and in each case in whatever form and by whatever means or medium (including, without limitation, microfiche, microfilm, paper or computer disk) such materials may be maintained or retained by or on behalf of Owner (provided, that all such materials shall be maintained in the English language).

"Airframe" means (a) the aircraft (excluding Engines or engines from time to time installed thereon) manufactured by Airframe Manufacturer and identified by Airframe Manufacturer's model number, United States registration number and Airframe Manufacturer's serial number set forth in the initial Trust Indenture Supplement and any Replacement Airframe and (b) any and all Parts incorporated or installed in or attached or appurtenant to such airframe, and any and all Parts removed from such airframe, unless the Lien of the Trust Indenture shall not be applicable to such Parts in accordance with Section 4.04 of the Trust Indenture. Upon substitution of a Replacement Airframe under and in accordance with the Lease, such Replacement Airframe shall become subject to the Lease and shall be the "Airframe" for all purposes of the Lease and the other Operative Agreements and thereupon the Airframe for which the substitution is made shall no longer be subject to the Lease, and such replaced Airframe shall cease to be the "Airframe."

"Airframe Manufacturer" means The Boeing Company, a Delaware corporation.

"Amortization Amount" means, with respect to any Equipment Note, as of any Payment Date, the amount determined by multiplying the percentage set forth opposite such Date on the Amortization Schedule by the Original Amount of such Equipment Note.

"Amortization Schedule" means, with respect to each Equipment Note, the amortization schedule for such Equipment Note delivered pursuant to Section 2.02 of the Trust Indenture.

"Applicable Pass Through Trust" means each of the separate pass through trusts created under the Applicable Pass Through Trust Agreements.

"Applicable Pass Through Trust Agreement" means each of the separate Pass Through Trust Agreements by and between the Owner and an Applicable Pass Through Trustee.

"Applicable Pass Through Trustee" means each Pass Through Trustee that is a party to the Participation Agreement.

"Appraiser" means a firm of internationally recognized, independent aircraft appraisers.

"Average Life Date" for any Equipment Note shall be the date which follows the time of determination by a period equal to the Remaining Weighted Average Life of such Equipment Note. "Remaining Weighted Average Life" on a given date with respect to any Equipment Note shall be the number of days equal to the quotient obtained by dividing (a) the sum of each of the products obtained by multiplying (i) the amount of each then remaining scheduled payment of principal of such Equipment Note by (ii) the number of days from and including such determination date to but excluding the date on which such payment of principal is scheduled to be made, by (b) the then outstanding principal amount of such Equipment Note.

"Aviation Authority" means the FAA or, if the Aircraft is permitted to be, and is, registered with any other Government Entity under and in accordance with Section 4.02 (e) of the Trust Indenture and Section 6.4.5 of the Participation Agreement, such other Government Entity.

"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. Sections 101 et seq.

"Beneficial Owner" when used in relation to an Equipment Note means a Person that, by reason of direct ownership, contract, share ownership or otherwise, has the right to receive or participate in receiving, directly or indirectly, payments of principal, interest or Make-Whole Amount in respect of such Equipment Note; provided that a Person shall not be deemed to be a Beneficial Owner of an Equipment Note solely because another Person in which such a Person owns common stock or other equity securities is a registered holder or Beneficial Owner of such Equipment Note unless such Person is an Affiliate of such other Person.

"Bills of Sale" means the FAA Bill of Sale and the Aircraft Bill of Sale.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized or required by law to close in New York, New York, Houston, Texas, Wilmington, Delaware or Salt Lake City, Utah.

"Cash Equivalents" means the following securities (which shall mature within 90 days of the date of purchase thereof): (a) direct obligations of the U.S. Government; (b) obligations fully guaranteed by the U.S. Government; (c) certificates of deposit issued by, or bankers' acceptances of, or time deposits or a deposit account with, Mortgagee or any bank, trust company or national banking association incorporated or doing business under the laws of the United States or any state thereof having a combined capital and surplus and retained earnings of at least \$500,000,000 and having a rate of "C" or better from the Thomson BankWatch Service; or (d) commercial paper of any issuer doing business under the laws of the United States or one of the states thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's Corporation or Moody's Investors Service, Inc. equal to A1 or higher.

"Citizen of the United States" is defined in 49 U.S.C. Section 40102(a)(15).

"Closing" means the closing of the transactions contemplated by the Participation Agreement.

"Closing Date" means the date on which the Closing occurs.

"Code" means the Internal Revenue Code of 1986, as amended; provided that, when used in relation to a Plan, "Code" shall mean the Internal Revenue Code of 1986 and any regulations and rulings issued thereunder, all as amended and in effect from time to time.

"Collateral" is defined in the Granting Clause of the Trust Indenture.

"Consent and Agreement" means the Manufacturer Consent and Agreement \_\_\_\_\_, dated as of even date with the Participation Agreement, of Airframe Manufacturer.

"Corporate Trust Office" means the principal office of Mortgagee located at Mortgagee's address for notices under the Participation Agreement or such other office at which Mortgagee's corporate trust business shall be administered which Mortgagee shall have specified by notice in writing to Owner and each Note Holder.

"CRAF" means the Civil Reserve Air Fleet Program established pursuant to 10 U.S.C. Section 9511-13 or any similar substitute program.

"Debt Rate" means, with respect to (i) any Series, the rate per annum specified for such Series under the heading "Interest Rate" in Schedule I to the Trust Indenture and (ii) for any other purpose, with respect to any period, the weighted average interest rate per annum during such period borne by the outstanding Equipment Notes, excluding any interest payable at the Payment Due Rate.

"Default" means any event or condition that with the giving of notice or the lapse of time or both would become an Event of Default.

"Deposit Agreement" means each of the four Deposit Agreements between the Escrow Agent and the Depositary, dated as of the Issuance Date, each of which relates to one of the Pass Through Trusts, provided that, for purposes of any obligation of Owner, no amendment, modification or supplement to, or substitution or replacement of, any such Deposit Agreement shall be effective unless consented to by Owner.

"Depositary" means Credit Suisse First Boston, New York Branch, as Depositary under each Deposit Agreement.

"Dollars," "United States Dollars" or "\$" means the lawful currency of the United States.

"DOT" means the Department of Transportation of the United States or any Government Entity succeeding to the functions of such Department of Transportation.

"Engine" means (a) each of the engines manufactured by Engine Manufacturer and identified by Engine Manufacturer's model number and Engine Manufacturer's serial number set forth in the initial Trust Indenture Supplement and originally installed on the Airframe on the Closing Date, and any Replacement Engine, in any case whether or not from time to time installed on such Airframe or installed on any other airframe or aircraft, and (b) any and all Parts incorporated or installed in or attached or appurtenant to such engine, and any and all Parts removed from such engine, unless the Lien of the Trust Indenture shall not apply to such Parts in accordance with Section 4.04 of the Trust Indenture. Upon substitution of a Replacement Engine under and in accordance with the Trust Indenture, such Replacement Engine shall become subject to the Trust Indenture and shall be an "Engine" for all purposes of the Trust Indenture and the other Operative Agreements and thereupon the Engine for which the substitution is made shall no longer be subject to the Trust Indenture, and such replaced Engine shall cease to be an "Engine."

"Engine Consent and Agreement" means the Engine Manufacturer Consent and Agreement \_\_\_ dated as of even date with the Participation Agreement, of Engine Manufacturer.

"Engine Manufacturer" means \_\_\_\_\_ a corporation organized under the laws of \_\_\_\_\_.

"Equipment Note Register" is defined in Section 2.07 of the Trust Indenture.

"Equipment Notes" means and includes any equipment notes issued under the Trust Indenture in the form specified in Section 2.01 thereof (as such form may be varied pursuant to the terms of the Trust Indenture) and any Equipment Note issued under the Trust Indenture in exchange for or replacement of any Equipment Note.

"ERISA" means the Employee Retirement Income Security Act of 1974, and any regulations and rulings issued thereunder all as amended and in effect from time to time.

"Escrow Agent" means First Security Bank, National Association, as Escrow Agent under each of the Escrow Agreements.

"Escrow Agreement" means each of the four Escrow and Paying Agent Agreements, among the Escrow Agent, the Paying Agent, certain initial purchasers of the Pass Through Certificates named therein and one of the Pass Through Trustees, dated as of the Issuance Date, each of which relates to one of the Pass Through Trusts, provided that, for purposes of any obligation of Owner, no amendment, modification or supplement to, or substitution or replacement of, any such Escrow Agreement shall be effective unless consented to by Owner.

"Event of Default" is defined in Section 5.01 of the Trust Indenture.

"Event of Loss" means, with respect to the Aircraft, Airframe or any Engine, any of the following circumstances, conditions or events with respect to such property, for any reason whatsoever:



(a) the destruction of such property, damage to such property beyond economic repair or rendition of such property permanently unfit for normal use by Owner;

(b) the actual or constructive total loss of such property or any damage to such property, or requisition of title or use of such property, which results in an insurance settlement with respect to such property on the basis of a total loss or constructive or compromised total loss;

(c) any theft, hijacking or disappearance of such property for a period of 180 consecutive days or more;

(d) any seizure, condemnation, confiscation, taking or requisition (including loss of title) of such property by any Government Entity or purported Government Entity (other than a requisition of use by a Permitted Government Entity) for a period exceeding 180 consecutive days or, in the case of a requisition of title, the requisition of title shall not have been reversed within 90 days from the date of such requisition of title; by any U.S. Government Entity;

(e) as a result of any law, rule, regulation, order or other action by the Aviation Authority or by any Government Entity of the government of registry of the Aircraft or by any Government Entity otherwise having jurisdiction over the operation or use of the Aircraft, the use of such property in the normal course of Owner's business of passenger air transportation is prohibited for a period of 180 consecutive days unless Owner, prior to the expiration of such 180-day period, shall have undertaken and shall be diligently carrying forward such steps as may be necessary or desirable to permit the normal use of such property by Owner, but in any event if such use shall have been prohibited for a period of two consecutive years, provided that no Event of Loss shall be deemed to have occurred if such prohibition has been applicable to Owner's entire U.S. fleet of such property and Owner, prior to the expiration of such two-year period, shall have conformed at least one unit of such property in its fleet to the requirements of any such law, rule, regulation, order or other action and commenced regular commercial use of the same in such jurisdiction and shall be diligently carrying forward, in a manner which does not discriminate against such property in so conforming such property, steps which are necessary or desirable to permit the normal use of the Aircraft by Owner, but in any event if such use shall have been prohibited for a period of three years.

"Expenses" means any and all liabilities, obligations, losses, damages, settlements, penalties, claims, actions, suits, costs, expenses and disbursements (including, without limitation, reasonable fees and disbursements of legal counsel, accountants, appraisers, inspectors or other professionals, and costs of investigation).

"FAA" means the Federal Aviation Administration of the United States or any Government Entity succeeding to the functions of such Federal Aviation Administration.

"FAA Bill of Sale" means a bill of sale for the Aircraft on AC Form 8050-2 (or such other form as may be approved by the FAA) delivered to Owner on the Closing Date by Airframe Manufacturer.

"FAA Filed Documents" means the Trust Indenture, the Trust Indenture Supplement, the FAA Bill of Sale and an application for registration of the Aircraft with the FAA in the name of Owner.

"FAA Regulations" means the Federal Aviation Regulations issued or promulgated pursuant to the Act from time to time.

"Financing Statements" means, collectively, UCC-1 (and, where appropriate, UCC-3) financing statements (a) covering the Collateral, by Owner, as debtor, showing Mortgagee as secured party, for filing in Texas and each other jurisdiction that, in the opinion of Mortgagee, is necessary to perfect its Lien on the Collateral.

"GAAP" means generally accepted accounting principles as set forth in the statements of financial accounting standards issued by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants, as such principles may at any time or from time to time be varied by any applicable financial accounting rules or regulations issued by the SEC and, with respect to any person, shall mean such principles applied on a basis consistent with prior periods except as may be disclosed in such person's financial statements.

"Government Entity" means (a) any federal, state, provincial or similar government, and any body, board, department, commission, court, tribunal, authority, agency or other instrumentality of any such government or otherwise exercising any executive, legislative, judicial, administrative or regulatory functions of such government or (b) any other government entity having jurisdiction over any matter contemplated by the Operative Agreements or relating to the observance or performance of the obligations of any of the parties to the Operative Agreements.

"Indemnatee" means (i) WTC and Mortgagee, (ii) each separate or additional trustee appointed pursuant to the Trust Indenture, (iii) the Subordination Agent, the Paying Agent and the Escrow Agent, (iv) each Liquidity Provider, (v) the Pass Through Trustees, (vi) each Affiliate of the persons described in clauses (i) and (ii), (vii) each Affiliate of the persons described in clauses (iii), (iv) and (v), (viii) the respective directors, officers, employees, agents and servants of each of the persons described in clauses (i), (ii) and (vi), (ix) the respective directors, officers, employees, agents and servants of each of the persons described in clauses (iii), (iv), (v) and (vii), (x) the successors and permitted assigns of the persons described in clauses (i), (ii) and (viii), and (xi) the successors and permitted assigns of the persons described in clauses (iii), (iv), (v) and (ix). If any Indemnatee is Airframe Manufacturer or Engine Manufacturer or any subcontractor or supplier of either thereof, such Person shall be an Indemnatee only in its capacity as Note Holder.

"Indenture Agreements" means the Purchase Agreement and the Bills of Sale, to the extent included in Granting Clause (2) of the Trust Indenture, and any other contract, agreement or instrument from time to time assigned or pledged under the Trust Indenture.

"Indenture Default" means any condition, circumstance, act or event that, with the giving of notice, the lapse of time or both, would constitute an Indenture Event of Default.

"Indenture Event of Default" means any one or more of the conditions, circumstances, acts or events set forth in Section 5.01 of the Trust Indenture.

"Indenture Indemnitee" means (i) WTC and the Mortgagee, (ii) each separate or additional trustee appointed pursuant to the Trust Indenture, (iii) the Subordination Agent, (iv) each Liquidity Provider, (v) each Pass Through Trustee, (vi) the Paying Agent, (vii) the Escrow Agent and (viii) each of the respective directors, officers, employees, agents and servants of each of the persons described in clauses (i) through (vii) inclusive above.

"Intercreditor Agreement" means that certain Intercreditor Agreement among the Pass Through Trustees, the Liquidity Providers and the Subordination Agent, dated as of the Issuance Date, provided that, for purposes of any obligation of Owner, no amendment, modification or supplement to, or substitution or replacement of, such Intercreditor Agreement shall be effective unless consented to by Owner.

"IRS" means the Internal Revenue Service of the United States or any Government Entity succeeding to the functions of such Internal Revenue Service.

"Issuance Date" means March 21, 1997.

"Law" means (a) any constitution, treaty, statute, law, decree, regulation, order, rule or directive of any Government Entity, and (b) any judicial or administrative interpretation or application of, or decision under, any of the foregoing.

"Lien" means any mortgage, pledge, lien, charge, claim, encumbrance, lease or security interest affecting the title to or any interest in property.

"Liquidity Facilities" means the eight Revolving Credit Agreements (consisting of a separate Revolving Credit Agreement with each Liquidity Provider with respect to each Pass Through Trust) between the Subordination Agent, as borrower, and a Liquidity Provider, each dated as of the Issuance Date, provided that, for purposes of any obligation of Owner, no amendment, modification or supplement to, or substitution or replacement of, any such Liquidity Facility shall be effective unless consented to by Owner.

"Liquidity Provider" means ABN AMRO Bank N.V., acting through its Chicago branch, or ING Bank N.V., each as a Class A Liquidity Provider, Class B Liquidity Provider, Class C-I Liquidity Provider and Class C-II Liquidity Provider (as such terms are defined in the Intercreditor Agreement) under the respective Liquidity Facilities, or any successor thereto.

"Majority in Interest of Note Holders" means as of a particular date of determination, the holders of a majority in aggregate unpaid Original Amount of all Equipment Notes outstanding as of such date (excluding any Equipment Notes held by Owner or any of its Affiliates (unless all Equipment Notes then outstanding shall be held by Owner or any Affiliate of Owner); provided that for the purposes of directing any action or casting any vote or giving any consent, waiver or instruction hereunder, any Note Holder of an Equipment Note or Equipment Notes may allocate, in such Note Holder's sole discretion, any fractional portion of

the principal amount of such Equipment Note or Equipment Notes in favor of or in opposition to any such action, vote, consent, waiver or instruction.

"Make-Whole Amount" means, with respect to any Equipment Note, an amount (as determined by an independent investment banker of national standing) equal to the excess, if any, of (a) the present value of the remaining scheduled payments of principal and interest to maturity of such Equipment Note computed by discounting such payments on a semiannual basis on each Payment Date (assuming a 360-day year of twelve 30-day months) using a discount rate equal to the Treasury Yield over (b) the outstanding principal amount of such Equipment Note plus accrued interest to the date of determination. For purposes of determining the Make-Whole Amount, "Treasury Yield" means, at the date of determination with respect to any Equipment Note, the interest rate (expressed as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semi-annual yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note and trading in the public securities markets either as determined by interpolation between the most recent weekly average yield to maturity for two series of United States Treasury securities, trading in the public securities markets, (A) one maturing as close as possible to, but earlier than, the Average Life Date of such Equipment Note and (B) the other maturing as close as possible to, but later than, the Average Life Date of such Equipment Note, in each case as published in the most recent H.15(519) or, if a weekly average yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note is reported on the most recent H.15(519), such weekly average yield to maturity as published in such H.15(519). "H.15(519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System. The date of determination of a Make-Whole Amount shall be the third Business Day prior to the applicable payment or redemption date and the "most recent H.15(519)" means the H.15(519) published prior to the close of business on the third Business Day prior to the applicable payment or redemption date.

"Material Adverse Change" means, with respect to any person, any event, condition or circumstance that materially and adversely affects such person's business or consolidated financial condition, or its ability to observe or perform its obligations, liabilities and agreements under the Operative Agreements.

"Minimum Liability Insurance Amount" is defined in Schedule 3 to the Participation Agreement.

"Mortgaged Property" is defined in Section 3.03 of the Trust Indenture.

"Mortgagee" means Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity but solely as mortgagee under the Trust Indenture.

"Net Worth" means, for any person, the excess of its total assets over its total liabilities.

"Non-U.S. Person" means any Person other than a United States person, as defined in Section 7701(a)(30) of the Code.

"Note Holder" means at any time each registered holder of one or more Equipment Notes.

"Note Purchase Agreement" means the Note Purchase Agreement, dated as of the Issuance Date, among Continental Airlines, Inc., the Subordination Agent, the Escrow Agent, the Paying Agent and the Pass Through Trustee under each Pass Through Trust Agreement providing for, among other things, the issuance and sale of certain equipment notes.

"Officer's Certificate" means, in respect of any party to the Participation Agreement, a certificate signed by the Chairman, the President, any Vice President (including those with varying ranks such as Executive, Senior, Assistant or Staff Vice President), the Treasurer or the Secretary of such party.

"Operative Agreements" means, collectively, the Participation Agreement, the Trust Indenture, the initial Trust Indenture Supplement, the Bills of Sale, and the Equipment Notes.

"Operative Indentures" means each of the indentures under which notes have been issued and purchased by the Pass Through Trustees pursuant to the Note Purchase Agreement.

"Original Amount," with respect to an Equipment Note, means the stated original principal amount of such Equipment Note and, with respect to all Equipment Notes, means the aggregate stated original principal amounts of all Equipment Notes.

"Owner Person" means Owner, any lessee, assignee, successor or other user or person in possession of the Aircraft, Airframe or an Engine with or without color of right, or any Affiliate of any of the foregoing (excluding any Tax Indemnitee or any related Tax Indemnitee with respect thereto, or any person using or claiming any rights with respect to the Aircraft, Airframe or an Engine directly by or through any of the persons in this parenthetical).

"Participation Agreement" means the Participation Agreement \_\_\_\_\_ dated as of \_\_\_\_\_ among Owner, the Applicable Pass Through Trustees, the Subordination Agent and Mortgagee.

"Parts" means all appliances, parts, components, instruments, appurtenances, accessories, furnishings, seats and other equipment of whatever nature (other than (a) Engines or engines, and (b) any Removable Part leased by Owner from a third party or subject to a security interest granted to a third party), that may from time to time be installed or incorporated in or attached or appurtenant to the Airframe or any Engine.

"Pass Through Agreements" means the Pass Through Trust Agreements, the Note Purchase Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Liquidity Facilities and the Fee Letters referred to in Section 2.03 of each of the

Liquidity Facilities, provided that no amendment, modification or supplement to, or substitution or replacement of, any such Fee Letter shall be effective for purposes of any obligation of Owner, unless consented to by Owner.

"Pass Through Certificates" means the pass through certificates issued by the Pass Through Trusts (and any other pass through certificates for which such pass through certificates may be exchanged).

"Pass Through Trust" means each of the four separate pass through trusts created under the Pass Through Trust Agreements.

"Pass Through Trust Agreement" means each of the four separate pass through trust agreements dated as of the Issuance Date by and between the Owner and a Pass Through Trustee.

"Pass Through Trustee" means Wilmington Trust Company, a Delaware banking corporation, in its capacity as trustee under each Pass Through Trust Agreement.

"Pass Through Trustee Agreements" means the Participation Agreement, the Pass Through Trust Agreements, the Note Purchase Agreement, the Deposit Agreements, the Escrow Agreements, and the Intercreditor Agreement.

"Paying Agent" means Wilmington Trust Company, as paying agent under each of the Escrow Agreements.

"Payment Date" means each April 1 and October 1, commencing on \_\_\_\_\_.

"Payment Due Rate" means, with respect to (i) any payment made to a Note Holder under any Series of Equipment Notes, the lesser of (a) the Debt Rate applicable to such Series plus 2% and (b) the maximum rate permitted by applicable law and (ii) any other payment made under any Operative Agreement to any other Person, 9.45% per annum (computed on the basis of a year of 360 days comprised of twelve 30-day months).

"Permitted Air Carrier" means (i) any manufacturer of airframes or aircraft engines, or any Affiliate of a manufacturer of airframes or aircraft engines, (ii) any Permitted Foreign Air Carrier, (iii) any person approved in writing by Lessor or (iv) any U.S. Air Carrier.

"Permitted Country" means any country listed on Schedule 4 to the Participation Agreement.

"Permitted Foreign Air Carrier" means any air carrier with its principal executive offices in any Permitted Country and which is authorized to conduct commercial airline operations and to operate jet aircraft similar to the Aircraft under the applicable Laws of such Permitted Country.

"Permitted Government Entity" means (i) the U.S. Government or (ii) any Government Entity if the Aircraft is then registered under the laws of the country of such Government Entity.

"Permitted Lien" means (a) the rights of Mortgagee under the Operative Agreements, or of any Permitted Lessee under any Permitted Lease; (b) Liens attributable to Mortgagee (both in its capacity as trustee under the Trust Indenture and in its individual capacity); (c) the rights of others under agreements or arrangements to the extent expressly permitted by the terms of Section 4.02(b) or 4.04 of the Trust Indenture; (d) Liens of Taxes of Owner (and its U.S. federal tax law consolidated group), or Liens for Taxes of any Tax Indemnitee (and its U.S. federal tax law consolidated group) for which Owner is obligated to indemnify such Tax Indemnitee under any of the Operative Agreements, in any such case either not yet due or being contested in good faith by appropriate proceedings so long as such Liens and such proceedings do not involve any material risk of the sale, forfeiture or loss of the Aircraft, the Airframe, or any Engine or the interest of Mortgagee therein or impair the Lien of the Trust Indenture; (e) materialmen's, mechanics', workers', repairers', employees' or other like Liens arising in the ordinary course of business for amounts the payment of which is either not yet delinquent for more than 60 days or is being contested in good faith by appropriate proceedings, so long as such Liens and such proceedings do not involve any material risk of the sale, forfeiture or loss of the Aircraft, the Airframe, or any Engine or the interest of Mortgagee therein or impair the Lien of the Trust Indenture; (f) Liens arising out of any judgment or award against Owner (or any Permitted Lessee), so long as such judgment shall, within 60 days after the entry thereof, have been discharged or vacated, or execution thereof stayed pending appeal or shall have been discharged, vacated or reversed within 60 days after the expiration of such stay, and so long as during any such 60 day period there is not, or any such judgment or award does not involve, any material risk of the sale, forfeiture or loss of the Aircraft, the Airframe, or any Engine or the interest of Mortgagee therein or impair the Lien of the Trust Indenture; (g) any other Lien with respect to which Owner (or any Permitted Lessee) shall have provided a bond, cash collateral or other security adequate in the reasonable opinion of Mortgagee.

"Permitted Lease" means a lease permitted under Section 4.02(b) of the Trust Indenture.

"Permitted Lessee" means the lessee under a Permitted Lease.

"Persons" or "persons" means individuals, firms, partnerships, joint ventures, trusts, trustees, Government Entities, organizations, associations, corporations, government agencies, committees, departments, authorities and other bodies, corporate or incorporate, whether having distinct legal status or not, or any member of any of the same.

"Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA, or any plan within the meaning of Section 4975(e)(1) of the Code.

"Premium Termination Date" means April 1, 2010 in the case of the Series A Equipment Notes, April 1, 2007 in the case of the Series B Equipment Notes and April 1, 2003 in the case of the Series C Equipment Notes.

"Purchase Agreement" means the Purchase Agreement No. \_\_\_\_\_, dated \_\_\_\_\_, between Airframe Manufacturer and Owner (including all exhibits thereto, together with all letter agreements entered into that by their terms constitute part of such Purchase Agreement), to the extent included in the Granting Clause (2) of the Trust Indenture.

"QIB" is defined in Section 2.08 of the Trust Indenture.

"Registration Rights Agreement" means the Exchange and Registration Rights Agreement dated the Issuance Date by and among Owner and certain initial purchasers of the Pass Through Certificates named therein, providing for, among other things, the exchange offer with respect to such Pass Through Certificates to be registered under the Securities Act or the shelf registration of such Pass Through Certificates for a period specified therein.

"Removable Part" is defined in Section 4.04(d) of the Trust Indenture.

"Replacement Airframe" means any airframe substituted for the Airframe pursuant to Article IV of the Trust Indenture.

"Replacement Engine" means an engine substituted for an Engine pursuant to Article IV of the Trust Indenture.

"SEC" means the Securities and Exchange Commission of the United States, or any Government Entity succeeding to the functions of such Securities and Exchange Commission.

"Section 1110" means 11 U.S.C. Section 1110 of the Bankruptcy Code or any successor or analogous section of the federal bankruptcy law in effect from time to time.

"Secured Obligations" is defined in Section 2.06 of the Trust Indenture.

"Securities Act" means the Securities Act of 1933, as amended.

"Security" means a "security" as defined in Section 2(1) of the Securities Act.

"Senior Holder" is defined in Section 2.13(c) of the Trust Indenture.

"Series" means any of Series A, Series B or Series C.

"Series A" or "Series A Equipment Notes" means Equipment Notes issued under the Trust Indenture and designated as "Series A" thereunder, in the Original Amount and maturities and bearing interest as specified in Schedule I to the Trust Indenture under the heading "Series A."

"Series B" or "Series B Equipment Notes" means Equipment Notes issued under the Trust Indenture and designated as "Series B" thereunder, in the Original Amount and maturities and bearing interest as specified in Schedule I to the Trust Indenture under the heading "Series B."



"Series C" or "Series C Equipment Notes" means Equipment Notes issued under the Trust Indenture and designated as "Series C" thereunder, in the Original Amount and maturities and bearing interest as specified in Schedule I to the Trust Indenture under the heading "Series C."

"Similar Aircraft" means a Boeing Model \_\_\_\_\_ aircraft.

"Special Default" means (i) the failure by Owner to pay any amount of principal of or interest on any Equipment Note when due or (ii) the occurrence of any Default or Event of Default referred to in Section 5.01(v), (vi) or (vii).

"Subordination Agent" means Wilmington Trust Company, as subordination agent under the Intercreditor Agreement, or any successor thereto.

"Tax Indemnitee" means (a) WTC and Mortgagee, (b) each separate or additional trustee appointed pursuant to the Trust Indenture, (c) each Note Holder and (d) the respective successors, assigns, agents and servants of the foregoing.

"Taxes" means all license, recording, documentary, registration and other similar fees and all taxes, levies, imposts, duties, charges, assessments or withholdings of any nature whatsoever imposed by any Taxing Authority, together with any penalties, additions to tax, fines or interest thereon or additions thereto.

"Taxing Authority" means any federal, state or local government or other taxing authority in the United States, any foreign government or any political subdivision or taxing authority thereof, any international taxing authority or any territory or possession of the United States or any taxing authority thereof.

"Transaction Expenses" means all costs and expenses incurred by Mortgagee in connection with (a) the preparation, execution and delivery of the Operative Agreements and the recording or filing of any documents, certificates or instruments in accordance with any Operative Agreement, including, without limitation, the FAA Filed Documents and the Financing Statements, (b) the initial fee of Mortgagee under the Trust Indenture and (c) the reasonable fees and disbursements of counsel for each Mortgagee and special counsel in Oklahoma City, Oklahoma, in each case, in connection with the Closing.

"Transactions" means the transactions contemplated by the Participation Agreement.

"Transfer" means the transfer, sale, assignment or other conveyance of all or any interest in any property, right or interest.

"Transferee" means a person to which any Note Holder purports or intends to Transfer any or all of its right, title or interest in the Equipment Note, as described in Section 9 of the Participation Agreement..

"Trust Indenture" means the Trust Indenture and Mortgage \_\_\_\_\_, dated as of the date of the Participation Agreement between Owner and Mortgagee.

"Trust Indenture Supplement" means a Trust Indenture and Mortgage Supplement, substantially in the form of Exhibit A to the Trust Indenture, with appropriate modifications to reflect the purpose for which it is being used.

"UCC" means the Uniform Commercial Code as in effect in any applicable jurisdiction.

"United States" or "U.S." means the United States of America; provided that for geographic purposes, "United States" means, in aggregate, the 50 states and the District of Columbia of the United States of America.

"U.S. Air Carrier" means any United States air carrier that is a Citizen of the United States holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to chapter 447 of title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6000 pounds or more of cargo, and as to which there is in force an air carrier operating certificate issued pursuant to Part 121 of the FAA Regulations, or which may operate as an air carrier by certification or otherwise under any successor or substitute provisions therefor or in the absence thereof.

"U.S. Government" means the federal government of the United States, or any instrumentality or agency thereof the obligations of which are guaranteed by the full faith and credit of the federal government of the United States.

"U.S. Person" means any Person described in Section 7701 (a)(30) of the Code.

"Weighted Average Life to Maturity" means, with respect to any specified Debt, at the time of the determination thereof the number of years obtained by dividing the then Remaining Dollar-years of such Debt by the then outstanding principal amount of such Debt. The term "Remaining Dollar-years" shall mean the amount obtained by (1) multiplying the amount of each then-remaining principal payment on such Debt by the number of years (calculated at the nearest one- twelfth) that will elapse between the date of determination of the Weighted Average Life to Maturity of such Debt and the date of that required payment and (2) totaling all the products obtained in clause (1) above.

"Wet Lease" means any arrangement whereby Owner agrees to furnish the Aircraft, Airframe or any Engine to a third party pursuant to which the Aircraft, Airframe or Engine shall at all times be in the operational control of Owner or a Permitted Lessee, provided that Owner's obligations under the Trust Indenture shall continue in full force and effect notwithstanding any such arrangement.

"WTC" means Wilmington Trust Company, a Delaware banking corporation, not in its capacity as Mortgagee under the Trust Indenture, but in its individual capacity.

EXHIBIT A  
TO  
TRUST INDENTURE AND MORTGAGE

TRUST INDENTURE AND MORTGAGE SUPPLEMENT

This TRUST INDENTURE AND MORTGAGE SUPPLEMENT NO. 1, dated \_\_\_\_\_, \_\_\_\_\_ (herein called this "Trust Indenture Supplement") of CONTINENTAL AIRLINES, INC., as Owner (the "Owner").

WITNESSETH:

WHEREAS, the Trust Indenture and Mortgage, dated as of \_\_\_\_\_, 199\_ (as amended and supplemented to the date hereof, the "Trust Indenture") between the Owner and Wilmington Trust Company, as Mortgagee (the "Mortgagee"), provides for the execution and delivery of a supplement thereto substantially in the form hereof, which shall particularly describe the Aircraft, and shall specifically mortgage such Aircraft to the Mortgagee; and

WHEREAS, each of the Trust Agreement and Trust Indenture relates to the Airframe and Engines described below, and a counterpart of the Trust Indenture is attached hereto and made a part hereof and this Trust Indenture Supplement, together with such counterpart of the Trust Indenture, is being filed for recordation on the date hereof with the FAA as one document;

NOW, THEREFORE, this Trust Indenture Supplement WITNESSETH that the Owner hereby confirms that the Lien of the Trust Indenture on the Collateral covers all of Owners right, title and interest in and to the following described property:

AIRFRAME

One airframe identified as follows:

Manufacturer	Model	FAA Registration Number	Manufacturer's Serial Number
-----	-----	-----	-----

The Boeing Company

together with all of the Owner's right, title and interest in and to all Parts of whatever nature, whether now owned or hereinafter acquired and which are from time to time incorporated or installed in or attached to said airframe.

AIRCRAFT ENGINES

Two aircraft engines, each such engine having 750 or more rated take-off horsepower or the equivalent thereof, identified as follows:

OWNED AIRCRAFT INDENTURE

Manufacturer -----	Manufacturer's Model -----	Serial Number -----
-----------------------	-------------------------------	------------------------

together with all of Owner's right, title and interest in and to all Parts of whatever nature, whether now owned or hereafter acquired and which are from time to time incorporated or installed in or attached to either of such engines.

Together with all of Owner's right, title and interest in and to (a) all Parts of whatever nature, which from time to time are included within the definition of "Airframe" or "Engine", whether now owned or hereafter acquired, including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Airframe and Engines (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts) and (b) all Aircraft Documents.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Mortgagee, its successors and assigns, in trust for the equal and proportionate benefit and security of the Note Holders and the Indenture Indemnitees, except as provided in Section 2.14 and Article III of the Trust Indenture without any preference, distinction or priority of any one Equipment Note over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and subject to the terms and provisions set forth in the Trust Indenture.

This Trust Indenture Supplement shall be construed as supplemental to the Trust Indenture and shall form a part thereof. The Trust Indenture is each hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

AND, FURTHER, the Owner hereby acknowledges that the Aircraft referred to in this Trust Indenture Supplement has been delivered to the Owner and is included in the property of the Owner subject to the pledge and mortgage thereof under the Trust Indenture.

\* \* \*

IN WITNESS WHEREOF, the Owner has caused this Trust Indenture Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

CONTINENTAL AIRLINES, INC.

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

SCHEDULE I

ORIGINAL AMOUNT

INTEREST RATE

-----

-----

Series A:

Series B:

Series C:

Trust Indenture and Mortgage

Equipment Note Amortization

Payment Date

Percentage of Original  
Amount to be Paid

-----

-----

OWNED AIRCRAFT INDENTURE

EXHIBIT D-1 to  
Note Purchase Agreement  
-----

FORM OF SPECIAL PARTICIPATION AGREEMENT

CONFIDENTIAL: SUBJECT TO RESTRICTIONS ON DISSEMINATION  
SET FORTH IN SECTION 8 OF THIS AGREEMENT

---

PARTICIPATION AGREEMENT \_\_\_\_

Dated as of \_\_\_\_\_

Among

CONTINENTAL AIRLINES, INC.,

Lessee,

\_\_\_\_\_  
Owner Participant,

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
Not in its individual capacity,  
except as expressly provided herein,  
but solely as Owner Trustee,

Owner Trustee

and

WILMINGTON TRUST COMPANY,  
Not in its individual capacity,  
except as expressly provided herein,  
but solely as Mortgagee, Subordination Agent  
under the Intercreditor Agreement and Pass Through  
Trustee under each of the Applicable Pass Through Agreements,

Mortgagee and Loan Participant

\_\_\_\_\_  
One Boeing Model \_\_\_\_\_ Aircraft

Bearing Manufacturer's Serial No. \_\_\_\_\_

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PARTICIPATION AGREEMENT SPECIAL

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## PARTICIPATION AGREEMENT \_\_\_\_

PARTICIPATION AGREEMENT \_\_\_\_, dated as of \_\_\_\_\_ (this "Agreement"), among (a) CONTINENTAL AIRLINES, INC., a Delaware corporation ("Lessee"), (b) \_\_\_\_\_, a New York corporation ("Owner Participant"), (c) FIRST SECURITY BANK NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee (this and all other capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in Section 1) (in its capacity as Owner Trustee, "Owner Trustee" or "Lessor," and in its individual capacity, "First Security"), (d) WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity, except as expressly provided herein, but solely as Mortgagee (in its capacity as Mortgagee, "Mortgagee" and in its individual capacity, "WTC"), (e) WILMINGTON TRUST COMPANY, not in its individual capacity, except as expressly provided herein, but solely as Pass Through Trustee under each of the Applicable Pass Through Trust Agreements, (each, an "Applicable Pass Through Trustee") and (f) WILMINGTON TRUST COMPANY, not in its individual capacity, except as expressly provided herein, but solely as Subordination Agent under the Intercreditor Agreement ("Subordination Agent").

## RECITALS

A. Owner Participant and First Security, concurrently herewith, are entering into the Trust Agreement, pursuant to which, among other things, Owner Trustee agrees to hold the Trust Estate for the use and benefit of Owner Participant upon and subject to the terms and conditions set forth therein.

B. Lessee and Airframe Manufacturer have entered into the Purchase Agreement, pursuant to which, among other things, Airframe Manufacturer has agreed to manufacture and sell to Lessee and Lessee has agreed to purchase from Airframe Manufacturer, certain aircraft, including the Aircraft.

C. On the Delivery Date, Lessee and Owner Trustee will enter into the Purchase Agreement Assignment, pursuant to which, among other things, Lessee will assign to Owner Trustee its right to purchase the Aircraft from Airframe Manufacturer upon and

subject to the terms and conditions set forth in the Purchase Agreement and the Purchase Agreement Assignment.

D. Pursuant to each of the Pass Through Trust Agreements, on the Issuance Date the Pass Through Trusts were created and the Pass Through Certificates were issued and sold.

E. Pursuant to the Note Purchase Agreement, each Applicable Pass Through Trustee has agreed to use a portion of the proceeds from the issuance and sale of the Pass Through Certificates issued by each Applicable Pass Through Trust to purchase from the Owner Trustee, on behalf of the related Applicable Pass Through Trust, the Equipment Note bearing the same interest rate as the Pass Through Certificates issued by such Pass Through Trust.

F. Owner Trustee and Mortgagee, concurrently with the execution and delivery hereof, have entered into the Trust Indenture for the benefit of the Note Holders, pursuant to which, among other things, Owner Trustee agrees (1) to issue Equipment Notes, in the amounts and otherwise as provided in the Trust Indenture, the proceeds of which will be used to pay a portion of Lessor's Cost and (2) to mortgage, pledge and assign to Mortgagee all of Owner Trustee's right, title and interest in the Trust Indenture Estate to secure the Secured Obligations, including, without limitation, Owner Trustee's obligations under the Equipment Notes.

G. On the Delivery Date, Lessor and Lessee will enter into the Lease, pursuant to which, among other things, Lessor shall lease the Aircraft to Lessee and Lessee shall lease the Aircraft from Lessor upon and subject to the terms and conditions set forth therein.

H. The parties hereto wish to set forth in this Agreement the terms and conditions upon and subject to which the aforesaid transactions shall be effected.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:



## SECTION 1. DEFINITIONS AND CONSTRUCTION

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed and interpreted in the manner described, in Annex A.

## SECTION 2. PARTICIPATION IN LESSOR'S COST; ISSUANCE OF EQUIPMENT NOTES; TERMINATION OF OBLIGATION TO PARTICIPATE

## 2.1 PARTICIPATION IN LESSOR'S COST

Subject to the terms and conditions of this Agreement, on the Delivery Date, Owner Participant and each Applicable Pass Through Trustee shall participate in the payment of Lessor's Cost as follows:

- (a) Owner Participant shall participate in the payment of Lessor's Cost for the Aircraft by making an equity investment in the beneficial ownership of the Aircraft in the amount in Dollars equal to Owner Participant's Percentage multiplied by Lessor's Cost, provided that in no event shall Owner Participant be obligated to make such investment in an amount in excess of the dollar amount set forth for the Owner Participant in Schedule 2; and
- (b) Each Applicable Pass Through Trustee shall make a non-recourse secured loan to Owner Trustee to finance, in part, the Owner Trustee's payment of Lessor's Cost in the amount in Dollars equal to such Pass Through Trustee's PTT Percentage multiplied by Lessor's Cost, such loan to be evidenced by one or more Equipment Notes, dated the Delivery Date, issued to the Subordination Agent as the registered holder on behalf of each such Applicable Pass Through Trustee for the related Applicable Pass Through Trust by Owner Trustee in accordance with this Agreement and the Trust Indenture, in an aggregate principal amount equal to the Commitment of each such Applicable Pass Through Trustee.

## 2.2 NATURE OF OBLIGATIONS OF PARTICIPANTS

The obligations hereunder of each Participant are several, and not joint, and a Participant shall have no obligation to make available to Owner Trustee any portion of any amount not paid hereunder by any other Participant. The failure by any Participant to perform its obligations hereunder shall not affect the obligations of Lessee toward any other Participant, except to the extent provided in Section 5.4.

## 2.3 TERMINATION OF OBLIGATION TO PARTICIPATE

Notwithstanding any other provision of this Agreement, if the Closing does not occur on or before the Commitment Termination Date, the Commitment of each Participant and its obligation to participate in the payment of Lessor's Cost shall expire and be of no further force and effect; provided, that the liability of any Participant that has defaulted in the payment of its Commitment shall not be released.

## SECTION 3. COMMITMENT TO LEASE AIRCRAFT

Subject to the terms and conditions of this Agreement, concurrently with the issuance of the Equipment Notes on the Delivery Date, Owner Trustee shall purchase and accept delivery of the Aircraft under and pursuant to the Purchase Agreement and the Purchase Agreement Assignment, and thereupon Owner Trustee shall lease the Aircraft to Lessee, and Lessee shall lease the Aircraft from Owner Trustee, under the Lease.

## SECTION 4. PROCEDURE FOR PARTICIPATION IN PAYMENT OF LESSOR'S COST; POSTPONEMENT OF SCHEDULED DELIVERY DATE

### 4.1 NOTICES OF SCHEDULED DELIVERY DATE

Without limiting its obligations to the Loan Participant under Section 1(b) of the Note Purchase Agreement, Lessee agrees to give Participants, Owner Trustee, and Mortgagee at least one Business Day's written notice of the Scheduled Delivery Date, which notice shall set forth Lessor's Cost and the amount of each Participant's Commitment. Each Participant agrees that making available its respective Commitment shall constitute a waiver of such notice. Owner Trustee and Mortgagee shall be deemed to have waived such notice if WTC shall have received from each Participant funds in the full amount of its respective Commitment.

## 4.2 PAYMENT OF LESSOR'S COST

(a) Each Participant agrees, subject to the terms and conditions of this Agreement, to make the Dollar amount of its respective Commitment available, by wire transfer of immediately available funds to WTC's account no. 920-1-014363 at The Chase Manhattan Bank (National Association), New York, New York ABA# 021000021 (contact: Emma Budget, tel. (718) 242-3795), reference Continental Lease \_\_\_, at or before 12:00 Noon, New York City time, on the Scheduled Delivery Date. All such funds made available by each Participant to WTC shall, until payment thereof to Airframe Manufacturer and Lessee as provided in Section 4.2(b)(ii) or return thereof to the respective Participant as provided in Section 4.3.2, be held by WTC in trust for the benefit of the respective Participant, as the sole and exclusive property of the respective Participant and not as part of the Trust Estate or the Trust Indenture Estate.

(b) Subject to the satisfaction, or waiver by the applicable party, of the conditions precedent set forth in Section 5, and simultaneously with the receipt by the parties hereto of all amounts to be paid to them on the Delivery Date pursuant to this Section 4.2, Owner Trustee shall:

(i) purchase, take title to, and accept delivery of, the Aircraft;

(ii) in consideration of the transfer of title to the Aircraft to Owner Trustee, direct WTC to pay, from the funds made available to WTC hereunder by the Participants, all or a specified portion of such funds either to (A) Airframe Manufacturer, which payments in the aggregate shall be equal to Manufacturer's Purchase Price, by wire transfer of immediately available funds to Airframe Manufacturer's account set forth in Schedule 1 or (B) Lessee, which payments to Lessee in the aggregate shall be equal to Lessor's Cost minus Manufacturer's Purchase Price, by wire transfer of immediately available funds to Lessee's account set forth in Schedule 1 or as otherwise directed by Lessee;

(iii) execute an application for registration of the Aircraft with the FAA, the Lease and Lease Supplement No. 1, in each case with respect to the Aircraft;

(iv) execute the Trust Indenture and the initial Trust Indenture Supplement and issue the Equipment Notes to the Subordination Agent in accordance with Section 2.1(b);

(v) lease the Aircraft to Lessee, pursuant to the Lease; and

(vi) take such other action as may be required to be taken by the Owner Trustee on the Delivery Date by the terms of any Operative Agreement.

#### 4.3 POSTPONEMENT OF SCHEDULED DELIVERY DATE

##### 4.3.1 POSTPONEMENT

If for any reason whatsoever the Closing is not consummated on the Scheduled Delivery Date, Lessee may, subject to the provisions of 1(e) of the Note Purchase Agreement, by telephonic notice, given by 5:00 p.m., New York City time (such telephonic notice to be promptly confirmed in writing by personal delivery or facsimile), on the Scheduled Delivery Date to each Participant, Owner Trustee and Mortgagee, designate a Delayed Delivery Date, in which case the Owner Participant will make its funds available pursuant to Section 4.2(a), and each Loan Participant shall comply with its obligations under Section 2.01 of each Applicable Pass Through Trust Agreement.

##### 4.3.2 RETURN OF FUNDS

WTC shall promptly return to each Participant that makes funds available to it in accordance with Section 4.2(a) such funds, together with interest or income earned thereon, if the Closing fails to occur on the Scheduled Delivery Date, provided that any funds made available by the Owner Participant or the Loan Participants shall be returned on such Scheduled Delivery Date.

#### 4.4 CLOSING

The Closing shall occur at the offices of Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004, or such other place as the parties shall agree.

## SECTION 5. CONDITIONS PRECEDENT

## 5.1 CONDITIONS PRECEDENT TO OBLIGATIONS OF PARTICIPANTS

The obligation of each Participant to make the Dollar amount of its respective Commitment available for payment as directed by the Owner Trustee on the Delivery Date is subject to satisfaction or waiver by each such Participant, on or prior to the Delivery Date, of the conditions precedent set forth below in this Section 5.1; provided, that it shall not be a condition precedent to the obligation of any Participant that any document be produced or action taken that is to be produced or taken by such Participant or by a Person within such Participant's control; provided, further, that Sections 5.1.2(iii), (xv) and (xxiii)(H) shall not be conditions precedent to the obligation of Loan Participant and Sections 5.1.15 shall not be conditions precedent to the obligation of Owner Participant.

## 5.1.1 NOTICE

Such Participant shall have received the notice described in Section 4.1 or, in the case of a Delayed Delivery Date, 4.3, when and as required thereby, or shall have waived such notice.

## 5.1.2 DELIVERY OF DOCUMENTS

Such Participant shall, except as noted below, have received executed counterparts of the following agreements, instruments, certificates or documents, and such counterparts (a) shall have been duly authorized, executed and delivered by the respective party or parties thereto, (b) shall be reasonably satisfactory in form and substance to such Participant and (c) shall be in full force and effect:

(i) the Lease; provided, that only Mortgagee shall receive the sole executed chattel paper original thereof;

(ii) Lease Supplement No. 1 in respect of the Aircraft; provided, that only Mortgagee shall receive the sole executed chattel paper original thereof;

(iii) the Tax Indemnity Agreement; provided, that only Owner Participant and Lessee shall receive copies of the Tax Indemnity Agreement;

(iv) the Trust Agreement;

- (v) the Trust Indenture;
- (vi) the initial Trust Indenture Supplement;
- (vii) the Purchase Agreement Assignment;
- (viii) the Consent and Agreement and the Engine Consent and Agreement;
- (ix) the Equipment Notes dated the Delivery Date; provided, that only the Subordination Agent shall receive the authenticated Equipment Notes;
- (x) an excerpted copy of the Purchase Agreement, to the extent relating to Airframe Manufacturer's or Engine Manufacturer's respective warranties or related obligations or any right in the Purchase Agreement assigned to Owner Trustee pursuant to the Purchase Agreement Assignment; provided, that only Owner Trustee and Mortgagee shall receive copies of such agreements (copies of which may be inspected by Participants and their respective special counsel on the Delivery Date, but after the Delivery Date such copies shall be retained by Owner Trustee and Mortgagee and may be inspected and reviewed by Owner Participant or Loan Participant or their respective counsel if and only if there shall have occurred and be continuing a Lease Default or Lease Event of Default);
- (xi) the Bills of Sale;
- (xii) an invoice from Airframe Manufacturer to Owner Trustee in respect of the Aircraft (except for the BFE) specifying the amount of the Manufacturer's Purchase Price and an invoice from Lessee specifying the amount due to Lessee in respect of the Aircraft and the BFE, which amounts, in the aggregate, shall equal Lessor's Cost of the Aircraft;
- (xiii) an appointment of authorized representatives by Owner Trustee, and an acceptance thereof by such representatives in each case, dated the Delivery Date;
- (xiv) the broker's report and insurance certificates in respect of the Aircraft required by Section 11 of the Lease;

(xv) an appraisal or appraisals from an Appraiser, which appraisal or appraisals shall be satisfactory in form and substance to Owner Participant; provided, that only Owner Participant and Lessee shall receive copies of such appraisal or appraisals;

(xvi) (A) a copy of the Certificate of Incorporation and By-Laws of Lessee and resolutions of the board of directors of Lessee and/or the executive committee thereof, in each case certified as of the Delivery Date, by the Secretary or an Assistant Secretary of Lessee, duly authorizing the execution, delivery and performance by Lessee of the Lessee Operative Agreements required to be executed and delivered by Lessee on or prior to the Delivery Date in accordance with the provisions hereof and thereof; (B) an incumbency certificate of Lessee, Owner Participant, First Security and WTC as to the person or persons authorized to execute and deliver the relevant Operative Agreements on behalf of such party; and (C) a copy of the Certificate of Incorporation or Articles of Incorporation and By-Laws and general authorizing resolutions of the boards of directors (or executive committees) or other satisfactory evidence of authorization of Owner Participant, First Security and WTC, certified as of the Delivery Date by the Secretary or an Assistant or Attesting Secretary of Owner Participant, First Security and WTC, respectively, which authorize the execution, delivery and performance by Owner Participant, First Security and WTC, respectively, of each of the Operative Agreements to which it is a party, together with such other documents and evidence with respect to it as Lessee or any Participant may reasonably request in order to establish the consummation of the transactions contemplated by this Agreement and the taking of all corporate proceedings in connection therewith;

(xvii) an Officer's Certificate of Lessee, dated as of the Delivery Date, stating that its representations and warranties set forth in this Agreement are true and correct as of the Delivery Date (or, to the extent that any such representation and warranty expressly relates to an earlier date, true and correct as of such earlier date);

(xviii) an Officer's Certificate of First Security, dated as of the Delivery Date, stating that its representations and warranties, in its individual capacity and as Owner

Trustee, set forth in this Agreement are true and correct as of the Delivery Date (or, to the extent that any such representation and warranty expressly relates to an earlier date, true and correct as of such earlier date);

(xix) an Officer's Certificate of Owner Participant, dated as of the Delivery Date, stating that its representations and warranties set forth in this Agreement are true and correct as of the Delivery Date (or, to the extent that any such representation and warranty expressly relates to an earlier date, true and correct as of such earlier date);

(xx) an Officer's Certificate of WTC, dated as of the Delivery Date, stating that its representations and warranties, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, set forth in this Agreement are true and correct as of the Delivery Date (or, to the extent that any such representation and warranty expressly relates to an earlier date, true and correct as of such earlier date);

(xxi) an application for registration of the Aircraft with the FAA in the name of Owner Trustee; provided, that only special counsel in Oklahoma City, Oklahoma shall receive the sole executed copy thereof for filing with the FAA;

(xxii) the Financing Statements;

(xxiii) the following opinions of counsel, in each case dated the Delivery Date:

(A) an opinion of Hughes Hubbard & Reed LLP, special counsel to Lessee, substantially in the form of Exhibit A;

(B) an opinion of Lessee's Legal Department, substantially in the form of Exhibit B;

(C) an opinion of \_\_\_\_\_, corporate counsel to Airframe Manufacturer, substantially in the form of Exhibit C;



(D) an opinion of Ray, Quinney & Nebeker, special counsel to Owner Trustee, substantially in the form of Exhibit D;

(E) an opinion of Richards, Layton & Finger, special counsel to Mortgagee, substantially in the form of Exhibit E;

(F) an opinion of \_\_\_\_\_, special counsel to Owner Participant, substantially in the form of Exhibit F;

(G) an opinion of \_\_\_\_\_, corporate counsel to the Owner Participant;

(H) an opinion of Richards, Layton & Finger, special counsel for the Loan Participant, substantially in the form set forth in Exhibit H;

(I) an opinion of \_\_\_\_\_, special tax counsel to Owner Participant, with respect to certain tax consequences of the transactions contemplated hereby; provided, that only Owner Participant shall receive such opinion; and

(J) an opinion of Lytle Soule & Curlee, special counsel in Oklahoma City, Oklahoma, substantially in the form of Exhibit I;

(xxiv) a copy of a current, valid Standard Certificate of Airworthiness for the Aircraft duly issued by the FAA;

(xxv) a letter of Lessee, certifying the documents Lessee has provided pursuant to Section 6.1.6 and 6.1.7 and attaching any such documents not otherwise furnished to Owner Participant; and

(xxvi) the Participants and their respective counsel shall have received copies of such documents and papers as such Participants may reasonably request, other than (A) in the case of Loan Participant, copies of the Purchase Agreement, provided that special counsel for Loan Participant may inspect the Purchase Agreement in connection with the transactions contemplated hereby or as a basis for such counsel's closing opinion, and (B) in the case of

parties other than Owner Participant and its special counsel, the Tax Indemnity Agreement.

#### 5.1.3 OTHER COMMITMENTS

Each other Participant shall have made available the Dollar amount of its Commitment as directed by Owner Trustee in accordance with Section 4.

#### 5.1.4 VIOLATION OF LAW

No circumstance or condition shall exist that makes it a violation of Law for (a) Lessee, any Participant, Subordination Agent, Owner Trustee or Mortgagee to execute, deliver and perform the Operative Agreements to which any of them is a party or (b) any Participant to make the Dollar amount of its Commitment available or, in the case of any Loan Participant, to acquire an Equipment Note or to realize the benefits of the security afforded by the Trust Indenture.

#### 5.1.5 TAX LAW CHANGE

In respect of Owner Participant, no Adverse Change in Tax Law shall have been enacted, promulgated or issued on or prior to the Delivery Date. Owner Participant agrees to consider promptly, and to consult with Lessee concerning any such Adverse Change in Tax Law and to advise Lessee and Loan Participant promptly if Owner Participant determines that an Adverse Change in Tax Law which has been enacted or promulgated or, if proposed, has a substantial likelihood of becoming effective, would cause Owner Participant to elect not to close with respect to the Aircraft. At any time on or before the Delivery Date, Owner Participant may notify Lessee and Loan Participant that Owner Participant elects not to close as a result of the enactment, promulgation or issuance of any Adverse Change in Tax Law on or before the Delivery Date, specifying such Adverse Change in Tax Law; and failure to give such notice on or before the Delivery Date shall preclude Owner Participant from not closing with respect to such Aircraft as a result of any Adverse Change in Tax Law.

#### 5.1.6 REPRESENTATIONS, WARRANTIES AND COVENANTS

The representations and warranties of each other party to this Agreement made, in each case, in this Agreement and in any other Operative Agreement to which it is a party, shall be true

and accurate in all material respects as of the Delivery Date (unless any such representation and warranty shall have been made with reference to a specified date, in which case such representation and warranty shall be true and accurate as of such specified date) and each other party to this Agreement shall have performed and observed, in all material respects, all of its covenants, obligations and agreements in this Agreement and in any other Operative Agreement to which it is a party to be observed or performed by it as of the Delivery Date.

#### 5.1.7 NO DEFAULT

On the Delivery Date, no event shall have occurred and be continuing, or would result from the sale, mortgage or lease of the Aircraft, which constitutes a Lease Default or Lease Event of Default, or an Indenture Default or Indenture Event of Default.

#### 5.1.8 NO EVENT OF LOSS

No Event of Loss with respect to the Airframe or any Engine shall have occurred and no circumstance, condition, act or event that, with the giving of notice or lapse of time or both, would give rise to or constitute an Event of Loss with respect to the Airframe or any Engine shall have occurred.

#### 5.1.9 TITLE

Owner Trustee shall have good title (subject to filing and recordation of the FAA Bill of Sale with the FAA) to the Aircraft, free and clear of Liens, except (a) the rights of Lessee under the Lease and Lease Supplement No. 1, (b) the Lien created by the Trust Indenture and the initial Trust Indenture Supplement, (c) the beneficial interest of Owner Participant created by the Trust Agreement, (d) Liens permitted by clause (d) (solely for taxes not yet due) of Section 6 of the Lease and (e) Liens permitted by clause (e) (solely for amounts not yet due) of Section 6 of the Lease.

#### 5.1.10 CERTIFICATION

The Aircraft shall have been duly certificated by the FAA as to type and airworthiness in accordance with the terms of the Purchase Agreement.

## 5.1.11 SECTION 1110

Owner Trustee, as lessor under the Lease (and Mortgagee, as assignee of Owner Trustee under the Trust Indenture), shall be entitled to the benefits of Section 1110 (as currently in effect) with respect to the right to take possession of the Airframe and Engines as provided in the Lease in the event of a case under Chapter 11 of the Bankruptcy Code in which Lessee is a debtor.

## 5.1.12 FILING

On the Delivery Date (a) the FAA Filed Documents shall have been duly filed for recordation (or shall be in the process of being so duly filed for recordation) with the FAA in accordance with the Act and (b) each Financing Statement shall have been duly filed (or shall be in the process of being so duly filed) in the appropriate jurisdiction.

## 5.1.13 NO PROCEEDINGS

No action or proceeding shall have been instituted, nor shall any action be threatened in writing, before any Government Entity, nor shall any order, judgment or decree have been issued or proposed to be issued by any Government Entity, to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or any other Operative Agreement or the transactions contemplated hereby or thereby.

## 5.1.14 GOVERNMENTAL ACTION

All appropriate action required to have been taken prior to the Delivery Date by the FAA, or any governmental or political agency, subdivision or instrumentality of the United States, in connection with the transactions contemplated by this Agreement shall have been taken, and all orders, permits, waivers, authorizations, exemptions and approvals of such entities required to be in effect on the Delivery Date in connection with the transactions contemplated by this Agreement shall have been issued.

## 5.1.15 NOTE PURCHASE AGREEMENT

The conditions precedent to the obligations of the Loan Participants and the other requirements relating to the Aircraft and the Equipment Notes set forth in the Note Purchase Agreement shall have been satisfied.

#### 5.1.16 PERFECTED SECURITY INTEREST

On the Delivery Date, after giving effect to the filing of the FAA Filed Documents and the Financing Statements, Mortgagee shall have received a duly perfected first priority security interest in all of Owner Trustee's right, title and interest in the Aircraft and the Lease, subject only to Permitted Liens.

#### 5.2 CONDITIONS PRECEDENT TO OBLIGATIONS OF OWNER TRUSTEE

The obligation of Owner Trustee to direct the Participants to apply the Commitments to pay Lessor's Cost on the Delivery Date is subject to satisfaction or waiver by Owner Trustee, on or prior to the Delivery Date, of the conditions precedent set forth below in this Section 5.2.

##### 5.2.1 NOTICE

Owner Trustee shall have received the notice described in Section 4.1 or, in the case of a Delayed Delivery Date, 4.3, when and as required thereby, or shall have waived such notice.

##### 5.2.2 DOCUMENTS

Executed originals of the agreements, instruments, certificates or documents described in Section 5.1.2 shall have been received by Owner Trustee, except as specifically provided therein, unless the failure to receive any such agreement, instrument, certificate or document is the result of any action or inaction by Owner Trustee.

##### 5.2.3 OTHER CONDITIONS PRECEDENT

Each of the conditions set forth in Sections 5.1.4, 5.1.6, 5.1.7 and 5.1.11 shall have been satisfied unless the failure of any such condition to be satisfied is the result of any action or inaction by Owner Trustee.

#### 5.3 CONDITIONS PRECEDENT TO OBLIGATIONS OF MORTGAGEE

The obligation of Mortgagee to authenticate the Equipment Notes on the Delivery Date is subject to the satisfaction or waiver by Mortgagee, on or prior to the Delivery Date, of the conditions precedent set forth below in this Section 5.3.

#### 5.3.1 NOTICE

Mortgagee shall have received the notice described in Section 4.1 or, in the case of a Delayed Delivery Date, 4.3, when and as required thereby, or shall have waived such notice.

#### 5.3.2 DOCUMENTS

Executed originals of the agreements, instruments, certificates or documents described in Section 5.1.2 shall have been received by Mortgagee, except as specifically provided therein, unless the failure to receive any such agreement, instrument, certificate or document is the result of any action or inaction by Mortgagee.

#### 5.3.3 OTHER CONDITIONS PRECEDENT

Each of the conditions set forth in Sections 5.1.4, 5.1.6, 5.1.7, and 5.1.11 shall have been satisfied unless the failure of any such condition to be satisfied is the result of any action or inaction by Mortgagee.

#### 5.4 CONDITIONS PRECEDENT TO OBLIGATIONS OF LESSEE

The obligation of Lessee to lease the Aircraft on the Delivery Date is subject to the satisfaction or waiver by Lessee, on or prior to the Delivery Date, of the conditions precedent set forth below in this Section 5.4.

##### 5.4.1 DOCUMENTS

Executed originals of the agreements, instruments, certificates or documents described in Section 5.1.2 shall have been received by Lessee, except as specifically provided therein, and shall be satisfactory to Lessee, unless the failure to receive any such agreement, instrument, certificate or document is the result of any action or inaction by Lessee.

##### 5.4.2 SALES TAX

Lessee shall be satisfied that no sales, use, value added, goods and services or like tax, and no stamp tax duty, is payable with respect to the delivery of the Aircraft on the Delivery Date to the extent that Lessee has liability therefor under Section 9.3.

#### 5.4.3 OTHER CONDITIONS PRECEDENT

Each of the conditions set forth in Sections 5.1.3 (as to all Participants), 5.1.4, 5.1.5, 5.1.6, 5.1.7 (as to Indenture Defaults or Indenture Events of Default not constituting Lease Defaults or Lease Events of Default, respectively), 5.1.8, 5.1.9, 5.1.10, 5.1.11, 5.1.12, 5.1.13 and 5.1.14 shall have been satisfied or waived by Lessee, unless the failure of any such condition to be satisfied is the result of any action or inaction by Lessee.

#### 5.4.4 TAX LAW CHANGE

No Adverse Change in Tax Law shall have been enacted, promulgated or proposed on or prior to the Delivery Date. Lessee agrees to consider promptly, and to consult with Owner Participant concerning, any such Adverse Change in Tax Law and to advise Owner Participant and Loan Participant promptly if Lessee determines that an Adverse Change in Tax Law which has been enacted or promulgated or, if proposed, has a substantial likelihood of becoming effective, would cause Lessee to elect not to close the transactions contemplated by the Lease and this Agreement. At any time on or before the Delivery Date, Lessee may notify Owner Participant and Loan Participant that Lessee elects not to close the transactions contemplated by the Lease and this Agreement as a result of the enactment, promulgation or proposal of any Adverse Change in Tax Law on or before the Delivery Date, specifying such Adverse Change in Tax Law.

#### 5.5 POST-REGISTRATION OPINION

Promptly upon the registration of the Aircraft and the recordation of the FAA Filed Documents pursuant to the Act, Lessee will cause Lytle Soule & Curlee, special counsel in Oklahoma City, Oklahoma, to deliver to Lessee, each Participant, Owner Trustee and Mortgagee a favorable opinion or opinions addressed to each of them with respect to such registration and recordation.

### SECTION 6. REPRESENTATIONS AND WARRANTIES

#### 6.1 LESSEE'S REPRESENTATIONS AND WARRANTIES

Lessee represents and warrants to each Participant, Subordination Agent, Owner Trustee and Mortgagee that:

#### 6.1.1 ORGANIZATION; QUALIFICATION

Lessee is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware and has the corporate power and authority to conduct the business in which it is currently engaged and to own or hold under lease its properties and to enter into and perform its obligations under the Lessee Operative Agreements. Lessee is duly qualified to do business as a foreign corporation in good standing in the State of Texas and in all other jurisdictions required by Law or in which the nature and extent of the business conducted by it, or the ownership of its properties, makes such qualification necessary or desirable except where the failure to be so qualified would not give rise to a Material Adverse Change to Lessee.

#### 6.1.2 CORPORATE AUTHORIZATION

Lessee has taken, or caused to be taken, all necessary corporate action (including, without limitation, the obtaining of any consent or approval of stockholders required by its Certificate of Incorporation or By-Laws) to authorize the execution and delivery of each of the Lessee Operative Agreements, and the performance of its obligations thereunder.

#### 6.1.3 NO VIOLATION

The execution and delivery by Lessee of the Lessee Operative Agreements, the performance by Lessee of its obligations thereunder and the consummation by Lessee on the Delivery Date of the transactions contemplated thereby, do not and will not (a) violate or contravene any provision of the Certificate of Incorporation or By-Laws of Lessee, (b) violate or contravene any Law applicable to or binding on Lessee or (c) violate, contravene or constitute any default under, or result in the creation of any Lien (other than as permitted under the Lease) upon any property of Lessee or any of its subsidiaries under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, loan or other material agreement, instrument or document to which Lessee is a party or by which Lessee or any of its properties is or may be bound or affected.

#### 6.1.4 APPROVALS

The execution and delivery by Lessee of the Lessee Operative Agreements, the performance by Lessee of its obligations



thereunder and the consummation by Lessee on the Delivery Date of the transactions contemplated thereby do not and will not require the consent, approval or authorization of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of, (a) any trustee or other holder of any Debt of Lessee and (b) any Government Entity, other than the filing of the FAA Filed Documents and the Financing Statements (and continuation statements periodically) and filings, recordings, notices or other ministerial actions pursuant to any routine recording, contractual or regulatory requirements applicable to it.

#### 6.1.5 VALID AND BINDING AGREEMENTS

The Lessee Operative Agreements have been duly authorized, executed and delivered by Lessee and, assuming the due authorization, execution and delivery thereof by the other party or parties thereto, constitute the legal, valid and binding obligations of Lessee and are enforceable against Lessee in accordance with the respective terms thereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar Laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity.

#### 6.1.6 LITIGATION

Except as set forth in Lessee's most recent Annual Report on Form 10-K, as amended, Quarterly Report on Form 10-Q or Current Report on Form 8-K filed by Lessee with the SEC on or prior to the Delivery Date (copies of which (excluding exhibits), in each case, have been furnished to Owner Participant by Lessee), no action, claim or proceeding is now pending or, to the Actual Knowledge of Lessee, threatened, against Lessee, at law, in equity or otherwise, before any court, board, commission, agency or instrumentality of any foreign government or any federal, state or local government or of any agency or subdivision thereof, or before any arbitrator or panel of arbitrators, which is reasonably likely to be determined adversely to Lessee and if determined adversely to Lessee would result in a Material Adverse Change.

#### 6.1.7 FINANCIAL CONDITION

The audited consolidated balance sheet of Lessee with respect to Lessee's most recent fiscal year included in Lessee's most recent Annual Report on Form 10-K, and the related consolidated statements of operations and cash flows for the period then ended (copies of which have been furnished to Owner Participant by Lessee) have been prepared in accordance with GAAP and fairly present in all material respects the financial condition of Lessee and its consolidated subsidiaries as of such date and the results of its operations and cash flows for such period, and since the date of such balance sheet, there has been no material adverse change in such financial condition or operations of Lessee, except for matters disclosed in (a) the financial statements referred to above or (b) any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K filed by Lessee with the SEC on or prior to the date hereof (copies of which (excluding exhibits) have been delivered to Owner Participant by Lessee).

#### 6.1.8 REGISTRATION AND RECORDATION

Except for (a) the registration of the Aircraft with the FAA pursuant to the Act in the name of Owner Trustee, (b) the filing for recordation (and recordation) of the FAA Filed Documents, (c) the filing of the Financing Statements (and continuation statements relating thereto at periodic intervals), (d) the taking of possession and retention by Mortgagee of the original counterparts of the Lease and Lease Supplement No. 1 and (e) the affixation of the nameplates referred to in Section 7.1.3 of the Lease, no further action, including any filing or recording of any document (including any financing statement in respect thereof under Article 9 of the UCC) is necessary or advisable in order to establish and perfect the right, title or interest of Owner Trustee, and the Mortgagee's security interest, in the Aircraft and the Lease, as against Lessee and any other Person, in each case, in any applicable jurisdictions.

#### 6.1.9 CHIEF EXECUTIVE OFFICE

The chief executive office (as such term is defined in Article 9 of the UCC) of Lessee is located at 2929 Allen Parkway, Houston, Texas 77019.

## 6.1.10 NO DEFAULT

No event which, if the Aircraft were subject to the Lease, constitutes a Lease Default or Lease Event of Default has occurred and is continuing.

## 6.1.11 NO EVENT OF LOSS

No Event of Loss has occurred with respect to the Airframe or any Engine, and, to the Actual Knowledge of Lessee, no circumstance, condition, act or event has occurred that, with the giving of notice or lapse of time or both gives rise to or constitutes an Event of Loss with respect to the Airframe or any Engine.

## 6.1.12 COMPLIANCE WITH LAWS

(a) Lessee is not in default under, or in violation of, any Law applicable to Lessee or to which Lessee is subject, the violation of which would give rise to a Material Adverse Change to Lessee.

(b) Without limiting the generality of Section 6.1.12(a):

(i) Lessee is a Citizen of the United States and a U.S. Air Carrier;

(ii) Lessee holds all licenses, permits and franchises from the appropriate Government Entities necessary to authorize Lessee to lawfully engage in air transportation and to carry on scheduled commercial passenger service as currently conducted, except where the failure to so hold any such license, permit or franchise would not give rise to a Material Adverse Change to Lessee; and

(iii) Lessee is not an "investment company" or a company controlled by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

## 6.1.13 SECURITIES LAWS

Neither Lessee nor any person authorized to act on its behalf has directly or indirectly offered any beneficial interest or Security relating to the ownership of the Aircraft or the Lease or any interest in the Trust Estate and Trust Agreement, or any of the Equipment Notes or any other interest in or security

under the Trust Indenture, for sale to, or solicited any offer to acquire any such interest or security from, or has sold any such interest or security to, any person in violation of the Securities Act or applicable state securities Laws.

#### 6.1.14 ALL DISCLOSURES MADE

No Operative Agreement contains any untrue statement of a material fact by Lessee and Lessee has not omitted to state any material fact necessary to make the statements of fact of Lessee, in light of the circumstances under which they were made, contained herein or therein not misleading. For purposes of this Section 6.1.14, the term "Operative Agreements" shall not include the Tax Indemnity Agreement.

#### 6.1.15 BROKER'S FEES

No Person acting on behalf of Lessee is or will be entitled to any broker's fee, commission or finder's fee in connection with the Transactions, except for fees payable to Lessee's Advisor, if any.

#### 6.1.16 SECTION 1110

Owner Trustee, as lessor under the Lease (and Mortgagee, as assignee of Owner Trustee under the Trust Indenture), is entitled to the benefits of Section 1110 (as currently in effect) with respect to the right to take possession of the Airframe and Engines as provided in the Lease in the event of a case under Chapter 11 of the Bankruptcy Code in which Lessee is a debtor.

### 6.2 OWNER PARTICIPANT'S REPRESENTATIONS AND WARRANTIES

Owner Participant represents and warrants to Lessee, Loan Participant, Subordination Agent, Owner Trustee and Mortgagee that:

#### 6.2.1 ORGANIZATION, ETC.

Owner Participant is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of New York and has the corporate power and authority to conduct the business in which it is currently engaged and to own or hold under lease its properties and to enter into, and perform its obligations under the Owner Participant Agreements and has a

tangible net worth (exclusive of good will) greater than \$50,000,000.

#### 6.2.2 CORPORATE AUTHORIZATION

Owner Participant has taken, or caused to be taken, all necessary corporate action (including, without limitation, the obtaining of any consent or approval of stockholders required by its Certificate of Incorporation or By-Laws) to authorize the execution and delivery of each of the Owner Participant Agreements, and the performance of its obligations thereunder.

#### 6.2.3 NO VIOLATION

The execution and delivery by Owner Participant of the Owner Participant Agreements, the performance by Owner Participant of its obligations thereunder and the consummation by Owner Participant on the Delivery Date of the transactions contemplated thereby, do not and will not (a) violate or contravene any provision of the Certificate of Incorporation or By-Laws of Owner Participant, (b) violate or contravene any Law applicable to or binding on Owner Participant (it being understood that no representation or warranty is made with respect to any Law to the extent that such Law relates to ERISA or any Plan, other than as set forth in Section 6.2.9) or (c) violate, contravene or constitute any default under, or result in the creation of any Lien (other than as provided for or otherwise permitted in the Operative Agreements) upon the Trust Estate under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, loan or other material agreement, instrument or document to which Owner Participant is a party or by which Owner Participant or any of its properties is or may be bound or affected.

#### 6.2.4 APPROVALS

The execution and delivery by Owner Participant of the Owner Participant Agreements, the performance by Owner Participant of its obligations thereunder and the consummation by Owner Participant on the Delivery Date of the transactions contemplated thereby do not and will not require the consent, approval or authorization of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of, (a) any trustee or other holder of any Debt of Owner Participant and (b) any Government Entity, other than the filing of the FAA Filed

Documents and the Financing Statements and routine regulatory filings.

#### 6.2.5 VALID AND BINDING AGREEMENTS

The Owner Participant Agreements have been duly authorized, executed and delivered by Owner Participant and, assuming the due authorization, execution and delivery by the other party or parties thereto, constitute the legal, valid and binding obligations of Owner Participant and are enforceable against Owner Participant in accordance with the respective terms thereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar Laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity.

#### 6.2.6 CITIZENSHIP

On the Delivery Date, Owner Participant is a Citizen of the United States.

#### 6.2.7 NO LIENS

On the Delivery Date, there are no Lessor Liens attributable to Owner Participant in respect of all or any part of the Trust Estate.

#### 6.2.8 INVESTMENT BY OWNER PARTICIPANT

Owner Participant's beneficial interest in the Trust Estate is being acquired by it for its own account, for investment and not with a view to any resale or distribution thereof, except that, subject to the restrictions on transfer set forth in Section 10, the disposition by Owner Participant of its beneficial interest in the Trust Estate shall at all times be within its control.

#### 6.2.9 ERISA

No part of the funds to be used by Owner Participant to acquire or hold its interests in the Trust Estate to be acquired by it under this Agreement directly or indirectly constitutes assets of a Plan.

#### 6.2.10 LITIGATION

There are no pending or, to the Actual Knowledge of Owner Participant, threatened actions or proceedings against Owner Participant before any court, administrative agency or tribunal which, if determined adversely to Owner Participant, would materially adversely affect the ability of Owner Participant to perform its obligations under the Owner Participant Agreements.

#### 6.2.11 SECURITIES LAWS

Neither Owner Participant nor any person Owner Participant has authorized to act on its behalf has directly or indirectly offered any beneficial interest in or Security relating to the ownership of the Aircraft or any interest in the Trust Estate, or any of the Equipment Notes or any other interest in or Security under the Trust Indenture for sale to, or solicited any offer to acquire any of the same from, any Person in violation of the Securities Act or applicable state securities Laws.

#### 6.2.12 BROKER'S FEES

No Person acting on behalf of Owner Participant is or will be entitled to any broker's fee, commission or finder's fee in connection with the Transactions.

### 6.3 FIRST SECURITY'S REPRESENTATIONS AND WARRANTIES

First Security represents and warrants to Lessee, Owner Participant, Loan Participant, Subordination Agent and Mortgagee that:

#### 6.3.1 ORGANIZATION, ETC.

First Security is a national banking association duly organized, validly existing and in good standing under the Laws of the United States, holding a valid certificate to do business as a national banking association with banking authority to execute and deliver, and perform its obligations under, the Owner Trustee Agreements.

#### 6.3.2 CORPORATE AUTHORIZATION

First Security has taken, or caused to be taken, all necessary corporate action (including, without limitation, the obtaining of any consent or approval of stockholders required by

Law or by its Articles of Association or By-Laws) to authorize the execution and delivery by First Security, in its individual capacity and as Owner Trustee, of each of the Owner Trustee Agreements, and the performance of its obligations thereunder.

#### 6.3.3 NO VIOLATION

The execution and delivery by First Security, in its individual capacity and as Owner Trustee of the Owner Trustee Agreements, the performance by First Security, in its individual capacity and as Owner Trustee, of its obligations thereunder and the consummation by First Security in its individual capacity and as Owner Trustee on the Delivery Date of the transactions contemplated thereby, do not and will not (a) violate or contravene any provision of the Articles of Association or By-Laws of First Security, (b) violate or contravene any Law applicable to or binding on Owner Trustee or First Security or (c) violate, contravene or constitute any default under, or result in the creation of any Lien (other than the lien of the Trust Indenture) upon any property of First Security, in its individual capacity and as Owner Trustee, or any of its subsidiaries under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, loan or other material agreement, instrument or document to which First Security, in its individual capacity and as Owner Trustee, is a party or by which First Security, in its individual capacity and as Owner Trustee, or any of its properties is or may be bound or affected.

#### 6.3.4 APPROVALS

The execution and delivery by First Security, in its individual capacity and as Owner Trustee, of the Owner Trustee Agreements, the performance by First Security, in its individual capacity and as Owner Trustee, of its obligations thereunder and the consummation by First Security, in its individual capacity and as Owner Trustee, on the Delivery Date of the transactions contemplated thereby do not and will not require the consent, approval or authorization of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of, (a) any trustee or other holder of any Debt of First Security or (b) any Government Entity, other than the filing of the FAA Filed Documents and the Financing Statements.



#### 6.3.5 VALID AND BINDING AGREEMENTS

The Owner Trustee Agreements have been duly authorized, executed and delivered by First Security, in its individual capacity or as Owner Trustee, as the case may be, and constitute the legal, valid and binding obligations of First Security, in its individual capacity and as Owner Trustee, and, assuming the due authorization, execution and delivery thereof by the other party or parties thereto, are enforceable against First Security, in its individual capacity and as Owner Trustee, in accordance with the respective terms thereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar Laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity.

#### 6.3.6 CITIZENSHIP

On the Delivery Date, First Security is a Citizen of the United States.

#### 6.3.7 CHIEF EXECUTIVE OFFICE

The chief executive office (as such term is defined in Article 9 of the UCC) of Owner Trustee is located at 79 South Main Street, Salt Lake City, Utah 84111.

#### 6.3.8 TITLE

On the Delivery Date, Owner Trustee shall have received whatever title (a) to the Aircraft (other than the BFE) as was conveyed to it by Airframe Manufacturer and (b) to the BFE as was conveyed to it by Lessee.

#### 6.3.9 NO LIENS; FINANCING STATEMENTS

On the Delivery Date, there are no Lessor Liens attributable to First Security or Owner Trustee in respect of all or any part of the Aircraft, Trust Estate or the Trust Indenture Estate. Except for the Financing Statements, it has not, either in its individual capacity or as Owner Trustee, executed any UCC financing statements relating to the Aircraft or the Lease.

#### 6.3.10 LITIGATION

There are no pending or, to the Actual Knowledge of First Security, threatened actions or proceedings against First Security or Owner Trustee before any court, administrative agency or tribunal which, if determined adversely to First Security, would materially adversely affect the ability of First Security or Owner Trustee, to perform its obligations under the Owner Trustee Agreements.

#### 6.3.11 SECURITIES LAWS

Neither First Security, nor any person authorized to act on its behalf, has directly or indirectly offered any beneficial interest or Security relating to the ownership of the Aircraft or any interest in the Trust Estate or any of the Equipment Notes or any other interest in or security under the Trust Indenture for sale to, or solicited any offer to acquire any such interest or security from, or has sold any such interest or security to, any person other than the Participants, except for the offering and sale of the Pass Through Certificates.

#### 6.3.12 EXPENSES AND TAXES

There are no Expenses or Taxes that may be imposed on or asserted against the Trust, the Trust Estate or any part thereof or any interest therein, the Trust Indenture Estate, Lessee, Owner Participant, any Applicable Pass Through Trustee, Subordination Agent, Owner Trustee or Mortgagee (except as to Owner Trustee, Taxes imposed on the fees payable to Owner Trustee) under the laws of Utah in connection with the execution, delivery or performance of any Operative Agreement by Owner Trustee or in connection with the issuance of the Equipment Notes, which Expenses or Taxes would not have been imposed if Owner Trustee had not (x) had its principal place of business in, (y) performed (in its individual capacity or as Owner Trustee) any or all of its duties under the Operative Agreements in or (z) engaged in any activities unrelated to the transactions contemplated by the Operative Agreements in, the State of Utah.

#### 6.4 WTC'S REPRESENTATIONS AND WARRANTIES

WTC represents and warrants (with respect to Section 6.4.10 solely in its capacity as Subordination Agent) to Lessee, Owner Participant and Owner Trustee that:

#### 6.4.1 ORGANIZATION, ETC.

WTC is a Delaware banking corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware, holding a valid certificate to do business as a Delaware banking corporation with banking authority to execute and deliver, and perform its obligations under, the Mortgagee Agreements, the Pass Through Trustee Agreements and the Subordination Agent Agreements.

#### 6.4.2 CORPORATE AUTHORIZATION

WTC has taken, or caused to be taken, all necessary corporate action (including, without limitation, the obtaining of any consent or approval of stockholders required by Law or by its Certificate of Incorporation or By-Laws) to authorize the execution and delivery by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of the Mortgagee Agreements, the Pass Through Trustee Agreements and the Subordination Agent Agreements and the performance of its obligations thereunder.

#### 6.4.3 NO VIOLATION

The execution and delivery by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of the Mortgagee Agreements, the Pass Through Trustee Agreements and the Subordination Agent Agreements, the performance by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of its obligations thereunder and the consummation on the Delivery Date of the transactions contemplated thereby, do not and will not (a) violate or contravene any provision of the Certificate of Incorporation or By-Laws of WTC, (b) violate or contravene any Law applicable to or binding on WTC, in its individual capacity or (except in the case of any Law relating to any Plan) as Mortgagee, a Pass Through Trustee or Subordination Agent, or (c) violate, contravene or constitute any default under, or result in the creation of any Lien (other than the lien of the Trust Indenture) upon any property of WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, or any of WTC's subsidiaries under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, loan or other agreement, instrument or document to which WTC is a party or by which WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, is a

party or by which WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, or any of their respective properties is or may be bound or affected.

#### 6.4.4 APPROVALS

The execution and delivery by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of the Mortgagee Agreements, the Pass Through Trustee Agreements and the Subordination Agent Agreements, the performance by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of its obligations thereunder and the consummation on the Delivery Date by WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, of the transactions contemplated thereby do not and will not require the consent, approval or authorization of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of, (a) any trustee or other holder of any Debt of WTC or (b) any Government Entity, other than the filing of the FAA Filed Documents and the Financing Statements.

#### 6.4.5 VALID AND BINDING AGREEMENTS

The Mortgagee Agreements, the Pass Through Trustee Agreements and the Subordination Agent Agreements have been duly authorized, executed and delivered by WTC and, assuming the due authorization, execution and delivery by the other party or parties thereto, constitute the legal, valid and binding obligations of WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, and are enforceable against WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, in accordance with the respective terms thereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar Laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity.

#### 6.4.6 CITIZENSHIP

WTC is a Citizen of the United States.

#### 6.4.7 NO LIENS

On the Delivery Date, there are no Lessor Liens attributable to WTC in respect of all or any part of the Trust Estate or the Trust Indenture Estate.

#### 6.4.8 LITIGATION

There are no pending or, to the Actual Knowledge of WTC, threatened actions or proceedings against WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, before any court, administrative agency or tribunal which, if determined adversely to WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, would materially adversely affect the ability of WTC, in its individual capacity or as Mortgagee, a Pass Through Trustee or Subordination Agent, as the case may be, to perform its obligations under any of the Mortgagee Agreements, the Pass Through Trustee Agreements or the Subordination Agent Agreements.

#### 6.4.9 SECURITIES LAWS

Neither WTC nor any person authorized to act on its behalf has directly or indirectly offered any beneficial interest or Security relating to the ownership of the Aircraft or any interest in the Trust Indenture Estate or any of the Equipment Notes or any other interest in or security under the Trust Indenture for sale to, or solicited any offer to acquire any such interest or security from, or has sold any such interest or security to, any Person other than the Participants, except for the offering and sale of the Pass Through Certificates.

#### 6.4.10 INVESTMENT

The Equipment Notes to be acquired by the Subordination Agent are being acquired by it for the account of the Applicable Pass Through Trustees, for investment and not with a view to any resale or distribution thereof, except that, subject to the restrictions on transfer set forth in Section 10.1.3, the disposition by it of its Equipment Notes shall at all times be within its control.

## 6.4.11 TAXES

There are no Taxes payable by any Applicable Pass Through Trustee or WTC, as the case may be, imposed by the State of Delaware or any political subdivision or taxing authority thereof in connection with the execution, delivery and performance by such Pass Through Trustee or WTC, as the case may be, of this Agreement or any of the Pass Through Trustee Agreements (other than franchise or other taxes based on or measured by any fees or compensation received by any such Pass Through Trustee or WTC, as the case may be, for services rendered in connection with the transactions contemplated by any of the Pass Through Trust Agreements), and there are no Taxes payable by any Applicable Pass Through Trustee or WTC, as the case may be, imposed by the State of Delaware or any political subdivision thereof in connection with the acquisition, possession or ownership by any such Pass Through Trustee of any of the Equipment Notes (other than franchise or other taxes based on or measured by any fees or compensation received by any such Pass Through Trustee or WTC, as the case may be, for services rendered in connection with the transactions contemplated by any of the Pass Through Trust Agreements), and, assuming that the trusts created by the Pass Through Trust Agreements will not be taxable as corporations, but, rather, each will be characterized as a grantor trust under subpart E, Part I of Subchapter J of the Code or as a partnership under Subchapter K of the Code, such trusts will not be subject to any Taxes imposed by the State of Delaware or any political subdivision thereof.

## 6.4.12 CONTROL

WTC is not an Affiliate of the Owner Participant or the Owner Trustee.

## 6.4.13 BROKER'S FEES

No Person acting on behalf of WTC, in its individual capacity or as Mortgagee, any Applicable Pass Through Trustee or Subordination Agent, is or will be entitled to any broker's fee, commission or finder's fee in connection with the Transactions.

## SECTION 7. COVENANTS, UNDERTAKINGS AND AGREEMENTS

## 7.1 COVENANTS OF LESSEE

Lessee covenants and agrees, at its own cost and expense, with Owner Participant, Loan Participant, Owner Trustee and Mortgagee as follows:

## 7.1.1 CORPORATE EXISTENCE; FRANCHISES

Lessee shall at all times maintain its corporate existence, except as permitted by Section 13.2 of the Lease, and shall not wind-up, liquidate or dissolve or take any action, or fail to take any action, that would have the effect of any of the foregoing. Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its rights (charter and statutory) and franchises, except that Lessee shall not be required to preserve or keep in full force and effect any right or franchise if Lessee shall reasonably determine that the preservation thereof is no longer necessary or desirable in the conduct of its business and if the loss thereof does not (a) adversely affect or diminish the rights of Participants under the Operative Agreements or (b) materially and adversely affect Lessee's ability to observe or perform its obligations, liabilities and agreements under the Lessee Operative Agreements.

## 7.1.2 U.S. AIR CARRIER; SECTION 1110

Lessee shall at all times remain a U.S. Air Carrier and shall at all times be otherwise certificated and registered to the extent necessary to entitle Owner Trustee (and Mortgagee as assignee of Owner Trustee's rights under the Lease) the rights afforded to lessors of aircraft equipment under Section 1110.

## 7.1.3 NOTICE OF CHANGE OF CHIEF EXECUTIVE OFFICE

Lessee will give Owner Participant, Owner Trustee and Mortgagee timely written notice (but in any event not later than three Business Days after its occurrence) of any relocation of its chief executive office (as such term is defined in Article 9 of the UCC) from its then present location and will promptly take any action required by Section 7.1.4(c) as a result of such relocation.

## 7.1.4 CERTAIN ASSURANCES

(a) Lessee shall duly execute, acknowledge and deliver, or shall cause to be executed, acknowledged and delivered, all such further agreements, instruments, certificates or documents, and shall do and cause to be done such further acts and things, in any case, as Owner Participant, Owner Trustee or Mortgagee shall reasonably request in connection with its administration of, or to carry out more effectually the purposes of, or to better assure and confirm unto it the rights and benefits to be provided under, this Agreement and the other Operative Agreements.

(b) Lessee shall promptly take such action with respect to the recording, filing, re-recording and re-filing of the Lease, the Trust Agreement and the Trust Indenture and the respective supplements thereto, including, without limitation, Lease Supplement No. 1 and the Trust Indenture Supplement, as shall be necessary to establish, perfect and protect the interests and rights of Owner Trustee in and to the Aircraft and under the Lease and the perfection and priority of the Lien created by the Trust Indenture. Lessee shall furnish to Owner Participant or Owner Trustee such information (other than with respect to the citizenship of Owner Participant and Owner Trustee) in Lessee's possession or otherwise reasonably available to Lessee as may be required to enable Owner Participant or Owner Trustee to make application for registration of the Aircraft under the Act (subject to Lessee's rights under Section 7.1.2 of the Lease) and shall, without limiting the generality of Section 9, pay or cause to be paid all out-of-pocket costs and expenses thereof (including, without limitation, reasonable attorneys' fees and disbursements).

(c) Lessee, at its sole cost and expense, will cause the FAA Filed Documents, the Financing Statements and all continuation statements (and any amendments necessitated by any combination, consolidation or merger pursuant to Section 13.2 of the Lease, or any relocation of its chief executive office) in respect of the Financing Statements to be prepared and, subject only to the execution and delivery thereof by Owner Trustee and Mortgagee, as applicable, duly and timely filed and recorded, or filed for recordation, to the extent permitted under the Act (with respect to the FAA Filed Documents) or the UCC or similar law of any other applicable jurisdiction (with respect to such other documents).



(d) If the Aircraft has been registered in a country other than the United States pursuant to Section 7.1.2 of the Lease, Lessee will furnish to Owner Trustee, Mortgagee and each Participant annually after such registration, commencing with the calendar year after such registration is effected, an opinion of special counsel reasonably satisfactory to the Owner Participant and the Mortgagee, stating that, in the opinion of such counsel, either that (i) such action has been taken with respect to the recording, filing, rerecording and refileing of the Operative Agreements and any supplements and amendments thereto as is necessary to establish, perfect and protect Owner Trustee's and Mortgagee's respective right, title and interest in and to the Aircraft and the Operative Agreements, reciting the details of such actions, or (ii) no such action is necessary to maintain the perfection of such right, title and interest.

#### 7.1.5 SECURITIES LAWS

Neither Lessee nor any person authorized to act on its behalf will directly or indirectly offer any beneficial interest or Security relating to the ownership of the Aircraft or the Lease or any interest in the Trust Estate and Trust Agreement or any of the Equipment Notes or any other interest in or security under the Trust Indenture, for sale to, or solicit any offer to acquire any such interest or security from, or sell any such interest or security to, any person in violation of the Securities Act or applicable state or foreign securities Laws.

#### 7.2 COVENANTS OF OWNER PARTICIPANT

Owner Participant covenants and agrees with Lessee, and, except with respect to Section 7.2.4, Loan Participant, Subordination Agent, Owner Trustee and Mortgagee as follows:

##### 7.2.1 LIENS

Owner Participant (a) will not directly or indirectly create, incur, assume or suffer to exist any Lessor Lien attributable to it on or with respect to all or any part of the Trust Estate, the Trust Indenture Estate or the Aircraft, (b) will, at its own cost and expense, promptly take such action as may be necessary to discharge any Lessor Lien attributable to Owner Participant on all or any part of the Trust Estate, the Trust Indenture Estate or the Aircraft and (c) will make restitution to the Trust Estate for any actual diminution of the

assets of the Trust Estate resulting from such Lessor Liens attributable to or caused by it.

#### 7.2.2 REVOCATION OF TRUST AGREEMENT

(a) Owner Participant (i) will comply with the provisions of the Trust Agreement applicable to it, the non-compliance with which would have a material adverse effect on Lessee, any Note Holder or Mortgagee, (ii) will not terminate or revoke the Trust Agreement or the trusts created thereunder prior to the termination or expiration of the Term of the Lease, without the consent of Lessee, or prior to the discharge of the Lien of the Trust Indenture, without the consent of the Mortgagee and (iii) will not amend, modify or supplement the Trust Agreement, or waive any of the provisions thereof, prior to the termination or expiration of the Term of the Lease if such amendment, modification, supplement or waiver would have a material adverse effect on Lessee, without the consent of Lessee, or prior to the discharge of the Lien of the Trust Indenture if such amendment, modification, supplement or waiver would have a material adverse effect on Mortgagee or any Note Holder, without the consent of Mortgagee.

(b) Notwithstanding Section 7.2.2(a), Owner Participant may at any time remove Owner Trustee pursuant to Section 9.1 of the Trust Agreement or terminate the Trust Agreement pursuant to Section 11.2 of the Trust Agreement.

#### 7.2.3 CHANGE OF SITUS OF OWNER TRUST

If, at any time, any Tax Indemnitee or the Trust Estate becomes subject to any Taxes for which it is indemnified pursuant to Section 9.3 of this Agreement and if, as a consequence thereof, Lessee should request that the situs of the Trust be moved to another state in the United States from the state in which it is then located, the situs of the Trust may be moved with the written consent of Owner Participant (which consent shall not be unreasonably withheld) and Owner Participant will take whatever action may be reasonably necessary to accomplish such removal; provided, that, in any event, (a) Lessee shall provide such additional tax indemnification as Owner Participant and the Note Holders may reasonably request to cover any additional unindemnified Taxes or loss of Tax benefits described in the assumptions in the Tax Indemnity Agreement resulting from such change in the situs of the Trust, (b) the rights and

obligations under the Operative Agreements of Owner Participant, the Note Holders, Pass Through Trustees and Mortgagee shall not be adversely affected as a result of the taking of such action, (c) the Lien of the Trust Indenture on the Trust Indenture Estate shall not be adversely affected by such action, and Lessee and Owner Trustee shall execute and deliver such documents as may reasonably be requested by Mortgagee to protect and maintain the perfection and priority of such Lien, (d) Owner Participant, Mortgagee and Pass Through Trustee shall have received an opinion or opinions of counsel (which counsel is reasonably satisfactory to Owner Participant, Mortgagee and Pass Through Trustees) in scope, form and substance reasonably satisfactory to Owner Participant, Mortgagee and Pass Through Trustees to the effect that (i) the Trust, as thus removed, shall remain a validly established trust, (ii) any amendments to the Trust Agreement necessitated by such removal shall have been duly authorized, executed and delivered by the parties thereto and shall constitute the valid and binding obligations of such parties, enforceable in accordance with their terms, (iii) covering such other matters as Owner Participant, Mortgagee and Pass Through Trustees may reasonably request, (e) if such removal involves the replacement of Owner Trustee, then Owner Participant, Mortgagee and Pass Through Trustees shall have received an opinion of counsel to such successor Owner Trustee in form and substance reasonably satisfactory to Owner Participant, Mortgagee and Pass Through Trustees covering the matters described in the opinion delivered pursuant to Section 5.1.2(xxiii)(D) and (f) Lessee shall indemnify and hold harmless Owner Participant, Note Holders, and First Security, in its individual capacity and as Owner Trustee and Pass Through Trustees, on a net after-tax basis against any and all reasonable out-of-pocket costs and expenses including attorneys' fees and disbursements, fees and expenses of any new owner trustee, registration, recording or filing fees and taxes incurred by Owner Participant, Note Holders, Owner Trustee and Pass Through Trustees in connection with such change of situs. Owner Participant agrees with Lessee that, prior to the termination or expiration of the Term of the Lease, it will not consent to or direct a change in the situs of the Trust Estate without the prior written consent of Lessee.

#### 7.2.4 COMPLIANCE WITH LEASE PROVISIONS

Owner Participant will, solely for the benefit of Lessee, comply with the express provisions applicable to it contained in Sections 3.2.1 and 8.2.5 of the Lease.

### 7.2.5 SECURITIES ACT

Owner Participant will not directly or indirectly offer any beneficial interest or security relating to the ownership of the Aircraft or any interest in the Trust Estate or any of the Equipment Notes or any other interest in or security under the Trust Indenture for sale to, or solicit any offer to acquire any such interest or security from, or sell any such interest or security to, any Person in violation of the Securities Act or applicable state or foreign securities Laws, provided that the foregoing shall not be deemed to impose on Owner Participant any responsibility with respect to any such offer, sale or solicitation by any other party hereto.

### 7.2.6 REGARDING THE OWNER TRUSTEE

Owner Participant will not cause Owner Trustee to violate its obligations under each Owner Trustee Agreement.

### 7.3 COVENANTS OF FIRST SECURITY AND OWNER TRUSTEE

First Security, in its individual capacity and/or as Owner Trustee, as provided below, covenants and agrees with Lessee, Owner Participant, each Note Holder and Mortgagee as follows:

#### 7.3.1 LIENS

First Security (a) will not directly or indirectly create, incur, assume or suffer to exist any Lessor Lien attributable to it or Owner Trustee with respect to all or any part of the Trust Estate, the Trust Indenture Estate or the Aircraft, (b) will, at its own cost and expense, promptly take such action as may be necessary to discharge any Lessor Lien attributable to First Security or Owner Trustee on all or any part of the Trust Estate, the Trust Indenture Estate or the Aircraft and (c) will personally hold harmless and indemnify Lessee, Owner Participant, each Note Holder, Mortgagee, each of their respective Affiliates, successors and permitted assigns, the Trust Estate and the Trust Indenture Estate from and against (i) any and all Expenses, (ii) any reduction in the amount payable out of the Trust Estate or the Trust Indenture Estate and (iii) any interference with the possession, operation or other use of all or any part of the Aircraft imposed on, incurred by or asserted against any of the foregoing as a consequence of any such Lessor Lien.

### 7.3.2 OTHER BUSINESS

Owner Trustee will not enter into any business or other activity except as contemplated by the Operative Agreements.

### 7.3.3 NOTICE OF CHANGE OF CHIEF EXECUTIVE OFFICE

First Security, in its individual capacity and as Owner Trustee, will give Lessee, each Participant and Mortgagee 30 days' prior written notice of any relocation of its chief executive office (as such term is defined in Article 9 of the UCC) from its then present location and will promptly take any action required by Section 7.3.8 as a result of such relocation.

### 7.3.4 SECURITIES ACT

First Security, in its individual capacity and as Owner Trustee, will not directly or indirectly offer any beneficial interest or Security relating to the ownership of the Aircraft or any interest in the Trust Estate or any of the Equipment Notes or any other interest in or security under the Trust Indenture for sale to, or solicit any offer to acquire any such interest or security from, or sell any such interest or security to, any Person in violation of the Securities Act or applicable state or foreign securities Laws, provided that the foregoing shall not be deemed to impose on First Security in its individual capacity or as Owner Trustee, any responsibility with respect to any such offer, sale or solicitation by any other party hereto.

### 7.3.5 PERFORMANCE OF AGREEMENTS

Owner Trustee shall perform its obligations under the Owner Trustee Agreements in accordance with the terms thereof.

### 7.3.6 RELEASE OF LIEN OF TRUST INDENTURE

Owner Trustee, in each instance referred to in the Lease in which a transfer of any property is required to be made by Owner Trustee to Lessee or any other Person (other than Mortgagee or Owner Participant), shall, at Lessee's request and expense, use its reasonable efforts to procure from Mortgagee the prompt release of the Lien of the Trust Indenture with respect to such property.

#### 7.3.7 NOTICES; DOCUMENTS

In the event any claim with respect to any liabilities is filed against the Owner Trustee in its capacity as such and Owner Trustee shall have Actual Knowledge thereof, the Owner Trustee shall promptly notify Lessee in writing thereof. Owner Trustee further agrees to provide to Lessee promptly any documents (including the certificate of aircraft registration) that it receives from the FAA with respect to the Aircraft.

#### 7.3.8 FILINGS

After the Delivery Date, Owner Trustee shall duly execute and deliver to Lessee all filings and recordings (including, without limitation, all filings and UCC financing statements under the Act and the UCC and any amendments to UCC financing statements necessitated by any relocation of its chief executive office), prepared and delivered to it by Lessee required to perfect Owner Trustee's title to the Aircraft and the liens of and security interests granted by the Trust Indenture (or to maintain such perfection) and to make such title, liens and security interests valid and enforceable.

#### 7.4 COVENANTS OF WTC

WTC, in its individual capacity or as Mortgagee, each Applicable Pass Through Trustee or Subordination Agent, as the case may be, covenants and agrees with Lessee, Owner Participant and Owner Trustee as follows:

##### 7.4.1 LIENS

WTC (a) will not directly or indirectly create, incur, assume or suffer to exist any Lessor Lien attributable to it on or with respect to all or any part of the Trust Estate, the Trust Indenture Estate or the Aircraft, (b) will, at its own cost and expense, promptly take such action as may be necessary to discharge any Lessor Lien attributable to WTC on all or any part of the Trust Estate, the Trust Indenture Estate or the Aircraft and (c) will personally hold harmless and indemnify Lessee, Owner Participant, each Note Holder, Owner Trustee, each of their respective Affiliates, successors and permitted assigns, the Trust Estate and the Trust Indenture Estate from and against (i) any and all Expenses, (ii) any reduction in the amount payable out of the Trust Estate or the Trust Indenture Estate and (iii) any interference with the possession, operation or other use of

all or any part of the Aircraft, imposed on, incurred by or asserted against any of the foregoing as a consequence of any such Lessor Lien.

#### 7.4.2 SECURITIES ACT

WTC, in its individual capacity or as Mortgagee, an Applicable Pass Through Trustee or Subordination Agent, will not offer any beneficial interest or Security relating to the ownership of the Aircraft or any interest in the Trust Indenture Estate, or any of the Equipment Notes or any other interest in or security under the Trust Indenture for sale to, or solicit any offer to acquire any such interest or security from, or sell any such interest or security to, any Person in violation of the Securities Act or applicable state or foreign securities Laws, provided that the foregoing shall not be deemed to impose on WTC any responsibility with respect to any such offer, sale or solicitation by any other party hereto.

#### 7.4.3 PERFORMANCE OF AGREEMENTS

WTC, in its individual capacity and as Mortgagee, an Applicable Pass Through Trustee or Subordination Agent, as the case may be, shall perform its obligations under the Indenture Agreements, the Pass Through Trustee Agreements and the Subordination Agent Agreements in accordance with the terms thereof.

#### 7.4.4 WITHHOLDING TAXES

WTC shall indemnify (on an after-tax basis) and hold harmless Lessee and Owner Participant against any United States withholding taxes (and related interest, penalties and additions to tax) as a result of the failure by WTC to withhold on payments to any Note Holder if such Note Holder failed to provide to Mortgagee necessary certificates or forms to substantiate the right to exemption from such withholding tax.

#### 7.5 COVENANTS OF NOTE HOLDERS

Each Note Holder (including Subordination Agent) as to itself only covenants and agrees with Lessee, Owner Participant, Owner Trustee and Mortgagee as follows:

## 7.5.1 WITHHOLDING TAXES

Such Note Holder (if it is a Non-U.S. Person) agrees to indemnify (on an after-tax basis) and hold harmless Lessee, Owner Participant and Mortgagee against any United States withholding taxes (and related interest, penalties and additions to tax) as a result of the inaccuracy or invalidity of any certificate or form provided by such Note Holder to Mortgagee in connection with such withholding taxes. Any amount payable hereunder shall be paid within 30 days after receipt by a Note Holder of a written demand therefor.

## 7.5.2 TRANSFER; COMPLIANCE

(a) Such Note Holder will (i) not transfer any Equipment Note or interest therein in violation of the Securities Act or applicable state or foreign securities Law; provided, that the foregoing provisions of this section shall not be deemed to impose on such Note Holder any responsibility with respect to any such offer, sale or solicitation by any other party hereto, and (ii) perform and comply with the obligations specified to be imposed on it (as a Note Holder) under each of the Trust Indenture and the form of Equipment Note set forth in the Trust Indenture.

(b) Except for the transfer of the interests of each Applicable Pass Through Trustee in the Equipment Notes to the trustee of the Related Trust (as defined in each Applicable Pass Through Trust Agreement) in accordance with the Applicable Pass Through Trust Agreement and except as otherwise required by the terms of Section 2.13 of the Trust Indenture or Section 11 hereof, each Note Holder will not sell, assign, convey, exchange or otherwise transfer any Equipment Note or any interest in, or represented by, any Equipment Note (it being understood that this provision is not applicable to the Pass Through Certificates) unless the proposed transferee thereof first provides Lessee and Owner Participant with both of the following:

(i) a written representation and covenant that either (a) no portion of the funds it uses to purchase, acquire and hold such Equipment Note or interest directly or indirectly constitutes, or may be deemed under the Code or ERISA or any rulings, regulations or court decisions thereunder to constitute, the assets of any Plan or (b) the transfer, and subsequent holding, of such Equipment Note or interest shall



not involve or give rise to a transaction that constitutes a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975(c)(1) of the Code involving Lessee, Owner Participant, a Pass Through Trustee, the Subordination Agent or the proposed transferee (other than a transaction that is exempted from the prohibitions of such sections by applicable provisions of ERISA or the Code or administrative exemptions or regulations issued thereunder); and

(ii) a written covenant that it will not transfer any Equipment Note or any interest in, or represented by, any Equipment Note unless the subsequent transferee also makes the representation described in clause (i) above and agrees to comply with this clause (ii) and agrees to be bound by all the covenants and agreements of Note Holders in the Operative Agreements.

#### 7.6 AGREEMENTS

##### 7.6.1 OWNER TRUSTEE IS OWNER FOR ALL PURPOSES

Lessee, the Owner Participant and Owner Trustee agree that for all purposes, after the Closing, Owner Trustee will be the owner of the Aircraft (except that Owner Participant will be the owner for income tax purposes) and Lessee will be the lessee thereof. No transfer, by operation of Law or otherwise, of the beneficial interest of Owner Participant in and to the Trust Estate shall operate to transfer legal title to any part of the Trust Estate to any transferee thereof.

##### 7.6.2 RIGHTS UNDER THE LEASE

Lessee acknowledges and confirms each of Owner Participant's rights under the Lease.

##### 7.6.3 COMMENCEMENT OF BANKRUPTCY PROCEEDINGS

Lessee, each Participant, each Note Holder, First Security, Owner Trustee, WTC and Mortgagee agree for the benefit of each of the others that it will not commence or join in any proceeding under the Bankruptcy Code to commence a case under Section 303 of the Bankruptcy Code against the Trust Estate. Nothing contained herein shall be deemed to preclude any Participant, any Note Holder, First Security, Owner Trustee, WTC or Mortgagee from filing any claim against the Trust Estate in any case commenced against the Trust Estate.

## 7.6.4 CERTAIN BANKRUPTCY MATTERS

If (a) all or any part of the Trust Estate becomes the property of, or Owner Trustee or Owner Participant becomes, a debtor subject to the reorganization provisions of the Bankruptcy Code, (b) pursuant to such reorganization provisions, including Section 1111(b) of the Bankruptcy Code, First Security or Owner Participant is required, by reason of First Security or Owner Participant being held to have recourse liability to any Note Holder or Mortgagee directly or indirectly (other than the recourse liability of First Security or Owner Participant under this Agreement, the Trust Indenture or by separate agreement), to make payment on account of any amount payable as principal, Make-Whole Amount, if any, interest or other amounts on the Equipment Notes, and (c) any Note Holder or Mortgagee actually receives any Excess Amount, as defined below, which reflects any payment by First Security or Owner Participant on account of (b) above, then such Note Holder or Mortgagee, as the case may be, shall promptly refund to First Security or Owner Participant (whichever shall have made such payment) such Excess Amount.

For purposes of this Section 7.6.4, "Excess Amount" means the amount by which such payment exceeds the amount that would have been received by a Note Holder or Mortgagee if First Security or Owner Participant had not become subject to the recourse liability referred to in clause (b) above. Nothing contained in this Section 7.6.4 shall prevent a Note Holder or Mortgagee from enforcing any personal recourse obligation (and retaining the proceeds thereof) of First Security or Owner Participant under this Agreement (other than as referred to in clause (b) above) or the Trust Indenture (and any exhibits or annexes thereto) or from retaining any amount paid by Owner Participant under Sections 2.13 or 4.03 of the Trust Indenture.

## 7.6.5 QUIET ENJOYMENT; SALE BY OWNER TRUSTEE BINDING

(a) Owner Participant, each Applicable Pass Through Trustee, Subordination Agent, each Note Holder, Owner Trustee and Mortgagee agrees as to itself with Lessee that, so long as no Lease Event of Default shall have occurred and be continuing, such Person shall not (and shall not permit any Affiliate or other Person claiming by, through or under it to) interfere with Lessee's rights in accordance with the Lease to the quiet enjoyment, possession and use of the Aircraft during the Term.

The foregoing, however, shall not be construed or deemed to modify or condition in any respect the obligations of Lessee pursuant to Section 16 of the Lease, which obligations are absolute and unconditional.

(b) Any assignment, sale, transfer or other conveyance of the Aircraft by Owner Trustee made pursuant to the terms of this Agreement or the Lease shall bind Owner Participant and shall be effective to transfer or convey all right, title and interest of Owner Trustee and Owner Participant in and to the Aircraft. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such assignment, sale, transfer or conveyance, or as to the application of any sale or other proceeds with respect thereto by Owner Trustee, as regards Owner Participant.

#### 7.6.6 EFFECT OF LESSEE'S MERGER

Section 13.2.2 of the Lease is incorporated by reference herein.

#### 7.6.7 NON-RECOURSE

Loan Participant and Mortgagee agree that (a) obligations of Owner Trustee under the Trust Indenture or any other Operative Agreement and with respect to the Equipment Notes shall be non-recourse to Owner Participant and to First Security and (b) they will look solely to the income and proceeds from the Trust Estate and the Trust Indenture Estate to the extent available for distribution to Note Holder or Mortgagee as provided in the Trust Indenture and that neither Owner Participant nor First Security will be personally liable to Loan Participant or Mortgagee for any amounts payable by Owner Trustee under the Trust Indenture or any other Operative Agreement; provided, however, that the foregoing is not intended nor shall it be construed to limit any recourse liability of Owner Participant or First Security to the extent that such liability is expressly set forth in this Agreement (with respect to Owner Participant) or in any of the Operative Agreements (with respect to First Security) or arising by reason of the breach of any representation or warranty or covenant given by such Person (in the case of First Security, in its individual capacity).

## 7.6.8 OTHER DOCUMENTS; AMENDMENT

(a) Each Participant hereby consents to the terms of the Lease, the Trust Agreement and the Trust Indenture. Lessee acknowledges receipt of executed copies of the Trust Agreement and the Trust Indenture and hereby consents to the execution and delivery of the Trust Agreement and the Trust Indenture and to all the terms thereunder, including, without limitation, the creation of a Lien in respect of, among other things, the Aircraft and the Lease pursuant to the Trust Indenture. Nothing in this Section 7.6.8 shall be construed to require Lessee's consent to any future supplement to, or amendment, waiver or modification of any other terms of, the Trust Agreement or the Trust Indenture. Notwithstanding the foregoing, so long as the Lease has not terminated or expired, Owner Trustee and Mortgagee hereby agree for the benefit of Lessee (i) to comply with the provisions of the Trust Indenture if failure to so comply would have an adverse effect on Lessee and such noncompliance is not the direct result of an act or failure to act by Lessee, and (ii) not, without the consent of Lessee, directly or indirectly to amend or modify (i) Article III, Article IX or Section 2.05 of the Trust Indenture, (ii) any provision of any Operative Agreement that will affect the stated principal amount of or premium or interest on the Equipment Notes or (iii) any other provision of the Trust Indenture or Equipment Notes in a manner that would adversely affect Lessee. Mortgagee and Owner Trustee agree to promptly furnish to Lessee copies of any supplement, amendment, waiver or modification of any of the Operative Agreements to which Lessee or Owner Participant, as the case may be, is not a party. Loan Participant agrees that it will not take any action in respect of the Trust Indenture Estate except through the Mortgagee pursuant to the Trust Indenture or as otherwise permitted by Trust Indenture.

(b) Owner Trustee agrees to join with Lessee to the extent that action on its part is necessary or appropriate (i) to cause the following to be duly accomplished in accordance with applicable United States federal Law by the time the Aircraft is delivered under this Agreement and the Lease: (A) the application for registration of the Aircraft in the name of Owner Trustee and (B) all related action necessary in order for Lessee to have temporary or permanent authority to operate the Aircraft as contemplated by the Lease and (ii) forthwith upon delivery of the Aircraft under this Agreement and the Lease, to cause all

necessary documents to be duly filed for recording in accordance with applicable United States federal Law.

#### 7.6.9 CONSENTS

Each Participant, each Applicable Pass Through Trustee, Subordination Agent, Owner Trustee and Mortgagee covenants and agrees, for the benefit of Lessee, that it shall not unreasonably withhold its consent to any consent or approval requested of it or of Owner Trustee or Mortgagee under the terms of any of the Operative Agreements which by its terms is not to be unreasonably withheld.

#### 7.6.10 INSURANCE

Each of Owner Participant, the Applicable Pass Through Trustees, the Subordination Agent and the Owner Trustee agrees not to obtain or maintain insurance for its own account as permitted by Section 11.3 of the Lease if such insurance would limit or otherwise adversely affect the coverage of any insurance required to be obtained or maintained by Lessee pursuant to Section 11 and Annex D of the Lease.

#### 7.6.11 EXTENT OF INTEREST OF NOTE HOLDERS

A Note Holder shall not, as such, have any further interest in, or other right with respect to, the Trust Estate or the Trust Indenture Estate when and if the principal and Make-Whole Amount, if any, of and interest on the Equipment Note held by such Holder, and all other sums, then due and payable to such Holder hereunder and under any other Operative Agreement, shall have been paid in full.

#### 7.6.12 FOREIGN REGISTRATION

Each Participant, Owner Trustee and Mortgagee hereby agrees, for the benefit of Lessee but subject to the provisions of Section 7.1.2 of the Lease: (a) that Lessee shall be entitled to register the Aircraft or cause the Aircraft to be registered in a country other than the United States subject to compliance with the following:

- (i) Lessor gives its prior written consent; and
- (ii) each of the following requirements is satisfied:

- (A) Lessee shall deliver such request to Lessor at least 30 days in advance of the date of any such proposed change of registration;
- (B) such registration shall be made, if at all, only after the close of the calendar year in which the seventh anniversary of the Delivery Date occurs or if a Lessee Act (as defined in the Tax Indemnity Agreement) as a result of which indemnification has been required under the Tax Indemnity Agreement has created a longer Tax Attribute Period (as defined in the Tax Indemnity Agreement), after the close of the Tax Attribute Period, unless in either case Lessee prepays any liability Owner Participant determines would be due under the Tax Indemnity Agreement as a result of such registration based upon the assumption that such registration would continue for the remainder of the term of the Permitted Sublease described in clause (D) below;
- (C) no Lease Default or Lease Event of Default shall have occurred and be continuing at the time of such request;
- (D) such proposed change of registration is made in connection with a Permitted Sublease to a Permitted Air Carrier;
- (E) such country (1) is the domicile of Permitted Sublessee and the country in which Permitted Sublessee maintains its principal place of business and (2) is a country with which the United States then maintains normal diplomatic relations;
- (F) such country would recognize the interests of, and would provide substantially equivalent protection (including the right to take possession of the Aircraft in the event of (1) a Lease Event of Default or a default by Permitted Sublessee or (2) the bankruptcy of Lessee or Permitted Sublessee) for the rights and remedies of, owner participants, lessors, lenders and mortgagees in

similar transactions as provided under the Law of the United States;

- (G) the courts of such country would give effect to Lessor's title to and leasehold interest in the Aircraft, to the registration of the Aircraft in the name of Lessor and to the priority of the Lien of the Trust Indenture, in each case substantially to the same extent as provided under the Law of the United States; and
- (H) if requested by Lessor, Lessee or any Permitted Sublessee shall, for purposes of enforcement of the rights and remedies provided for in Section 15 of the Lease, execute an irrevocable power of attorney in form and substance satisfactory to Lessor providing for, among other things, upon and during the continuance of a Lease Event of Default, (1) the deregistration of the Aircraft and (2) the reregistration of the Aircraft in the United States by Lessor, including the ability to obtain export licenses and take any other action necessary or advisable for the repossession, export and redelivery to Lessor of the Airframe, any Engine and any airframe or engine substituted for the Airframe or any Engine, all in accordance with the Lease.

(b) Lessor shall not unreasonably withhold its consent to such a request by Lessee for a change of registration of the Aircraft in accordance with this Section, if (and in connection with any reregistration Lessee shall provide Mortgagee with the matters referred to in clauses (A), (B), (C), (D) and (H) of Section 7.6.12(b)(i) and in clauses (A), (B), (C), (D), (E) and (F) of Section 7.6.12(b)(ii), in each case insofar as they relate to Mortgagee, Note Holders, the Trust Indenture or the Trust Indenture Estate):

(i) Lessee shall have given to Lessor and Mortgagee assurances reasonably satisfactory to each of them:

- (A) to the effect that the provisions of Section 11 of the Lease have been complied with after giving effect to such change of registration;

- (B) of the payment by Lessee of all reasonable expenses of Lessor, each Participant and Mortgagee in connection with such change of registry, including, without limitation (1) the reasonable fees and disbursements of counsel, (2) any filing or recording fees, Taxes or similar payments incurred in connection with the change of registration of the Aircraft and the creation and perfection of the security interest therein in favor of Mortgagee for the benefit of Note Holders, (3) all costs and expenses incurred in connection with any filings necessary to continue in the United States the perfection of the security interest in the Aircraft and the Lease in favor of Mortgagee for the benefit of Note Holders and (4) any and all other costs, expenses and Taxes under the Law of the country of registry, whether initial or on a continuing basis, incurred by Lessor or Owner Participant as a result of the registration of the Aircraft, or the creation, attachment and perfection of the security interest therein, under the laws of the country of registry;
- (C) to the effect that the tax and other indemnities in favor of each person named as an indemnitee under any other Operative Agreement afford each such person substantially the same protection as provided prior to such change of registration (or Lessee shall have agreed upon additional indemnities that, together with such original indemnities, in the reasonable judgment of Lessor and Mortgagee, afford such protection);
- (D) as to the continued status of the Trust Indenture as a first priority perfected Lien (subject to Permitted Liens) on the Trust Indenture Estate (including, without limitation, the Aircraft);
- (E) that any import or export permits necessary to take the Aircraft into or out of such country and any exchange permits necessary to allow all Rent and other payments provided for under the Lease shall be in full force and effect;



- (F) that any value-added tax, customs or import fee or duty, tariff, other Tax or similar governmental charge relating to the change in jurisdiction of registration of the Aircraft shall have been paid in full or adequately provided for by Lessee;
- (G) that such new country of registry imposes aircraft maintenance standards no less stringent than those of the FAA;
- (H) that no Lease Default or Lease Event of Default exists and that no Lease Default or Lease Event of Default will occur or exist upon, or result from, such reregistration; and
- (I) with respect to such other matters as Lessor or Owner Participant may reasonably request; and

(ii) Lessee shall deliver to Lessor, Owner Participant and Mortgagee a favorable opinion, in form and substance and from counsel in such country, in each case, reasonably satisfactory to Lessor, to the effect that:

- (A) the terms (including, without limitation, the governing law, service-of-process and jurisdictional submission provisions, and the remedies) of this Agreement, the Lease, the applicable Permitted Sublease and the Trust Indenture are legal, valid, binding and enforceable in such country;
- (B) it is not necessary for Lessor, any Participant, Note Holders or Mortgagee to register or qualify to do business in such country as a result, in whole or in part, of the registration of the Aircraft in such country;
- (C) there is no tort liability of or imputed to the owner or lessor, or of persons lending money, on a secured or unsecured basis, or any guarantor of any such person, to such an owner or lessor for the purchase of, an aircraft, under the laws of such country (it being understood that, in the event such latter opinion cannot be given in a form satisfactory to Lessor, Owner Participant and Mortgagee, such opinion shall be waived if

insurance or third-party indemnities satisfactory to Lessor, Owner Participant and Mortgagee are available to cover such risk and is provided at or before the time of such change of registration, at Lessee's expense);

- (D) unless Lessee shall have agreed to provide insurance satisfactory to Lessor, Owner Participant and Mortgagee covering the risk of requisition of use of the Aircraft by the government of such country (so long as the Aircraft is registered under the laws of such country), the laws of such country require fair compensation by the government of such country payable in currency freely convertible into Dollars and freely removable from such country (without license or permit, unless Lessee prior to such proposed reregistration has obtained such license or permit) for the taking or loss of use of the Aircraft in the event of the taking or requisition by such government of such use;
- (E) the registration of the Aircraft would be terminable without material burden, penalty or delay by Lessor or Mortgagee upon the occurrence of a Lease Event of Default;
- (F) there shall not exist possessory rights in favor of the government of such country, Lessee or Permitted Sublessee (including, without limitation, a defense of sovereign immunity) that would, upon the bankruptcy of Lessee or Permitted Sublessee or upon the occurrence of a Lease Event of Default, prevent or delay the return of the Aircraft pursuant to the Lease;

and covering the matters set forth in Sections 7.6.12(a)(ii)(F) and (G) and to such further effect with respect to such other matters as Lessor or Owner Participant may reasonably request.

(c) The parties hereto acknowledge to each other that none of such parties has conducted a review of the countries in which the Permitted Air Carriers are domiciled to determine whether any

of the criteria set forth in Section 7.6.12(a) or (b) are currently met.

(d) Any such change in registration shall be at the sole expense of Lessee, and Lessee shall pay all reasonable expenses of Lessor, each Participant, Note Holders and Mortgagee in connection with any request to change (and the evaluation thereof), and any actual change, of registration of the Aircraft.

#### 7.6.13 OTHER COMMERCIAL RELATIONS UNAFFECTED

Notwithstanding anything to the contrary set forth in any Operative Agreement:

(a) Except as set forth in the Purchase Agreement Assignment, nothing contained in the Lessee Operative Agreements shall constitute or be deemed to be a waiver by Lessee of any rights, remedies or claims it may have against Airframe Manufacturer or Engine Manufacturer or any subcontractor or supplier of either; and the Operative Agreements do not and shall not be construed or deemed to create any rights, waivers, immunities or indemnities in favor of Airframe Manufacturer, Engine Manufacturer or any subcontractor or supplier of either with respect to any such rights, remedies or claims of Lessee; and

(b) None of Airframe Manufacturer, by its execution and delivery of the Consent and Agreement, and Engine Manufacturer, by its execution and delivery of the Engine Consent and Agreement, shall be deemed to have waived any rights, remedies or claims which Airframe Manufacturer or Engine Manufacturer (or any subcontractor or supplier of either), as the case may be, may have against Lessee; and the Operative Agreements do not and shall not be construed or deemed to create any rights, waivers, immunities or indemnities in favor of Lessee with respect to any such rights, remedies or claims of Airframe Manufacturer or Engine Manufacturer (or any subcontractor or supplier of either).

#### 7.6.14 INTEREST IN CERTAIN ENGINES

Each Participant, Owner Trustee and Mortgagee agree, for the benefit of each of the lessor, conditional seller, mortgagee or secured party of any airframe or engine leased to, or purchased by, Lessee or any Permitted Sublessee subject to a lease, conditional sale, trust indenture or other security agreement that it will not acquire or claim, as against such lessor,

conditional seller, mortgagee or secured party, any right, title or interest in any engine as the result of such engine being installed on the Airframe at any time while such engine is subject to such lease, conditional sale, trust indenture or other security agreement and owned by such lessor or conditional seller or subject to a trust indenture or security interest in favor of such mortgagee or secured party; provided, that Lessee or any such Permitted Sublessee shall have received from the lessor, conditional seller, mortgagee or secured party in respect of such airframe a written agreement (which may be the lease, conditional sale agreement, trust indenture or other security agreement covering such airframe) whereby such lessor, conditional seller, mortgagee or secured party effectively agrees that neither it nor its successors or assigns will acquire or claim any right, title or interest in any Engine by reason of such Engine being installed on such airframe at any time while such Engine is subject to the Lease or is owned by Owner Trustee.

#### 7.6.15 TRUST AGREEMENT

Each of First Security and Owner Trustee hereby (i) agrees with Lessee that prior to the termination or expiration of the Term of the Lease, it will not amend, supplement, terminate or otherwise modify any provision of the Trust Agreement in such a manner as to adversely affect the rights of Lessee without the prior written consent of Lessee and it will not revoke the trust created by the Trust Agreement so long as the Lien of the Trust Indenture remains undischarged or if such revocation would have an adverse effect on the Lessee and (ii) agrees with Loan Participant and Mortgagee that prior to the discharge of the Lien of the Trust Indenture it will not amend, supplement, terminate or otherwise modify any provision of the Trust Agreement in such a manner as to adversely affect the rights of Loan Participant or Mortgagee without the prior written consent of such party and it will not revoke the trust created by the Trust Agreement so long as the Lien of the Trust Indenture remains undischarged. Nothing contained in this Agreement shall impair any right under the Trust Agreement of First Security to resign as Owner Trustee.

#### 7.6.16 RELEASE OF LIEN OF TRUST INDENTURE

Each of Lessee, Lessor and Mortgagee agree that in each instance referred to in the Lease in which a transfer of any property is required to be made by Lessor to Lessee or any other Person (other than Mortgagee or Owner Participant), upon full

compliance by Lessee with Lessee's obligations, if any, under the applicable section thereof and compliance with any applicable provisions of the Trust Indenture, Mortgagee shall (upon certification by Lessee and Owner Trustee of any such event and without the consent of Note Holders) promptly execute such instruments as Owner Trustee or Lessee may reasonably request to evidence the release of the Lien of the Trust Indenture with respect to such property.

#### SECTION 8. CONFIDENTIALITY

Lessee, Owner Participant, Note Holders, Owner Trustee and Mortgagee shall keep Annexes B, C and D and Schedules 1, 2, 3 and 4 to the Lease, the Participation Agreement, the Purchase Agreement Assignment and the Tax Indemnity Agreement confidential and shall not disclose, or cause to be disclosed, the same to any Person, except (A) to prospective and permitted transferees of Lessee's, Owner Participant's, a Note Holder's, a Liquidity Provider's, Owner Trustee's, Mortgagee's or other Indenture Indemnitee's interest or their respective counsel or special counsel, independent insurance brokers, auditors, or other agents who agree to hold such information confidential, (B) to Lessee's, Owner Participant's, a Note Holder's, a Liquidity Provider's, a Pass Through Trustee's, Owner Trustee's, Mortgagee's, or other Indenture Indemnitee's counsel or special counsel, independent insurance brokers, auditors, or other agents, Affiliates or investors who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree, legal process or governmental ruling or regulation, including those of any applicable insurance regulatory bodies (including, without limitation, the National Association of Insurance Commissioners), federal or state banking examiners, Internal Revenue Service auditors or any stock exchange, (D) with respect to Lessee and Owner Participant, by mutual agreement of such parties, (E) with respect to a Note Holder or any Pass Through Trustee, to a nationally recognized rating agency for the purpose of obtaining a rating on the Equipment Notes or the Pass Through Trust Certificates or to support an NAIC rating for the Equipment Notes or (F) such other Persons as are reasonably deemed necessary by the disclosing party in order to protect the interests of such party or for the purposes of enforcing such documents by such party; provided, that any and all disclosures permitted by clauses (C), (D), (E) or (F) above shall be made only to the extent necessary to meet the specific requirements or needs of the Persons making such disclosures.

SECTION 9. INDEMNIFICATION AND EXPENSES

9.1 GENERAL INDEMNITY

[INTENTIONALLY OMITTED]

## 9.2 EXPENSES

## 9.2.1 INVOICES AND PAYMENT

Each of the Owner Trustee, Mortgagee, Lessee, the Applicable Pass Through Trustees, and the Subordination Agent shall promptly submit to Lessee for its prompt approval (which shall not be unreasonably withheld) copies of invoices in reasonable detail of the Transaction Expenses for which it is responsible for providing information as they are received (but in no event later than the 90th day after the Delivery Date). If so submitted and approved, Lessee agrees promptly to pay Transaction Expenses.

## 9.2.2 PAYMENT OF OTHER EXPENSES

Lessee shall pay (i) the ongoing fees and expenses of Owner Trustee and Mortgagee, and (ii) all reasonable out-of-pocket costs and expenses (including the reasonable fees and disbursements of counsel) incurred by any Participant attributable to (A) any transfer of title to the Aircraft or any Engine contemplated by Section 4.6 of the Lease or (B) any waiver, amendment or modification of any Operative Agreement to the extent requested by Lessee.

## 9.3 GENERAL TAX INDEMNITY

[INTENTIONALLY OMITTED]



## SECTION 10. ASSIGNMENT OR TRANSFER OF INTERESTS

## 10.1 PARTICIPANTS, OWNER TRUSTEE AND NOTE HOLDERS

## 10.1.1 OWNER PARTICIPANT

(a) During the Term, Owner Participant shall not Transfer any or all of its right, title or interest in the Trust Estate or the Trust Agreement and to this Agreement unless:

(i) The Transferee shall have full power, authority and legal right to execute and deliver and to perform whatever obligations under this Agreement and the other Owner Participant Agreements shall be assumed by such Transferee;

(ii) The Transferee shall enter into one or more legal, valid, binding and enforceable agreements (accompanied by an opinion of counsel (who may be internal counsel for Owner Participant or the Transferee) addressed to Lessee, Owner Trustee and Mortgagee to the effect that the Transferee has the power and authority to execute, deliver and perform such agreement or agreements, and that such agreement or agreements are legal, binding and enforceable against Transferee in accordance with its or their terms, subject to customary bankruptcy and equitable remedies exceptions and to any other applicable exceptions, qualifications and assumptions of the types contained in the opinions delivered pursuant to Section 5.1.2(xxiii) (F) and (G)) effective to confirm that such Transferee agrees for the benefit of Lessee, Owner Trustee and Mortgagee to be bound by all the

terms of and to undertake all of the obligations arising after such Transfer of the transferring Owner Participant under this Agreement and the other Owner Participant Agreements, and in which it makes representations and warranties comparable to those contained in Section 6.2;

(iii) Owner Participant shall deliver to Lessee and Mortgagee an opinion of counsel (which may be internal counsel for Owner Participant) to the effect that such Transfer does not violate the Act, the Securities Act or any other applicable Federal law, subject to applicable exceptions, qualifications and assumptions of the types contained in the opinions delivered pursuant to Section 5.1.2(xxiii) (F) and (G);

(iv) The Transferee is a Citizen of the United States, if such citizenship is necessary to maintain registration of the Aircraft under the Act (it being understood that the existence of any such requirement is to be determined without giving consideration to Section 47.9 of the FAA Regulations), or shall use a voting powers trust or similar arrangement in order to hold an interest in the Trust Estate such that the Aircraft can be registered in the United States (without giving consideration to Section 47.9 of the FAA Regulations); and

(v) Its Transferee shall be either (A) a Permitted Institution or (B) any other person (other than, without Lessee's consent, a commercial air carrier or Affiliate thereof that is in direct competition with Lessee) the obligations of which under the Owner Participant Agreements are guaranteed by a Permitted Institution or a guarantor consented to by Lessee, Owner Trustee and Mortgagee, in any case, pursuant to a written guaranty, in form and substance reasonably satisfactory to Lessee and, if at the time of Transfer to such Transferee an Event of Default that is not also, and is not caused by, a Lease Event of Default has occurred and is continuing, to Mortgagee.

(b) Notwithstanding anything to the contrary contained in this Section 10.1:

(i) Owner Participant may at any time grant participations in its interest in and to this Agreement, the Trust Estate or the Trust Agreement to any person

(hereinafter in this Section 10.1.1(b) referred to as a "participant"), so long as (A) no such participant shall be an Owner Participant of record, it being agreed that Lessee, the Note Holders, Owner Trustee and Mortgagee shall be entitled to deal solely with Owner Participant of record (who shall not (unless such participant is the sole participant and is a Permitted Institution) be required by contract to obtain the consent of any such participant in order to take action under the Operative Agreements) in connection with the transactions contemplated by this Agreement and the other Operative Agreements and (B) Owner Participant shall provide Lessee, the Note Holders, Owner Trustee and Mortgagee with written notice of any such participation specifying the name and address of the proposed participant and shall reimburse Lessee, the Note Holders, Owner Trustee and Mortgagee for all reasonable Expenses incurred by such party relating to any such participation;

(ii) Owner Participant may at any time Transfer any or all of its right to receive payment of residual value of the Aircraft (including, without limitation, with respect to a Transfer of all or a portion of (y) any net proceeds from a sale or re-lease of the Aircraft whether at the end of the Term or pursuant to any provision of the Lease or otherwise or (z) the net proceeds received as a result of an Event of Loss or an Event of Default), subject in each case to the Lien of the Trust Indenture (to the extent applicable);

(iii) There shall be no more than two Owner Participants of record at any one time; and

(iv) After the expiration or termination of the Term of the Lease and discharge of the Lien of the Trust Indenture, Owner Participant may freely Transfer all or any of its right, title or interest in and to this Agreement, the Trust Estate and the Trust Agreement without compliance with this Section 10.1;

provided, that (A) no participant under clause (i) above or transferee under clause (ii) above shall have any direct rights under the Operative Agreements or any Lien on all or any part of the Aircraft, Trust Estate or Trust Indenture Estate, (B) Lessee shall not have any increased liability or obligations as a result of any participation under clause (i) above or Transfer under

clause (ii) above and (C) any participation under clause (i) above or Transfer under clause (ii) above shall not cause the Aircraft to be or become ineligible for registration in the name of Owner Trustee under the Act and regulations then applicable thereunder (without giving consideration to Section 47.9 of the FAA Regulations).

(c) Owner Participant shall give written notice to Lessee, Mortgagee and Owner Trustee at least 10 days prior to any such Transfer, specifying the name and address of the proposed Transferee, and providing financial statements of the proposed Transferee evidencing the requirements described in Section 10.1.1(a)(v)(A) or (B) above.

(d) Any fees, charges and expenses, including the reasonable legal fees, charges and expenses incurred by Lessee, Owner Participant, Mortgagee, any Note Holder or Owner Trustee in connection with any Transfer by Owner Participant permitted by this Section 10.1.1, or by the Transferee in any such case, will be paid for by Lessee, in the case of any Transfer by the initial Owner Participant, and thereafter by the Owner Participant making a transfer, or its Transferee.

#### 10.1.2 OWNER TRUSTEE

Owner Trustee may transfer its interests in the Trust Agreement pursuant to Section 9 thereof.

#### 10.1.3 NOTE HOLDERS

Subject to Section 7.5.3 hereof and Section 2.07 of the Trust Indenture, any Note Holder may, at any time and from time to time, Transfer or grant participations in all or any portion of the Equipment Notes and/or all or any portion of its beneficial interest in its Equipment Notes and the Trust Indenture Estate to any person (it being understood that the sale or issuance of Pass Through Certificates by a Pass Through Trustee shall not be considered a Transfer or participation); provided, that any participant in any such participations shall not have any direct rights under the Operative Agreements or any Lien on all or any part of the Aircraft or Trust Indenture Estate and Lessee shall not have any increased liability or obligations as a result of any such participation. In the case of any such Transfer, the Transferee, by acceptance of Equipment Notes in connection with such Transfer, shall be deemed to be bound by all

of the covenants of Note Holders contained in the Operative Agreements.

#### 10.2 EFFECT OF TRANSFER

Upon any Transfer in accordance with Section 10.1.1, 10.1.2 or 10.1.3 (other than any Transfer (a) by Owner Participant pursuant to Section 10.1.1(b)(i) or (ii), or (b) by any Note Holder, in each case, to the extent it only grants participations in Equipment Notes or in its beneficial interest therein), Transferee shall be deemed an "Owner Participant," "Owner Trustee" or a "Note Holder," respectively, for all purposes of this Agreement and the other Operative Agreements and, in the case of a Transferee of any Participant or Note Holder, shall be deemed to have paid its ratable portion of Lessor's Cost previously made by Owner Participant or Loan Participant, respectively, making such conveyance and represented by the interest being conveyed, and each reference herein to Owner Participant, Owner Trustee or Note Holder, respectively, shall thereafter be deemed a reference to such Transferee for all purposes, and the transferring Owner Participant, Owner Trustee or Note Holder shall be released (except, in the case of Owner Participant, to the extent of any guaranty provided by it under Section 10.1.1(a)(v)) from all of its liabilities and obligations under this Agreement and any other Operative Agreements to the extent such liabilities and obligations arise after such Transfer and, in each case, to the extent such liabilities and obligations are assumed by the transferee; provided, that such transferring Owner Participant, Owner Trustee or Note Holder (and its respective Affiliates, successors, assigns, agents, servants, representatives, directors and officers) will continue to have the benefit of any rights or indemnities under any Operative Agreement vested or relating to circumstances, conditions, acts or events prior to such Transfer.

### SECTION 11. REFUNDING AND CERTAIN OTHER MATTERS

#### 11.1 REFUNDING GENERALLY

Subject to Sections 11.3 and 11.4, in the event that at any time Lessee shall have given written notice to Owner Participant, Owner Trustee, and Mortgagee that Lessee is requesting a voluntary redemption of all, but not less than all, of the outstanding Equipment Notes (in compliance with the provisions of Sections 2.11 and 2.12 of the Trust Indenture) by Owner Trustee

as part of a refunding transaction, Owner Participant agrees to negotiate in good faith and promptly conclude an agreement, in form and substance reasonably satisfactory to Owner Participant, with Lessee as to the terms of such refunding transaction (including the terms of any debt to be issued in connection with such refunding transaction and the documentation to be executed in connection therewith), and after Lessee and Owner Participant shall have concluded such an agreement:

#### 11.1.1 REFUNDING CERTIFICATE

Within ten Business Days after reaching such agreement, Owner Participant will deliver to Lessee a Refunding Certificate. The terms of the Refunding Certificate shall not provide for an increase in the then-outstanding principal amount of the Equipment Notes. Within ten Business Days of its receipt of the Refunding Certificate, Lessee may demand a verification pursuant to Section 3.2.1(d) of the Lease of the information set forth in the Refunding Certificate. Upon the acceptance by Lessee of the accuracy of the information set forth in the Refunding Certificate or the determination pursuant to such verification procedures of the Refunding Information, the appropriate parties will take the actions specified in Sections 11.1.2 through 11.1.7 below.

#### 11.1.2 FINANCING AGREEMENTS

Owner Trustee, Mortgagee and other appropriate parties will enter into a financing or loan agreement in form and substance satisfactory to Owner Participant with the institution or institutions to be named therein providing for (a) the issuance and sale by Owner Trustee to such institution or institutions on the Refunding Date of the New Debt and (b) the application of the proceeds of the sale of the New Debt to the redemption of all such Equipment Notes on the Refunding Date.

#### 11.1.3 LEASE AMENDMENTS

As a condition to the closing of the refunding transaction, Lessee and Owner Trustee will amend the Lease, as contemplated by Section 3.2.1(b) of the Lease, to provide that (a) Basic Rent in respect of the period from and after the Refunding Date shall be as provided in the Refunding Information and (b) amounts payable in respect of Stipulated Loss Value and Termination Value from and after the Refunding Date shall be as provided in the Refunding Information.

#### 11.1.4 SECURITY AGREEMENTS

Owner Trustee will enter into an agreement to provide for the securing thereunder of the New Debt in like manner as the Equipment Notes and will enter into such amendments and supplements to the Trust Indenture (or such new indenture or other security agreement) as may be necessary to effect such refunding).

#### 11.1.5 MAKE-WHOLE AMOUNT

At the closing of such refunding (and as indemnification for the loss resulting therefrom), Owner Trustee shall pay, upon receipt of the same from Lessee (which Lessee shall pay as Supplemental Rent as a condition to the closing to the refunding transaction), to each Note Holder, the Make-Whole Amount, if any, payable to such Note Holder.

#### 11.1.6 EXPENSES

Whether or not such refunding transaction is consummated, Lessee shall pay or reimburse all of the reasonable Expenses of all parties to such refunding transaction, including, without limitation, the reasonable fees and expenses of such parties' counsel and any related loan or commitment fees and the reasonable fees and expenses of one advisor to Owner Participant.

#### 11.1.7 RETURN OF EQUIPMENT NOTES

Subject to compliance by Owner Trustee and Lessee with all applicable terms and conditions for voluntary prepayment under the Trust Indenture and this Agreement, each Note Holder will transfer to Owner Trustee the Equipment Notes held by it for cancellation (and Owner Trustee shall cancel the same), against receipt by such Note Holder of the then-outstanding principal amount of such Equipment Notes, accrued and unpaid interest and Make-Whole Amount, if any, thereon, together with payment in full of all other amounts then payable to such Note Holder and Mortgagee hereunder or under the Trust Indenture.

#### 11.2 TIMING; REFUNDING LIMIT; NOTICE

No such optional refunding shall be permitted until after the last day of the calendar year in which the fifth anniversary of the Delivery Date occurs. Only one such refunding shall be permitted during the Term. Lessee, acting on behalf of Owner

Trustee, shall give Mortgagee at least 30 days' revocable prior written notice of the proposed date of the optional redemption.

#### 11.3 LIMITATIONS ON OBLIGATION TO REFUND

Notwithstanding the foregoing, Owner Participant shall have no obligation to proceed with any refunding transaction as contemplated by this Section 11:

(a) If in Owner Participant's reasonable good faith judgment, such transaction would have an adverse impact on it (including, without limitation, the risk of adverse tax consequences to Owner Participant for which it is not indemnified by Lessee or the unavailability to Owner Trustee or Mortgagee of the benefits of Section 1110 with respect to the Aircraft);

(b) Unless a third party or parties, unaffiliated with Lessee or Owner Participant, shall have committed to (and shall) provide the financing needed to consummate the proposed refunding transaction, it being understood that Owner Participant shall not have any obligation to locate any such party or parties;

(c) Unless Lessee indemnifies Owner Trustee and Owner Participant by agreement in form and substance satisfactory to each of them for any liability, obligation (other than the obligation to pay principal and interest and related payments in respect of the New Debt), cost or expense (including, without limitation, reasonable attorneys' fees) related to or arising out of any such refunding transaction;

(d) If a Lease Default or a Lease Event of Default shall have occurred and be continuing; or

(e) If such refunding is to be denominated in any currency other than Dollars.

#### 11.4 ALL EQUIPMENT NOTES

Any refinancing pursuant to this Section 11 shall be of all Equipment Notes then outstanding.

#### 11.5 EXECUTION OF CERTAIN DOCUMENTS

Lessee, Owner Participant, Owner Trustee and Mortgagee each agree to execute any document necessary or advisable to implement this Section 11 (including, without limitation, the execution,



delivery and/or provision of any appropriate additional or modified amendment, representation, warranty, certificate, opinion or other document that may reasonably be requested by Lessee or any other person).

#### 11.6 ERISA

Owner Participant shall not be obligated to conclude the proposed refunding transaction unless the agreements utilized to effect such refunding contain an agreement by the initial holders of the New Debt substantially the same as Section 7.5.2(b) of this Agreement, except, so long as relevant provisions of ERISA shall not have changed since the date of this Agreement in any respect material to Owner Participant with respect to such refunding, in the case of any refunding transaction where the New Debt is sold in a public offering under the Securities Act or a private placement intended for resale pursuant to Rule 144A under the Securities Act, in which case the holders of the New Debt shall be subject to the restrictions relating to ERISA substantially the same as those applicable to the purchasers of the Pass Through Certificates, as described in the Offering Circular relating to the initial issuance and sale of the Pass Through Certificates.

#### 11.7 CONSENT TO OPTIONAL REDEMPTIONS

Each of Owner Participant, Owner Trustee and Mortgagee agrees with Lessee not to cause an optional redemption of the Equipment Notes that would cause an increase in Lessee's periodic Rent obligations or adversely affect Lessee's voluntary redemption rights under this Section 11 or any of Lessee's other rights or obligations under the Operative Agreements without the prior written consent of Lessee or at Lessee's expense except as provided in Section 2.13 of the Trust Indenture or otherwise in connection with the exercise of remedies under the Trust Indenture upon the occurrence and continuation of a Lease Event of Default.

#### SECTION 12. LEASE FOR ALL PURPOSES; SECTION 1110

(a) Each of Lessee, Owner Participant and Owner Trustee agrees that the Lease constitutes an agreement of lease and nothing contained therein shall be construed as conveying to Lessee any right, title or interest in the Aircraft except as a lessee only.

(b) It is the intention of each of Lessee, Owner Participant, Loan Participant, the Note Holders (such intention being evidenced by each of their acceptance of an Equipment Note), Owner Trustee and Mortgagee that Owner Trustee, as lessor under the Lease (and Mortgagee as assignee of Owner Trustee under the Trust Indenture), shall be entitled to the benefits of Section 1110 with respect to the right to take possession of the Aircraft, Airframe, Engines and Parts as provided in the Lease in the event of a case under Chapter 11 of the Bankruptcy Code in which Lessee is a debtor, and in any instance where more than one construction is possible of the terms and conditions of the Lease or any other pertinent Operative Agreement, each such party agrees that a construction which would preserve such benefits shall control over any construction which would not preserve such benefits.

#### SECTION 13. OWNER PARTICIPANT'S RIGHT TO RESTRUCTURE

##### 13.1 GENERAL RIGHT TO RESTRUCTURE

Lessee, Loan Participant and each Note Holder agree that after the Delivery Date and subject to the limitations of Section 13.2, for so long as the initial Owner Participant is the Owner Participant, the Owner Participant shall have the right to restructure the Transactions using (a) a "cross-border lease," a tax lease or a head-lease/sublease structure and (b) any other transaction, which may involve special structural arrangements, as such Owner Participant may elect (any such structure described above, a "Special Structure"). Any Special Structure may result in additional persons participating in the Transactions, which persons shall agree to provisions comparable to Sections 7.6.5(a) and 7.6.14. Subject to the provisions of Sections 13.2 and 13.3, Lessee, Loan Participant and each Note Holder agree to cooperate in the implementation of any such restructuring and take such action as may reasonably be requested by the Owner Participant to accomplish such restructuring, including taking such actions as may be reasonable or customary in the type of Special Structure elected. In connection with any proposed Special Structure, Owner Participant shall provide all information reasonably requested by Lessee, Loan Participant or any Note Holder with respect thereto. The Owner Participant shall be entitled to retain all of the benefits of any such transaction.

## 13.2 LIMITATIONS ON RESTRUCTURING PROVISIONS; ADDITIONAL TERMS

## 13.2.1 LESSEE

Notwithstanding Section 13.1, in no event shall any such Special Structure (a) change the terms and conditions of Lessee's rights and obligations, from those which Lessee would otherwise possess or be subject to in the absence of any such Special Structure, in a manner which is materially adverse to Lessee, (b) expose Lessee to any additional risks (including overall tax risks) beyond those to which Lessee would be exposed in the absence of any such Special Structure or (c) change the terms and conditions of Lessee's rights and obligations, from those which Lessee would otherwise possess or be subject to in the absence of any Special Structure, in a manner which is adverse to Lessee, unless, with respect to clause (b) and clause (c) above, Lessee shall have been indemnified against such additional risks by Owner Participant, or other participants in such transaction (so long as such other participants shall, as to their creditworthiness at the time any such indemnity is given, be reasonably acceptable to Lessee) in a manner reasonably satisfactory to Lessee. In no event shall Lessee be required to provide an indemnity with respect to any foreign tax benefit of a Special Structure or to indemnify against the failure of a head lease not to constitute a true lease for U.S. federal income tax purposes.

## 13.2.2 LOAN PARTICIPANT AND NOTE HOLDERS

Notwithstanding Section 13.1, any such Special Structure shall not, and prior to the exercise of its rights thereunder, the Owner Participant shall deliver an officer's certificate to Mortgagee and to the Pass Through Trustees that provides that any such Special Structure shall not, (a) change the terms and conditions of Loan Participant's or any Note Holder's rights and obligations under the Operative Agreements or rights and obligations of holders of Pass Through Certificates issued in connection with the Transaction or the rights and obligations of any of the other Indenture Indemnitees, from those which Loan Participant, Note Holders, or Indenture Indemnitees and such Pass Through Certificate holders would otherwise possess or be subject to in the absence of such Special Structure (including, without limitation, the amount and timing of any payment of principal, interest and Make-Whole Amount under the Equipment Notes, the

relative rights of the Note Holders and other Indenture Indemnitees with respect to such payments and such holder of Pass Through Certificates and the priority of Mortgagee's Lien on the Trust Indenture Estate under the Trust Indenture) or (b) expose Loan Participant, any such Note Holder, any such holder of Pass Through Certificates or other Indenture Indemnitees to any additional risks beyond those to which Loan Participant, such Certificate Holder or such holder of Pass Through Certificates would be exposed in the absence of such Special Structure. In addition, in no event shall any Special Structure be permitted unless a written confirmation from the Rating Agencies is obtained prior to the implementation of such Special Structure to the effect that such Special Structure will not adversely affect the ratings of the Pass Through Certificates.

### 13.3 SPECIAL STRUCTURE TRANSACTION EXPENSES

Whether or not any proposed restructuring transaction under this Section 13 is consummated, the Owner Participant shall pay (or cause to be paid) the reasonable costs and expenses incurred by all parties in connection therewith; provided, that if any proposed Special Structure is not consummated as a result of Lessee's failure to act in good faith in connection with any amendments to any Operative Agreement necessary as a result thereof, then all such costs and expenses shall be borne by Lessee.

## SECTION 14. CHANGE OF CITIZENSHIP

### 14.1 GENERALLY

Without prejudice to the representations, warranties or covenants regarding the status of any party hereto as a Citizen of the United States:

(a) Each of Lessee, First Security, WTC and Mortgagee agrees that it will, immediately upon obtaining knowledge of any facts that would cast doubt upon its continuing status as a Citizen of the United States and promptly upon public disclosure of negotiations in respect of any transaction which would or might adversely affect such status, notify in writing all parties hereto of all relevant matters in connection therewith; and

(b) Owner Participant agrees that, in the event its status is to change or has changed as a Citizen of the United States, or it makes public disclosure of circumstances as a result of which

it believes that such status is likely to change, it will notify all the other parties to this Participation Agreement of (i) such change in status promptly after obtaining Actual Knowledge thereof or (ii) such belief as soon as practicable after such public disclosure but in any event within ten Business Days after such public disclosure.

#### 14.2 OWNER PARTICIPANT

Owner Participant agrees, solely for the benefit of Lessee and the Note Holders that if, during such time as the Aircraft is registered in the United States, (a) it shall not be a Citizen of the United States and (b) the Aircraft shall be, or would therefore become, ineligible for registration in the name of Owner Trustee under the Act and regulations then applicable thereunder (without giving consideration to Section 47.9 of the FAA Regulations), then Owner Participant shall as soon as is reasonably practicable, but in any event within 30 days after obtaining Actual Knowledge of such ineligibility and of such loss of citizenship, (y) effect voting trust or other similar arrangements (in which case any provisions contained in the Operative Agreements restricting Owner Participant's or Owner Trustee's ability to amend the Trust Agreement shall not apply to the extent necessary to permit the use of such a voting trust or other similar arrangement) or take any other action as may be necessary to prevent any deregistration or maintain the United States registration of the Aircraft or (z) transfer in accordance with the terms of this Agreement all its right, title and interest in and to this Agreement, the Trust Estate and the Trust Agreement in accordance with Section 10.1.

#### 14.3 OWNER TRUSTEE

Upon First Security giving any notice in accordance with Section 14.1(a), Owner Trustee shall, subject to Section 9.1.1 of the Trust Agreement, resign as Owner Trustee. Upon its receipt of such notice, Owner Participant shall as promptly as practicable appoint a Citizen of the United States as successor Owner Trustee pursuant to Section 9.1 of the Trust Agreement.

#### 14.4 MORTGAGEE

Upon WTC giving any notice in accordance with Section 14.1(a), Mortgagee shall (if and so long as such citizenship is necessary under the Act as in effect at such time or, if it is not necessary, if and so long as Mortgagee's

citizenship could have any adverse effect on Lessee, any Participant or any Note Holder), subject to Section 8.02 of the Trust Indenture, resign as Mortgagee promptly upon its ceasing to be such a citizen.

#### SECTION 15. CONCERNING OWNER TRUSTEE

It is understood and agreed that, except as otherwise expressly provided herein or in the Trust Agreement or the Trust Indenture, Owner Trustee is entering into this Agreement solely in its capacity as trustee as provided in the Trust Agreement and not in its individual capacity and in no case whatsoever will it be liable or accountable in its individual capacity for any of the statements, representations, warranties, agreements or obligations of Owner Trustee hereunder, or for any loss in respect thereof, as to all of which the parties agree to look solely to the Trust Estate; provided, that nothing in this Section 15 shall be deemed to limit in scope or substance the personal liability of First Security (a) to Owner Participant as expressly set forth in the Trust Agreement, (b) in respect of the representations, warranties and agreements of First Security expressly made as such herein or in any other Operative Agreement to which it is a party, and (c) for the consequences of its own gross negligence, willful misconduct, and, in receiving, handling or remitting of funds only, its willful misconduct or simple negligence as a trustee.

#### SECTION 16. MISCELLANEOUS

##### 16.1 AMENDMENTS

No provision of this Agreement may be amended, supplemented, waived, modified, discharged, terminated or otherwise varied orally, but only by an instrument in writing that specifically identifies the provision of this Agreement that it purports to amend, supplement, waive, modify, discharge, terminate or otherwise vary and is signed by the party against which the enforcement of the amendment, supplement, waiver, modification, discharge, termination or variance is sought. Each such amendment, supplement, waiver, modification, discharge, termination or variance shall be effective only in the specific instance and for the specific purpose for which it is given. No provision of this Agreement shall be varied or contradicted by oral communication, course of dealing or performance or other manner not set forth in an agreement, document or instrument in

writing and signed by the party against which enforcement of the same is sought.

#### 16.2 SEVERABILITY

If any provision hereof shall be held invalid, illegal or unenforceable in any respect in any jurisdiction, then, to the extent permitted by Law, (a) all other provisions hereof shall remain in full force and effect in such jurisdiction and (b) such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction. If, however, any Law pursuant to which such provisions are held invalid, illegal or unenforceable may be waived, such Law is hereby waived by the parties hereto to the full extent permitted, to the end that this Agreement shall be deemed to be a valid and binding agreement in all respects, enforceable in accordance with its terms.

#### 16.3 SURVIVAL

The representations, warranties, indemnities and covenants set forth herein shall survive the making available of the respective Commitments by Participants, the delivery or return of the Aircraft, the Transfer of any interest of Owner Participant in this Agreement, the Trust Estate and the Trust Agreement, the Transfer of any interest by any Note Holder of its Equipment Note, provided that on the expiration or other termination of the Lease, only such indemnities shall survive.

#### 16.4 REPRODUCTION OF DOCUMENTS

This Agreement, all annexes, schedules and exhibits hereto and all agreements, instruments and documents relating hereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed and (b) financial statements, certificates and other information previously or hereafter furnished to any party hereto, may be reproduced by such party by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process, and such party may destroy any original documents so reproduced. Any such reproduction shall be as admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such party in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction likewise is admissible in evidence.

## 16.5 COUNTERPARTS

This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts (or upon separate signature pages bound together into one or more counterparts), each of which when so executed shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument.

## 16.6 NO WAIVER

No failure on the part of any party hereto to exercise, and no delay by any party hereto in exercising, any of its respective rights, powers, remedies or privileges under this Agreement or provided at Law, in equity or otherwise shall impair, prejudice or constitute a waiver of any such right, power, remedy or privilege or be construed as a waiver of any breach hereof or default hereunder or as an acquiescence therein nor shall any single or partial exercise of any such right, power, remedy or privilege preclude any other or further exercise thereof by it or the exercise of any other right, power, remedy or privilege by it. No notice to or demand on any party hereto in any case shall, unless otherwise required under this Agreement, entitle such party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of any party hereto to any other or further action in any circumstances without notice or demand.

## 16.7 NOTICES

Unless otherwise expressly permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents, waivers and other communications required or permitted to be made, given, furnished or filed hereunder shall be in writing (it being understood that the specification of a writing in certain instances and not in others does not imply an intention that a writing is not required as to the latter), shall refer specifically to this Agreement or other applicable Operative Agreement, and shall be personally delivered, sent by facsimile or telecommunication transmission (which in either case provides written confirmation to the sender of its delivery), sent by registered mail or certified mail, return receipt requested, postage prepaid, or sent by overnight courier service, in each case to the respective address, or facsimile number set forth for such party in Schedule 1, or to such other address,



facsimile or other number as each party hereto may hereafter specify by notice to the other parties hereto. Each such notice, request, demand, authorization, direction, consent, waiver or other communication shall be effective when received or, if made, given, furnished or filed (a) by facsimile or telecommunication transmission, when confirmed, or (b) by registered or certified mail, three Business Days after being deposited, properly addressed, with the U.S. Postal Service.

#### 16.8 GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE

(a) THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS. THIS AGREEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK.

(b) EACH PARTY HERETO HEREBY IRREVOCABLY AGREES, ACCEPTS AND SUBMITS ITSELF TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN THE CITY AND COUNTY OF NEW YORK AND OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK IN CONNECTION WITH ANY LEGAL ACTION, SUIT OR PROCEEDING WITH RESPECT TO ANY MATTER RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

(c) EACH PARTY HERETO HEREBY IRREVOCABLY CONSENTS AND AGREES TO THE SERVICE OF ANY AND ALL LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE MADE BY MAILING COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, AT THE ADDRESS IN THE STATE, CITY AND COUNTY OF NEW YORK SET FORTH PURSUANT TO SECTION 16.7. EACH PARTY HERETO HEREBY AGREES THAT SERVICE UPON IT, OR ANY OF ITS AGENTS, IN EACH CASE IN ACCORDANCE WITH THIS SECTION 16.8(C), SHALL CONSTITUTE VALID AND EFFECTIVE PERSONAL SERVICE UPON SUCH PARTY, AND EACH SUCH PARTY HEREBY AGREES THAT THE FAILURE OF ANY OF ITS AGENTS TO GIVE ANY NOTICE OF SUCH SERVICE TO SUCH PARTY SHALL NOT IMPAIR OR AFFECT IN ANY WAY THE VALIDITY OF SUCH SERVICE ON SUCH PARTY OR ANY JUDGMENT RENDERED IN ANY ACTION OR PROCEEDING BASED THEREON.

#### 16.9 THIRD-PARTY BENEFICIARY

This Agreement is not intended to, and shall not, provide any person not a party hereto (other than the Indenture Indemnitees, each of which is an intended third party beneficiary with respect to the provisions of Section 9.1, and the persons

referred to in Section 7.6.14, which are intended third party beneficiaries with respect to such Section) with any rights of any nature whatsoever against any of the parties hereto and no person not a party hereto (other than the Indenture Indemnitees with respect to the provisions of Section 9.1, and the persons referred to in Section 7.6.14 with respect to the provisions of such Section) shall have any right, power or privilege in respect of any party hereto, or have any benefit or interest, arising out of this Agreement.

#### 16.10 ENTIRE AGREEMENT

This Agreement, together with the other Operative Agreements, on and as of the date hereof, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and all prior or contemporaneous understandings or agreements, whether written or oral, among any of the parties hereto with respect to such subject matter are hereby superseded in their entireties. Notwithstanding the foregoing or any other provisions of the Operative Agreements, the Lessee agrees with the Owner Participant that the provisions of this Agreement (including, without limitation, the provisions of Sections 9.1 and 9.3 of this Agreement) or any other Operative Agreement are not intended nor shall they be construed to limit the Lessee's obligations to, or the rights of, the Owner Participant under any other agreement between the Lessee and the Owner Participant (it being understood that any such agreements will not affect the rights and obligations of the Loan Participant or the Mortgagee under the Operative Agreements).

#### 16.11 FURTHER ASSURANCES

Each party hereto shall execute, acknowledge and deliver or shall cause to be executed, acknowledged and delivered, all such further agreements, instruments, certificates or documents, and shall do and cause to be done such further acts and things, in any case, as any other party hereto shall reasonably request in connection with the administration of, or to carry out more effectually the purposes of, or to better assure and confirm into such other party the rights and benefits to be provided under this Agreement and the other Operative Agreements.

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IN WITNESS WHEREOF, each of the parties hereto confirms that it has had an opportunity to review, become familiar with and negotiate this Participation Agreement, including, without limitation, Section 16.8, and has caused this Participation Agreement to be duly executed and delivered as of the day and year first above written.

CONTINENTAL AIRLINES, INC.,  
Lessee

By \_\_\_\_\_  
Name:  
Title:  
\_\_\_\_\_  
Owner Participant

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

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
not in its individual  
capacity, except as expressly  
provided herein, but solely as  
Owner Trustee,  
Owner Trustee

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

WILMINGTON TRUST COMPANY,  
not in its individual  
capacity, except as expressly provided  
herein, but solely as  
Mortgagee,  
Mortgagee

By -----  
Name:  
Title:

WILMINGTON TRUST COMPANY,  
not in its individual  
capacity, except as expressly provided  
herein, but solely as  
Pass Through Trustee under  
the Pass Through Trust Agreement for  
the Continental Pass Through Trust,  
1997-1A-0

By -----  
Name:  
Title:

WILMINGTON TRUST COMPANY,  
not in its individual  
capacity, except as expressly provided  
herein, but solely as  
Pass Through Trustee under  
the Pass Through Trust Agreement for  
the Continental Airlines Pass Through  
Trust, 1997-1B-0

By -----  
Name:  
Title:

WILMINGTON TRUST COMPANY,  
not in its individual  
capacity, except as expressly provided  
herein, but solely as  
Pass Through Trustee under  
the Pass Through Trust Agreement for  
the Continental Airlines Pass Through  
Trust, 1997-[1C-1][1C-II]-0

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

WILMINGTON TRUST COMPANY,  
not in its individual  
capacity, except as expressly provided  
herein, but solely as  
Subordination Agent

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

## ANNEX A

## DEFINITIONS

## GENERAL PROVISIONS

(a) In each Operative Agreement, unless otherwise expressly provided, a reference to:

(i) each of "Lessee," "Lessor," "Loan Participant," "Owner Trustee," "Owner Participant," "Mortgagee," "Note Holder" or any other person includes, without prejudice to the provisions of any Operative Agreement, any successor in interest to it and any permitted transferee, permitted purchaser or permitted assignee of it;

(ii) words importing the plural include the singular and words importing the singular include the plural;

(iii) any agreement, instrument or document, or any annex, schedule or exhibit thereto, or any other part thereof, includes, without prejudice to the provisions of any Operative Agreement, that agreement, instrument or document, or annex, schedule or exhibit, or part, respectively, as amended, modified or supplemented from time to time in accordance with its terms and in accordance with the Operative Agreements, and any agreement, instrument or document entered into in substitution or replacement therefor (including, without limitation, in the case of each Pass Through Trust Agreement, the "Related Pass Through Trust Agreement" as defined therein);

(iv) any provision of any Law includes any such provision as amended, modified, supplemented, substituted, reissued or reenacted prior to the Delivery Date, and thereafter from time to time;

(v) the words "Agreement," "this Agreement," "hereby," "herein," "hereto," "hereof" and "hereunder" and words of similar import when used in any Operative Agreement refer to such Operative Agreement as a whole and not to any particular provision of such Operative Agreement;

(vi) the words "including," "including, without limitation," "including, but not limited to," and terms or phrases of similar import when used in any Operative Agreement, with respect to any matter or thing, mean including, without limitation, such matter or thing; and

(vii) a "Section," an "Exhibit," an "Annex" or a "Schedule" in any Operative Agreement, or in any annex thereto, is a reference to a section of, or an exhibit, an annex or a schedule to, such Operative Agreement or such annex, respectively.

(b) Each exhibit, annex and schedule to each Operative Agreement is incorporated in, and shall be deemed to be a part of, such Operative Agreement.

(c) Unless otherwise defined or specified in any Operative Agreement, all accounting terms therein shall be construed and all accounting determinations thereunder shall be made in accordance with GAAP.

(d) Headings used in any Operative Agreement are for convenience only and shall not in any way affect the construction of, or be taken into consideration in interpreting, such Operative Agreement.

#### DEFINED TERMS

"Act" means part A of subtitle VII of title 49, United States Code.

"Actual Knowledge" means (a) as it applies to Owner Trustee or Mortgagee, as the case may be, actual knowledge of a responsible officer in the Corporate Trust Department or the Corporate Trust Office, respectively, and (b) as it applies to Owner Participant or Lessee, actual knowledge of a Vice President or more senior officer of Owner Participant or Lessee, respectively, or any other officer of Owner Participant or Lessee, respectively, having responsibility for the transactions contemplated by the Operative Agreements; provided that each of Lessee, Owner Participant, Owner Trustee and Mortgagee shall be deemed to have "Actual Knowledge" of any matter as to which it has received notice from Lessee, Owner Participant, any Note Holder, Owner Trustee or Mortgagee, such notice having been given pursuant to Section 16.7 of the Participation Agreement.

Annex A Special

"Additional Insured" is defined in Section D of Annex D to the Lease.

"Adverse Change in Tax Law" means (a) for Lessee, a Change in Tax Law that Lessee regards as one that could adversely affect the economic consequences of the transactions contemplated by the Participation Agreement and the other Operative Agreements that are anticipated by Lessee or (b) for Owner Participant, any Change in Tax Law that would adversely affect any of the following tax assumptions:

(i) For federal income tax purposes, the Lease will be a "true" lease for purposes of the Code and Owner Participant will be treated as the owner of the Aircraft and Lessee will be treated as the lessee thereof;

(ii) For federal income tax purposes, Owner Participant will be entitled to depreciation or cost recovery deductions with respect to Lessor's Cost of the Aircraft; and

(iii) For federal income tax purposes, Owner Participant will be entitled to deductions for interest payments on the Equipment Notes.

"Affiliate" means, with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with such person. For purposes of this definition, "control" means the power, directly or indirectly, to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise and "controlling," "controlled by" and "under common control with" have correlative meanings.

"Aircraft" means, collectively, the Airframe and Engines.

"Aircraft Bill of Sale" means the full warranty bill of sale covering the Aircraft delivered by Airframe Manufacturer to Owner Trustee on the Delivery Date.

"Aircraft Documents" means all technical data, manuals and log books, and all inspection, modification and overhaul records and other service, repair, maintenance and technical records that are required by the FAA (or the relevant Aviation Authority), the Lease or Maintenance Program to be maintained with respect to the Aircraft, Airframe, Engines or Parts, or that are of a type



required to be delivered by Lessee upon return of the Aircraft, Airframe or Engines under Section 5 of the Lease; and such term shall include all additions, renewals, revisions and replacements of any such materials from time to time made, or required to be made, in accordance with the Lease or Maintenance Program or by the FAA (or other Aviation Authority) regulations, and in each case in whatever form and by whatever means or medium (including, without limitation, microfiche, microfilm, paper or computer disk) such materials may be maintained or retained by or on behalf of Lessee (provided, that all such materials shall be maintained in the English language); and such term shall include, without limitation, the documents described in Section N of Annex B to the Lease.

"Airframe" means (a) the aircraft (excluding Engines or engines from time to time installed thereon) manufactured by Airframe Manufacturer and identified by Airframe Manufacturer's model number, United States registration number and Airframe Manufacturer's serial number set forth in Lease Supplement No. 1 and any Replacement Airframe and (b) any and all Parts incorporated or installed in or attached or appurtenant to such airframe, and any and all Parts removed from such airframe, unless title to such Parts shall not be vested in Lessor in accordance with Section 8.1 and Annex C of the Lease. Upon substitution of a Replacement Airframe under and in accordance with the Lease, such Replacement Airframe shall become subject to the Lease and shall be the "Airframe" for all purposes of the Lease and the other Operative Agreements and thereupon the Airframe for which the substitution is made shall no longer be subject to the Lease, and such replaced Airframe shall cease to be the "Airframe."

"Airframe Manufacturer" means The Boeing Company, a Delaware corporation.

"Amortization Amount" means, with respect to any Equipment Note, as of any Payment Date, the amount determined by multiplying the percentage set forth opposite such Date on the Amortization Schedule by the Original Amount of such Equipment Note.

"Amortization Schedule" means, with respect to each Equipment Note, the amortization schedule for such Equipment Note delivered pursuant to Section 2.02 of the Trust Indenture.

Annex A Special

"Applicable Pass Through Trust" means each of the separate pass through trusts created under the Applicable Pass Through Trust Agreements.

"Applicable Pass Through Trust Agreement" means each of the separate Pass Through Trust Agreements by and between the Lessee and an Applicable Pass Through Trustee.

"Applicable Pass Through Trustee" means each Pass Through Trustee that is a party to the Participation Agreement.

"Appraiser" means a firm of internationally recognized, independent aircraft appraisers.

"APU" means the auxiliary power unit installed on the Aircraft on the Delivery Date, whether or not installed on the Aircraft from time to time thereafter, unless title to such APU shall not be vested in Lessor in accordance with Section 8.1 of the Lease, and any replacement or substituted auxiliary power unit installed on the Aircraft in accordance with the Lease.

"Average Life Date" for any Equipment Note shall be the date which follows the time of determination by a period equal to the Remaining Weighted Average Life of such Equipment Note. "Remaining Weighted Average Life" on a given date with respect to any Equipment Note shall be the number of days equal to the quotient obtained by dividing (a) the sum of each of the products obtained by multiplying (i) the amount of each then remaining scheduled payment of principal of such Equipment Note by (ii) the number of days from and including such determination date to but excluding the date on which such payment of principal is scheduled to be made, by (b) the then outstanding principal amount of such Equipment Note.

"Aviation Authority" means the FAA or, if the Aircraft is permitted to be, and is, registered with any other Government Entity under and in accordance with Section 7.1.2 of the Lease, such other Government Entity.

"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq.

"Base Lease Term" means the period beginning on and including the Commencement Date and ending on the Scheduled

Expiration Date, or such earlier date on which the Term terminates in accordance with the provisions of the Lease.

"Basic Rent" means the rent payable for the Aircraft pursuant to Section 3.2.1(a) of the Lease.

"Beneficial Owner" when used in relation to an Equipment Note means a Person that, by reason of direct ownership, contract, share ownership or otherwise, has the right to receive or participate in receiving, directly or indirectly, payments of principal, interest or Make-Whole Amount in respect of such Equipment Note; provided that a Person shall not be deemed to be a Beneficial Owner of an Equipment Note solely because another Person in which such a Person owns common stock or other equity securities is a registered holder or Beneficial Owner of such Equipment Note unless such Person is an Affiliate of such other Person.

"BFE" means all appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment of whatever nature sold by Lessee to Owner Trustee pursuant to the BFE Bill of Sale.

"BFE Amount" means the amount paid by Owner Trustee to Lessee to purchase the BFE, and is designated by Dollar amount in Schedule 3 to the Participation Agreement.

"BFE Bill of Sale" means the full warranty bill of sale executed by Lessee in favor of Owner Trustee, dated the Delivery Date, identifying and covering the BFE.

"Bills of Sale" means the FAA Bill of Sale, the Aircraft Bill of Sale and the BFE Bill of Sale.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized or required by law to close in New York, New York, Houston, Texas, Wilmington, Delaware or Salt Lake City, Utah.

"Cash Equivalents" means the following securities (which shall mature within 90 days of the date of purchase thereof): (a) direct obligations of the U.S. Government; (b) obligations fully guaranteed by the U.S. Government; (c) certificates of deposit issued by, or bankers' acceptances of, or time deposits or a deposit account with, Owner Trustee, Mortgagee or any bank,

Annex A Special

trust company or national banking association incorporated or doing business under the laws of the United States or any state thereof having a combined capital and surplus and retained earnings of at least \$500,000,000 and having a rate of "C" or better from the Thomson BankWatch Service; or (d) commercial paper of any issuer doing business under the laws of the United States or one of the states thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's Corporation or Moody's Investors Service, Inc. equal to A1 or higher.

"Change in Tax Law" means any amendment, modification, addition or change in or to the provisions of the Code, any other federal tax statutes, the Treasury Regulations promulgated thereunder, the Internal Revenue Service Revenue Rulings, Revenue Procedures or other administrative or judicial interpretations of the Code or the federal tax statutes that affects the tax assumptions set forth in the Tax Indemnity Agreement or otherwise affects Owner Participant's anticipated Net Economic Return (other than a change in the alternative minimum tax or other change that results in Owner Participant being subject to alternative minimum tax or unable to fully utilize tax benefits because of its particular tax situation).

"Citizen of the United States" is as defined in Section 40102(a)(15) of the Act and in the FAA Regulations.

"Closing" means the closing of the transactions contemplated by the Participation Agreement on the Delivery Date.

"Code" means the Internal Revenue Code of 1986, as amended; provided, that when used in relation to a Plan, "Code" shall mean the Internal Revenue Code of 1986 and any regulations and rulings issued thereunder, all as amended and in effect from time to time.

"Commencement Date" is defined in Schedule 1 to the Lease.

"Commitment" means, for any Participant, the amount of its participation in the payment of Lessor's Cost, which amount shall be determined in accordance with Section 2.1 of the Participation Agreement.

"Commitment Termination Date" is defined in Schedule 3 to the Participation Agreement.

"Consent and Agreement" means the Manufacturer Consent and Agreement \_\_\_\_\_, dated as of even date with the Participation Agreement, of Airframe Manufacturer.

"Continuous Stay Period" is defined in Section 4.04(a) of the Trust Indenture.

"Corporate Trust Department" or "Trust Office" means the principal corporate trust office of Owner Trustee located from time to time at Owner Trustee's address for notices under the Participation Agreement or such other office at which Owner Trustee's corporate trust business shall be administered which Owner Trustee shall have specified by notice in writing to Lessee, Mortgagee and each Note Holder.

"Corporate Trust Office" means the principal office of Mortgagee located at Mortgagee's address for notices under the Participation Agreement or such other office at which Mortgagee's corporate trust business shall be administered which Mortgagee shall have specified by notice in writing to Lessee, Owner Trustee and each Note Holder.

"CRAF" means the Civil Reserve Air Fleet Program established pursuant to 10 U.S.C. Section 9511-13 or any similar substitute program.

"Damage Payment Threshold" is defined in Schedule 1 to the Lease.

"Debt" means any liability for borrowed money, or any liability for the payment of money in connection with any letter of credit transaction or any other liabilities evidenced or to be evidenced by bonds, debentures, notes or other similar instruments.

"Debt Rate" means, with respect to (i) any Series, the rate per annum specified for such Series under the heading "Interest Rate" in Schedule I to the Trust Indenture and (ii) any other purpose, with respect to any period, the weighted average interest rate per annum during such period borne by the outstanding Equipment Notes, excluding any interest payable at the Payment Due Rate.

Annex A Special

"Default" means any event or condition that with the giving of notice or the lapse of time or both would become an Event of Default.

"Definitive Purchase Notice" is defined in Section 17.1 of the Lease.

"Delayed Delivery Date" means a delayed Delivery Date notified to each Participant, Owner Trustee and Mortgagee by Lessee pursuant to Section 4.3 of the Participation Agreement, which delayed Delivery Date shall be a Business Day not later than the Commitment Termination Date.

"Delivery Date" means the Business Day specified in Lease Supplement No. 1 as the date on which, among other things, the Aircraft is delivered to and accepted by Lessee under the Lease and the Closing occurs.

"Deposit Agreement" means each of the four Deposit Agreements between the Depository and the Escrow Agent, dated as of the Issuance Date, each of which relates to one of the Pass Through Trusts, provided that, for purposes of any obligation of Lessee or Owner Trustee, no amendment, modification or supplement to, or substitution or replacement of, any such Deposit Agreement shall be effective unless consented to by Lessee.

"Depository" means Credit Suisse First Boston, New York Branch, as Depository under each Deposit Agreement.

"Dollars," "United States Dollars" or "\$" means the lawful currency of the United States.

"DOT" means the Department of Transportation of the United States or any Government Entity succeeding to the functions of such Department of Transportation.

"Enforcement Date" is defined in Section 4.03 of the Trust Indenture.

"Engine" means (a) each of the engines manufactured by Engine Manufacturer and identified by Engine Manufacturer's model number and Engine Manufacturer's serial number set forth in Lease Supplement No. 1 and originally installed on the Airframe on delivery thereof pursuant to the Lease, and any Replacement Engine, in any case whether or not from time to time installed on such Airframe or installed on any other airframe or aircraft, and

(b) any and all Parts incorporated or installed in or attached or appurtenant to such engine, and any and all Parts removed from such engine, unless title to such Parts shall not be vested in Lessor in accordance with Section 8.1 and Annex C of the Lease. Upon substitution of a Replacement Engine under and in accordance with the Lease, such Replacement Engine shall become subject to the Lease and shall be an "Engine" for all purposes of the Lease and the other Operative Agreements and thereupon the Engine for which the substitution is made shall no longer be subject to the Lease, and such replaced Engine shall cease to be an "Engine."

"Engine Consent and Agreement" means the Engine Manufacturer Consent and Agreement dated as of even date with the Participation Agreement, of Engine Manufacturer.

"Engine Manufacturer" means CFM International, a Delaware corporation.

"Equipment Note Register" is defined in Section 2.07 of the Trust Indenture.

"Equipment Notes" means and includes any equipment notes issued under the Trust Indenture in the form specified in Section 2.01 thereof (as such form may be varied pursuant to the terms of the Trust Indenture) and any Equipment Note issued under the Trust Indenture in exchange for or replacement of any Equipment Note.

"ERISA" means the Employee Retirement Income Security Act of 1974 and any regulations and rulings issued thereunder all as amended and in effect from time to time.

"Escrow Agent" means First Security Bank, National Association, as Escrow Agent under each of the Escrow Agreements.

"Escrow Agreement" means each of the four Escrow and Paying Agent Agreements, among the Escrow Agent, the Paying Agent, certain initial purchasers of the Pass Through Certificates named therein and one of the Pass Through Trustees, dated as of the Issuance Date, each of which relates to one of the Pass Through Trusts, provided that, for purposes of any obligation of Lessee or Owner Trustee, no amendment, modification or supplement to, or substitution or replacement of, any such Escrow Agreement shall be effective unless consented to by Lessee.

"Event of Default" is defined in Section 4.02 of the Trust Indenture.

"Event of Loss" means, with respect to the Aircraft, Airframe or any Engine, any of the following circumstances, conditions or events with respect to such property, for any reason whatsoever:

- (a) the destruction of such property, damage to such property beyond practical or economic repair or rendition of such property permanently unfit for normal use;
- (b) the actual or constructive total loss of such property or any damage to such property, or requisition of title or use of such property, which results in an insurance settlement with respect to such property on the basis of a total loss or constructive or compromised total loss;
- (c) any loss of such property or loss of use of such property for a period of 90 days or more as a consequence of any theft, hijacking or disappearance of such property;
- (d) any seizure, condemnation, confiscation, taking or requisition of title to such property by any Government Entity or purported non-U.S. Government Entity;
- (e) any seizure, condemnation, confiscation, taking or requisition of use of such property that continues until the earliest of (i) the last day of the Term, (ii) the date upon which the Aircraft is modified, altered or adapted in such a manner as would render conversion of such property for use in normal commercial passenger service impractical or uneconomical, (iii) the date on which such property is operated or located in any area excluded from coverage by any insurance policy required to be maintained in respect of such property pursuant to the Lease (unless an indemnity in lieu of insurance is provided to Lessor and Mortgagee in accordance with Section 11.4 of the Lease) or (iv) the date that is 90 days following the commencement of such loss of use (unless such loss of use results from action by the U.S. Government, in



which case this clause (iv) shall not apply to such loss of use); and

- (f) as a result of any law, rule, regulation, order or any other action by the Aviation Authority or by any Government Entity of the government of registry of the Aircraft or by any Government Entity otherwise having jurisdiction over the operation or use of the Aircraft, the use of such property in the normal course of Lessee's business of passenger air transportation is prohibited for a period expiring on the earlier to occur of (i) the last day of the Term or (ii) the date that is 180 days following commencement of such prohibition, provided that if Lessee, prior to the expiration of such 180-day period, shall have undertaken and shall be diligently carrying forward all steps which are necessary or desirable to permit the normal use of such property by Lessee, then the date that is 360 days following commencement of such prohibition.

The date of such Event of Loss shall be the date of such loss, damage, insurance settlement, seizure, condemnation, confiscation, taking or requisition of title or use or prohibition, except that, for purposes of clauses (c), (e) and (f) above, no Event of Loss shall be deemed to have occurred until the date of expiration of the applicable period referred to therein.

"Excluded Payments" means (i) indemnity payments paid or payable by Lessee to or in respect of Owner Participant, or Owner Trustee in its individual capacity, their respective Affiliates, successors and permitted assigns and their directors, officers, employees, servants and agents pursuant to Section 9 of the Participation Agreement or any corresponding payments under the Lease or any comparable type of payments under any sublease, (ii) proceeds of public liability insurance paid or payable as a result of insurance claims made, or losses suffered, by Owner Trustee in its individual capacity or by Owner Participant, that are payable directly to Owner Trustee in its individual capacity, or Owner Participant, respectively, for their own account, (iii) proceeds of insurance maintained with respect to the Aircraft by Owner Participant or any Affiliate thereof for its or their own account or benefit (whether directly or through Owner Trustee) and permitted under Section 11.3 of the Lease, (iv) all payments

required to be made under the Tax Indemnity Agreement by Lessee whether or not denominated as Supplemental Rent, (v) all payments, if any, required to be made from the proceeds of collateral securing any obligation of Lessee to Owner Participant or any Affiliate thereof (provided that no such payment shall in any event constitute, or have the effect of, a release, discharge or satisfaction in whole or in part of any obligation or liability of Lessee under any of the Operative Agreements to make any payment or render any performance to or for the benefit of any other Person (including, without limitation, Lessee's obligation to pay certain Rent to the Mortgagee in accordance with Section 13.3 of the Lease), (vi) any interest that pursuant to the Operative Agreements may from time to time accrue in respect of any of the amounts described in clauses (i) through (v) above, (vii) any right to enforce the payment of any amount described in clauses (i) through (vi) above (provided, that the rights referred to in this clause (vii) shall not be deemed to include the exercise of any remedies provided for in the Lease other than the right to sue for specific performance of any covenant to make such payment or to sue for damages in respect of the breach of any such covenant) and (viii) any right to exercise any election or option or make any decision or determination, or to give or receive any notice, consent, waiver or approval, or to take any other action in respect of, but in each case, only to the extent relating to, any Excluded Payments.

"Expenses" means any and all liabilities, obligations, losses, damages, settlements, penalties, claims (including, without limitation, claims or liabilities based or asserted upon (a) negligence, (b) strict or absolute liability, (c) liability in tort, (d) infringement of patent, trademark or other property or other right and (e) liabilities arising out of violation of any Law), actions, suits, costs, expenses and disbursements (including, without limitation, reasonable fees and disbursements of legal counsel, accountants, appraisers, inspectors or other professionals, and costs of investigation), including, without limitation, all such costs, expenses and disbursements imposed on or incurred by any person in asserting or establishing, or in defending any claims arising out of its assertion of, any rights it may have under, or its cooperation in connection with any Expenses indemnified pursuant to, Section 9 of the Participation Agreement.

Annex A Special

"FAA" means the Federal Aviation Administration of the United States or any Government Entity succeeding to the functions of such Federal Aviation Administration.

"FAA Bill of Sale" means a bill of sale for the Aircraft on AC Form 8050-2 (or such other form as may be approved by the FAA) delivered to Owner Trustee on the Delivery Date by Airframe Manufacturer.

"FAA Filed Documents" means the Lease, Lease Supplement No. 1, the Trust Indenture, the Trust Agreement, the Trust Indenture Supplement, the FAA Bill of Sale and an application for registration of the Aircraft with the FAA in the name of Owner Trustee.

"FAA Regulations" means the Federal Aviation Regulations issued or promulgated pursuant to the Act from time to time.

"Fair Market Rental Value" means the fair market rental value in Dollars for the Aircraft that would apply in an arm's-length transaction between an informed and willing lessee under no compulsion to lease, and an informed and willing lessor under no compulsion to lease, the Aircraft, for the applicable period (if such fair market rental value is being determined for purposes of Section 15 of the Lease) or for the applicable Renewal Lease Term, as the case may be, assuming that (a) the Aircraft has been maintained in accordance with, and is in the condition required by, the Lease (subject to Section 15.4 of the Lease, if applicable), (b) payments of rent would be made semiannually (if such fair market rental value is being determined for purposes of Section 15 of the Lease) or quarterly (if such fair market rental value is being determined for purposes of Section 17 of the Lease), and (c) the Aircraft would be leased during any such Renewal Term on the same terms and conditions as are set forth in the Lease with respect to the Base Lease Term.

"Fair Market Sales Value" means the fair market sales value in Dollars for the Aircraft that would apply in an arm's-length transaction between an informed and willing buyer under no compulsion to buy, and an informed and willing seller under no compulsion to sell, the Aircraft, in a transaction that would close on or about the relevant time of determination, assuming that (a) the Aircraft has been maintained in accordance with, and is in the condition required by, the Lease (subject to Section

15.4 of the Lease, if applicable) and (b) the Aircraft would be delivered to such informed and willing buyer in the return condition required by the Lease.

"Financing Statements" means, collectively, UCC-1 (and, where appropriate, UCC-3) financing statements (a) covering the Trust Indenture Estate, by Owner Trustee, as debtor, showing Mortgagee as secured party, for filing in Utah and each other jurisdiction that, in the opinion of Mortgagee, is necessary to perfect its Lien on the Trust Indenture Estate and (b) covering the Lease and the Aircraft, as a precautionary matter, by Lessee, as lessee, showing Owner Trustee as lessor and Mortgagee as assignee of Owner Trustee, for filing in Texas and each other jurisdiction that, in the opinion of Owner Trustee and Mortgagee, is reasonably desirable.

"First Renewal Lease Term" means, if Lessee exercises its option to renew the Lease at the end of the Base Lease Term pursuant to and in accordance with Section 17.2 of the Lease, the period commencing on the first day following the Scheduled Expiration Date, and ending on the First Renewal Term Expiration Date or such earlier date on which the Term terminates in accordance with the provisions of the Lease.

"First Renewal Term Expiration Date" means the first anniversary of the Scheduled Expiration Date.

"First Security" means First Security Bank, National Association, a national banking association, not in its capacity as Owner Trustee under the Trust Agreement or as Escrow Agent under the Escrow Agreements, but in its individual capacity.

"Fourth Renewal Lease Term" means, if Lessee exercises its option to renew the Lease at the end of the Third Renewal Lease Term pursuant to and in accordance with Section 17.2 of the Lease, the period commencing on the first day following the Third Renewal Term Expiration Date, and ending on the fourth anniversary of the Scheduled Expiration Date.

"GAAP" means generally accepted accounting principles as set forth in the statements of financial accounting standards issued by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants, as such principles may at any time or from time to time be varied by any applicable financial accounting rules or regulations issued by the SEC and,

with respect to any person, shall mean such principles applied on a basis consistent with prior periods except as may be disclosed in such person's financial statements.

"Government Entity" means (a) any federal, state, provincial or similar government, and any body, board, department, commission, court, tribunal, authority, agency or other instrumentality of any such government or otherwise exercising any executive, legislative, judicial, administrative or regulatory functions of such government or (b) any other government entity having jurisdiction over any matter contemplated by the Operative Agreements or relating to the observance or performance of the obligations of any of the parties to the Operative Agreements.

"GTA" means the General Terms Agreement as defined in the Purchase Agreement Assignment.

"Inclusion" is defined in the Tax Indemnity Agreement.

"Indemnitee" means (i) First Security and Owner Trustee, (ii) WTC and Mortgagee, (iii) each separate or additional trustee appointed pursuant to the Trust Agreement or the Trust Indenture, (iv) the Owner Participant and each other Participant, (v) the Trust Estate and the Trust Indenture Estate, (vi) the Subordination Agent, the Paying Agent and the Escrow Agent, (vii) the Liquidity Providers, (viii) the Pass Through Trustees, (ix) each Affiliate of the persons described in clauses (i) through (iv), inclusive, (x) each Affiliate of the persons described in clauses (vi), (vii) and (viii), (xi) the respective directors, officers, employees, agents and servants of each of the persons described in clauses (i) through (iv) inclusive and in clause (ix), (xii) the respective directors, officers, employees, agents and servants of each of the persons described in clauses (vi), (vii), (viii), and (x), (xiii) the successors and permitted assigns of the persons described in clauses (i) through (iv), inclusive, and in clauses (ix) and (xi), and (xiv) the successors and permitted assigns of the persons described in clauses (vi), (vii), (viii), (x) and (xii); provided that the persons described in clauses (vi), (vii), (viii), (x), (xii) and (xiv) are Indemnitees only for purposes of Section 9.1 of the Participation Agreement. If any Indemnitee is Airframe Manufacturer or Engine Manufacturer or any subcontractor or supplier of either thereof, such Person shall be an Indemnitee only in its capacity as Owner Participant, Loan Participant or Note Holder.

Annex A Special

"Indenture Agreements" means the Participation Agreement, the Lease, the Purchase Agreement, the Purchase Agreement Assignment, the Consent and Agreement, the Engine Consent and Agreement, the Bills of Sale and any other contract, agreement or instrument from time to time assigned or pledged under the Trust Indenture.

"Indenture Default" means any condition, circumstance, act or event that, with the giving of notice, the lapse of time or both, would constitute an Indenture Event of Default.

"Indenture Event of Default" means any one or more of the conditions, circumstances, acts or events set forth in Section 4.02 of the Trust Indenture.

"Indenture Indemnitee" means (i) WTC and the Mortgagee, (ii) each separate or additional trustee appointed pursuant to the Trust Indenture, (iii) the Subordination Agent, (iv) each Liquidity Provider, (v) each Pass Through Trustee, (vi) the Paying Agent, (vii) the Escrow Agent and (viii) each of the respective directors, officers, employees, agents and servants of each of the persons described in clauses (i) through (vii) inclusive above.

"Intercreditor Agreement" means that certain Intercreditor Agreement among the Pass Through Trustees, the Liquidity Providers and the Subordination Agent, dated as of the Issuance Date, provided that, for purposes of any obligation of Lessee or Owner Trustee, no amendment, modification or supplement to, or substitution or replacement of, such Intercreditor Agreement shall be effective unless consented to by Lessee.

"Interim Lease Term" means the period commencing on and including the Delivery Date, and ending on and including the day immediately preceding the Commencement Date or such earlier date on which the Term terminates in accordance with the provisions of the Lease.

"Interim Rent" is defined in Schedule 1 to the Lease.

"IRS" means the Internal Revenue Service of the United States or any Government Entity succeeding to the functions of such Internal Revenue Service.

"Issuance Date" means March 21, 1997.

"Law" means (a) any constitution, treaty, statute, law, decree, regulation, order, rule or directive of any Government Entity, and (b) any judicial or administrative interpretation or application of, or decision under, any of the foregoing.

"Lease" or "Lease Agreement" means the Lease Agreement , dated as of even date with the Participation Agreement, between Owner Trustee and Lessee.

"Lease Default" means any condition, circumstance, act or event that, with the giving of notice, the lapse of time or both, would constitute a Lease Event of Default.

"Lease Event of Default" means any one or more of the conditions, circumstances, acts or events set forth in Section 14 of the Lease.

"Lease Supplement" means a supplement to the Lease, in the form of Exhibit A to the Lease.

"Lease Supplement No. 1" means the initial Lease Supplement, dated the Delivery Date.

"Lessee" means Continental Airlines, Inc., a Delaware corporation.

"Lessee Operative Agreements" means the Participation Agreement, the Lease, Lease Supplement No. 1, the Tax Indemnity Agreement, the BFE Bill of Sale, the Purchase Agreement Assignment and each other agreement between Lessee and any other party to the Participation Agreement, relating to the Transactions, delivered on the Delivery Date.

"Lessee Person" means Lessee, any sublessee, assignee, successor or other user or person in possession of the Aircraft, Airframe or an Engine with or without color of right, or any Affiliate of any of the foregoing (other than any Indemnitee or any related Indemnitee with respect thereto, or any person using or claiming any rights with respect to the Aircraft, Airframe or an Engine directly by or through any of the persons in this parenthetical).

"Lessee's Advisor" is defined in Schedule 3 to the Participation Agreement.

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"Lessor" means Owner Trustee in its capacity as lessor under the Lease.

"Lessor Lien" means, with respect to any person and in respect of any property (including, without limitation, the Trust Estate, the Trust Indenture Estate, the Aircraft, Airframe, Engines, Parts or Aircraft Documents) or any payments, any Lien on such property or payments which (a) arises from claims against such person (if such person is a trustee, whether in its individual capacity or in its capacity as a trustee) not related to or arising out of, directly or indirectly (i) its ownership of, Lien on or other interest in the Aircraft, Airframe, Engines, Parts or Aircraft Documents or all or any other part of the Trust Estate or Trust Indenture Estate or (ii) any of the transactions contemplated by the Operative Agreements, (b) results from actions taken by such person (if such person is a trustee, whether in its individual capacity or in its capacity as a trustee) (i) in violation of such person's obligations under any of the terms of the Operative Agreements, (ii) not participated in or consented to by Lessee and (iii) not taken in connection with or by reason of the occurrence of a Lease Default or a Lease Event of Default, or (c) is imposed as a result of Taxes against such person (if such person is a trustee, whether in its individual capacity or in its capacity as a trustee) or any of its Affiliates not required to be indemnified by Lessee under the Participation Agreement, the Tax Indemnity Agreement or any other Operative Agreement; provided that for purposes of Sections 7.2.1 and 7.3.1 of the Participation Agreement, any Lien that is attributable solely to Owner Participant, First Security or Lessor and would otherwise constitute a Lessor Lien thereunder shall not constitute a Lessor Lien thereunder, so long as (A) the existence of such Lien poses no material risk of the sale, forfeiture or loss of the Aircraft, Airframe or any Engine or any interest therein, (B) the existence of such Lien does not interfere in any way with the use or operation of the Aircraft by Lessee (or any Permitted Sublessee), (C) the existence of such Lien does not affect the priority or perfection of, or otherwise jeopardize, the Lien of the Trust Indenture, (D) First Security, Lessor or Owner Participant, as the case may be, is diligently contesting such Lien by appropriate proceedings, (E) the existence of such Lien does not result in actual interruption in the receipt and distribution by Mortgagee in accordance with the Trust Indenture of Rent assigned to Mortgagee for the benefit of the Note Holders, and (F) any property subject to such Lien is

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not then required to be conveyed to any other Person pursuant to Section 4.6 of the Lease.

"Lessor's Cost" means the aggregate of the amounts paid by Owner Trustee to Airframe Manufacturer and Lessee to purchase the Aircraft and BFE pursuant to the Purchase Agreement, the Purchase Agreement Assignment and the Participation Agreement, and is designated by Dollar amount in Schedule 3 to the Participation Agreement.

"Liability Deductible" is defined in Schedule 1 to the Lease.

"Lien" means any mortgage, pledge, lien, charge, claim, encumbrance, lease or security interest affecting the title to or any interest in property.

"Liquidity Facilities" means the eight Revolving Credit Agreements (consisting of a separate Revolving Credit Agreement with each Liquidity Provider with respect to each Pass Through Trust) between the Subordination Agent, as borrower, and a Liquidity Provider, each dated as of the Issuance Date, provided that, for purposes of any obligation of Lessee, no amendment, modification or supplement to, or substitution or replacement of, any such Liquidity Facility shall be effective unless consented to by Lessee.

"Liquidity Provider" means ABN AMRO Bank N.V., acting through its Chicago branch, or ING Bank N.V., each as a Class A Liquidity Provider, Class B Liquidity Provider, Class C-I Liquidity Provider and Class C-II Liquidity Provider (as such terms are defined in the Intercreditor Agreement) under the respective Liquidity Facilities, or any successor thereto.

"Loan Participants" mean, until the Closing shall have been consummated, the Applicable Pass Through Trustees, and after the Closing shall have been consummated, each Note Holder.

"Loan Trustee" means Mortgagee.

"Maintenance Program" is defined in Annex C to the Lease.

"Majority in Interest of Note Holders" means as of a particular date of determination, the holders of a majority in aggregate unpaid Original Amount of all Equipment Notes outstanding as of such date (excluding any Equipment Notes held

by Owner Trustee, Lessee, or Owner Participant or any Affiliate of any such party or any interests of Owner Trustee or Owner Participant therein by reason of subrogation pursuant to Section 4.03 of the Trust Indenture (unless all Equipment Notes then outstanding shall be held by Owner Trustee, Lessee, Owner Participant or any Affiliate of any thereof)); provided that for the purposes of directing any action or casting any vote or giving any consent, waiver or instruction hereunder any Note Holder of an Equipment Note or Equipment Notes may allocate, in such Note Holder's sole discretion, any fractional portion of the principal amount of such Equipment Note or Equipment Notes in favor of or in opposition to any such action, vote, consent, waiver or instruction.

"Make-Whole Amount" means, with respect to any Equipment Note, an amount (as determined by an independent investment banker of national standing) equal to the excess, if any, of (a) the present value of the remaining scheduled payments of principal and interest to maturity of such Equipment Note computed by discounting such payments on a semiannual basis on each Payment Date (assuming a 360-day year of twelve 30-day months) using a discount rate equal to the Treasury Yield over (b) the outstanding principal amount of such Equipment Note plus accrued interest to the date of determination. For purposes of determining the Make-Whole Amount, "Treasury Yield" means, at the date of determination with respect to any Equipment Note, the interest rate (expressed as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semi-annual yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note and trading in the public securities markets either as determined by interpolation between the most recent weekly average yield to maturity for two series of United States Treasury securities, trading in the public securities markets, (A) one maturing as close as possible to, but earlier than, the Average Life Date of such Equipment Note and (B) the other maturing as close as possible to, but later than, the Average Life Date of such Equipment Note, in each case as published in the most recent H.15(519) or, if a weekly average yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note is reported on the most recent H.15(519), such weekly average yield to maturity as published in such H.15(519) "H.15(519)" means the weekly statistical release

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designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System. The date of determination of a Make-Whole Amount shall be the third Business Day prior to the applicable payment or redemption date and the "most recent H.15(519)" means the H.15(519) published prior to the close of business on the third Business Day prior to the applicable payment or redemption date.

"Manufacturer's Purchase Price" means the amount required to be paid to the Airframe Manufacturer to purchase the Aircraft pursuant to the Purchase Agreement Assignment.

"Material Adverse Change" means, with respect to any person, any event, condition or circumstance that materially and adversely affects such person's business or consolidated financial condition, or its ability to observe or perform its obligations, liabilities and agreements under the Operative Agreements.

"Minimum Liability Insurance Amount" is defined in Schedule 1 to the Lease.

"Minimum Residual Percentage" is defined in Schedule 1 to the Lease.

"Minimum Value Percentage" is defined in Schedule 1 to the Lease.

"Mortgaged Property" is defined in Section 3.03 of the Trust Indenture.

"Mortgagee" means Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity but solely as loan trustee under the Trust Indenture.

"Mortgagee Agreements" means, collectively, the Participation Agreement, the Trust Indenture and each other agreement between Mortgagee and any other party to the Participation Agreement, relating to the Transactions, delivered on the Delivery Date.

"Mortgagee Event" means (i) in the event of a reorganization proceeding involving the Lessee under Chapter 11 of the Bankruptcy Code, (A) the trustee in such proceeding or the Lessee not assuming or agreeing to perform its obligations under the Lease, as contemplated under Section 1110, during the 60-day

period under Section 1110(a)(1)(A) of the Bankruptcy Code (or such longer period as may apply under Section 1110(b) of the Bankruptcy Code) or (B) at any time after agreeing to perform or assuming such obligations, such trustee or the Lessee ceasing to perform such obligations with the result that the Continuous Stay Period comes to an end or (ii) either the Equipment Notes shall have become due and payable pursuant to Section 4.04(b) of the Trust Indenture or Mortgagee has taken action or notified Owner Trustee that it intends to take action to foreclose the Lien of the Trust Indenture or otherwise commence the exercise of any significant remedy in accordance with Section 4.04(a) of the Trust Indenture.

"Net Economic Return" means Owner Participant's net after-tax yield and aggregate after-tax cash flow computed on the basis of the same methodology and assumptions as were utilized by the initial Owner Participant in determining Basic Rent, Stipulated Loss Value percentages and Termination Value percentages as of the Delivery Date, as such assumptions may be adjusted for events that have been the basis for adjustments to Basic Rent pursuant to Section 3.2.1(b) of the Lease or events giving rise to indemnity payments pursuant to Section [6(A)] of the Tax Indemnity Agreement; provided, that, if the initial Owner Participant shall have transferred its interest, Net Economic Return shall be calculated as if the initial Owner Participant had retained its interest; provided further, that, notwithstanding the preceding proviso, solely for purposes of Section 11 of the Participation Agreement and calculating any adjustments to Basic Rent, Stipulated Loss Values and Termination Values in connection with a refunding pursuant to such Section 11 at a time when Owner Participant is a transferee (other than an Affiliate of the initial Owner Participant), the after-tax yield (but not the after-tax cash flow) component of Net Economic Return shall be calculated on the basis of the methodology and assumptions utilized by the transferee Owner Participant as of the date on which it acquired its interest.

"Net Present Value of Rents" means the present value, as of the date of determination, discounted at ten percent per annum, compounded semiannually to the date of determination, of all unpaid Basic Rent payments during the then-remaining portion of the Base Lease Term, expressed as a percentage of Lessor's Cost.

"Net Worth" means, for any person, the excess of its total assets over its total liabilities.

"New Debt" means debt securities in an aggregate principal amount specified in the Refunding Information, which amount shall be no greater than the aggregate principal amount of all Equipment Notes outstanding on the Refunding Date.

"Non-U.S. Person" means any Person other than a United States person, as defined in Section 7701(a)(30) of the Code.

"Note Holder" means at any time each registered holder of one or more Equipment Notes.

"Note Purchase Agreement" means the Note Purchase Agreement, dated as of the Issuance Date, among Continental Airlines, Inc., the Subordination Agent, the Escrow Agent, the Paying Agent and the Pass Through Trustee under each Pass Through Trust Agreement providing for, among other things, the issuance and sale of certain equipment notes.

"Officer's Certificate" means, in respect of any party to the Participation Agreement, a certificate signed by the Chairman, the President, any Vice President (including those with varying ranks such as Executive, Senior, Assistant or Staff Vice President), the Treasurer or the Secretary of such party.

"Operative Agreements" means, collectively, the Participation Agreement, the Trust Agreement, the Purchase Agreement Assignment, the Consent and Agreement, the Engine Consent and Agreement, the Lease, Lease Supplement No. 1, the Trust Indenture, the initial Trust Indenture Supplement, the Bills of Sale, the Tax Indemnity Agreement and the Equipment Notes.

"Operative Indentures" means each of the indentures under which notes have been issued and purchased by the Pass Through Trustees pursuant to the Note Purchase Agreement.

"Original Amount," with respect to an Equipment Note, means the stated original principal amount of such Equipment Note and, with respect to all Equipment Notes, means the aggregate stated original principal amounts of all Equipment Notes.

"Owner Participant" means the person executing the Participation Agreement as "Owner Participant" or, if a second person becomes an "Owner Participant" pursuant to Section 10.1.1 of the Participation Agreement, both of such persons; provided

that if an Owner Participant Transfers 100% of its interest to a successor Owner Participant, such transferring Owner Participant shall thereafter no longer be considered an "Owner Participant".

"Owner Participant Agreements" means, collectively, the Participation Agreement, the Tax Indemnity Agreement, the Trust Agreement and each other agreement between Owner Participant and any other party to the Participation Agreement relating to the Transactions, delivered on the Delivery Date.

"Owner Participant's Percentage" means the percentage of Lessor's Cost allocated to the Owner Participant in Schedule 2 to the Participation Agreement.

"Owner Trustee" means First Security Bank, National Association, a national banking association, not in its individual capacity, except as expressly provided in any Operative Agreement, but solely as Owner Trustee under the Trust Agreement.

"Owner Trustee Agreements" means, collectively, the Participation Agreement, the Lease, Lease Supplement No. 1, the Trust Agreement, the Trust Indenture, the initial Trust Indenture Supplement, the Equipment Notes, the Purchase Agreement Assignment, and each other agreement between Owner Trustee and any other party to the Participation Agreement, relating to the Transactions, delivered on the Delivery Date.

"Participants" means, collectively, Owner Participant and each Loan Participant and "Participant" means Owner Participant or a Loan Participant, individually.

"Participation Agreement" means the Participation Agreement dated as of \_\_\_\_\_ among Lessee, Owner Participant, Owner Trustee, the Applicable Pass Through Trustees, Subordination Agent and Mortgagee.

"Parts" means all appliances, parts, components, instruments, appurtenances, accessories, furnishings, seats and other equipment of whatever nature (including, without limitation, all BFE, avionics, the APU and Passenger Convenience

Equipment, but excluding Engines or engines) that may from time to time be installed or incorporated in or attached or appurtenant to the Airframe or any Engine; provided that the term "Parts" shall not be deemed to include any Passenger Convenience Equipment if and for so long as such Equipment shall be owned by, or shall be subject to a security interest, license or other interest of, another Person (other than any Affiliate of Lessee) as provided under Section D.3 of Annex C to the Lease.

"Passenger Convenience Equipment" means components or systems installed on or affixed to the Airframe that are used to provide individual telecommunications or electronic entertainment to passengers aboard the Aircraft.

"Pass Through Agreements" means the Pass Through Trust Agreements, the Note Purchase Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Liquidity Facilities and the Fee Letters referred to in Section 2.03 of each of the Liquidity Facilities provided, that no amendment, modification or supplement to, or substitution or replacement of, any such Fee Letter shall be effective for purposes of any obligation of Lessee or Owner Trustee, unless consented to by Lessee.

"Pass Through Certificates" means the pass through certificates issued by the Pass Through Trusts (and any other pass through certificates for which such pass through certificates may be exchanged).

"Pass Through Trust" means each of the four separate pass through trusts created under the Pass Through Trust Agreements.

"Pass Through Trust Agreement" means each of the four separate pass through trust agreements dated as of the Issuance Date by and between the Lessee and a Pass Through Trustee.

"Pass Through Trustee" means Wilmington Trust Company, a Delaware banking corporation, in its capacity as trustee under each Pass Through Trust Agreement.

"Pass Through Trustee Agreements" means the Participation Agreement, the Pass Through Trust Agreements, the Note Purchase Agreement, the Deposit Agreements, the Escrow Agreements and the Intercreditor Agreement.

"Payment Date" means (i) each April 1 and October 1 during the Base Lease Term, commencing with the first such date to occur after the Commencement Date and (ii) each January 1, April 1,

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July 1 and October 1 during any Renewal Lease Term, commencing with the first day of such Renewal Lease Term.

"Payment Due Rate" is defined in Schedule 1 to the Lease.

"Payment Period" means (i) each of the consecutive semiannual periods during the Base Lease Term ending on a Payment Date, the first such period commencing on and including the Commencement Date and (ii) each of the consecutive three month periods during any Renewal Lease Term commencing with a Payment Date, the first such period commencing on and including the first Payment Date in such Renewal Lease Term.

"Paying Agent" means Wilmington Trust Company, as Paying Agent under each of the Escrow Agreements.

"Permitted Air Carrier" means any U.S. Air Carrier or any air carrier listed on Schedule 5 to the Lease.

"Permitted Institution" means (a) any bank, trust company, insurance company, finance or leasing corporation, financial institution or other person (other than, without Lessee's consent, a commercial air carrier or Affiliate thereof that is in direct competition with Lessee), in each case with a combined capital and surplus or net worth of at least \$50,000,000 or (b) any Affiliate of any person described in clause (a) in respect of which such person has provided a written guarantee of the obligations assumed by such Affiliate under the Owner Participant Agreements in form and substance reasonably satisfactory to Lessee and, if at the time of Transfer to such Permitted Institution an Event of Default that is not also, and is not caused by, a Lease Event of Default has occurred and is continuing, to Mortgagee.

"Permitted Lien" means any Lien described in clauses (a) through (f), inclusive, of Section 6 of the Lease.

"Permitted Sublease" means a sublease permitted under Section 7.2.7 of the Lease.

"Permitted Sublessee" means the sublessee under a Permitted Sublease.

"Persons" or "persons" means individuals, firms, partnerships, joint ventures, trusts, trustees, Government Entities, organizations, associations, corporations, government



agencies, committees, departments, authorities and other bodies, corporate or incorporate, whether having distinct legal status or not, or any member of any of the same.

"Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA, and any plan within the meaning of Section 4975(e)(1) of the Code.

"Preliminary Notice" is defined in Section 17.1 of the Lease.

"Premium Termination Date" means April 1, 2010, in the case of the Series A Equipment Notes, April 1, 2007 in the case of the Series B Equipment Notes and April 1, 2003 in the case of the Series C Equipment Notes.

"PTT Percentage" means, with respect to each Applicable Pass Through Trustee, the percentage of Lessor's Cost allocated to such Pass Through Trustee in Schedule 2 to the Participation Agreement.

"Purchase Agreement" means the Purchase Agreement between Airframe Manufacturer and Lessee (including all exhibits thereto, together with all letter agreements entered into that by their terms constitute part of such Purchase Agreement), to the extent assigned pursuant to the Purchase Agreement Assignment.

"Purchase Agreement Assignment" means the Purchase Agreement and Engine Warranties Assignment, dated as of even date with the Participation Agreement, between Lessee and Owner Trustee.

"Purchase Date" means the last Business Day of the Base Lease Term or any Renewal Lease Term, as specified in any Purchase Notice.

"Purchase Notice" is defined in Section 17.3.1 of the Lease.

"QIB" is defined in Section 2.08 of the Trust Indenture.

"Refunding Certificate" means a certificate of an authorized representative of Owner Participant delivered pursuant to Section 11.1.1 of the Participation Agreement, setting forth (a) the Refunding Date and (b) the following information, subject to the limitations set forth in Section 11 of the Participation

Agreement: (i) the principal amount of debt to be issued by Owner Trustee on the Refunding Date and (ii) the proposed revised schedules of Basic Rent, Stipulated Loss Value percentages and Termination Value percentages and the proposed Amortization Schedules.

"Refunding Date" means the proposed date on which the outstanding Equipment Notes will be redeemed and refinanced pursuant to Section 11 of the Participation Agreement.

"Refunding Information" means the information set forth in the Refunding Certificate (other than the Refunding Date) as such information may have been revised by any verification procedures demanded by Lessee pursuant to Section 3.2.1(d) of the Lease.

"Registration Rights Agreement" means the Exchange and Registration Rights Agreement dated the Issuance Date by and among the Lessee and certain initial purchasers of the Pass Through Certificates named therein, providing for, among other things, the exchange offer with respect to such Pass Through Certificates to be registered under the Securities Act or the shelf registration of such Pass Through Certificates for a period specified therein.

"Renewal Lease Term" means, collectively, the First Renewal Lease Term, the Second Renewal Lease Term, the Third Renewal Lease Term and the Fourth Renewal Lease Term, in each case, if any.

"Renewal Notice" is defined in Section 17.2.1 of the Lease.

"Renewal Rent" for the Aircraft means the rent payable therefor in respect of a Renewal Lease Term determined pursuant to Section 17.2.2 of the Lease.

"Rent" means, collectively, Interim Rent, Basic Rent, Renewal Rent and Supplemental Rent.

"Replacement Airframe" means any airframe substituted for the Airframe pursuant to Section 10 of the Lease.

"Replacement Engine" means an engine substituted for an Engine pursuant to Section 5.3, 7.2, 9 or 10 of the Lease.

"Return Acceptance Supplement" means a Return Acceptance Supplement, dated as of the date the Aircraft is returned to

Lessor pursuant to Section 5 of the Lease, by Lessor and Lessee substantially in the form of Exhibit B to the Lease.

"Scheduled Delivery Date" means the expected Delivery Date notified to each Participant, Owner Trustee and Mortgagee by Lessee pursuant to Section 4.1 of the Participation Agreement, which expected Delivery Date shall be a Business Day not later than the Commitment Termination Date.

"Scheduled Expiration Date" means the Business Day (or, for purposes of any Renewal Lease Term, the day) next preceding the th anniversary of the Commencement Date.

"SEC" means the Securities and Exchange Commission of the United States, or any Government Entity succeeding to the functions of such Securities and Exchange Commission.

"Second Renewal Lease Term" means, if Lessee exercises its option to renew the Lease at the end of the First Renewal Lease Term pursuant to and in accordance with Section 17.2 of the Lease, the period commencing on the first day following the First Renewal Term Expiration Date, and ending on the Second Renewal Term Expiration Date or such earlier date on which the Term terminates in accordance with the provisions of the Lease.

"Second Renewal Term Expiration Date" means the second anniversary of the Scheduled Expiration Date.

"Section 1110" means 11 U.S.C. Section 1110 of the Bankruptcy Code or any successor or analogous section of the federal bankruptcy Law in effect from time to time.

"Secured Obligations" is defined in Section 2.06 of the Trust Indenture.

"Securities Act" means the Securities Act of 1933, as amended.

"Security" means a "security" as defined in Section 2(1) of the Securities Act.

"Senior Holder" is defined in Section 2.14(c) of the Trust Indenture.

"Series" means any of Series A, Series B or Series C.

"Series A" or "Series A Equipment Notes" means Equipment Notes issued under the Trust Indenture and designated as "Series A" thereunder, in the Original Amount and maturities and bearing interest as specified in Schedule I to the Trust Indenture under the heading "Series A."

"Series B" or "Series B Equipment Notes" means Equipment Notes issued under the Trust Indenture and designated as "Series B" thereunder, in the Original Amount and maturities and bearing interest as specified in Schedule I to the Trust Indenture under the heading "Series B."

"Series C" or "Series C Equipment Notes" means Equipment Notes issued under the Trust Indenture and designated as "Series C" thereunder, in the Original Amount and maturities and bearing interest as specified in Schedule I to the Trust Indenture under the heading "Series C."

"Similar Aircraft" is defined in Schedule 1 to the Lease.

"SLV Rate" is defined in Schedule 1 to the Lease.

"Stipulated Loss Value" means, with respect to the Aircraft, (a) during the Interim Lease Term or the Base Lease Term, the amount determined by multiplying (i) the percentage set forth in Schedule 3 to the Lease (as adjusted from time to time in accordance with Section 3.2.1 of the Lease) opposite the Stipulated Loss Value Date as of which Stipulated Loss Value is required to be computed by (ii) Lessor's Cost and (b) during any Renewal Term, the amount determined pursuant to Section 17.2.3 of the Lease. Notwithstanding anything to the contrary in any Operative Agreement, Stipulated Loss Value shall always be sufficient to pay in full, as of the date of payment thereof (assuming timely payment of the Equipment Notes prior to such date), the aggregate unpaid principal amount of all Equipment Notes outstanding as of such date, together with accrued and unpaid interest on all such Equipment Notes as of such date.

"Stipulated Loss Value Date" means, for any month, the day in such month specified in Schedule 3 to the Lease or, if such day is not a Business Day, the immediately succeeding Business Day.

"Subordination Agent" means Wilmington Trust Company, as subordination agent under the Intercreditor Agreement.

"Subordination Agent Agreements" means the Participation Agreement, the Liquidity Facilities and the Intercreditor Agreement.

"Supplemental Rent" means, without duplication (a) all Expenses, Transaction Expenses and all other amounts, liabilities, indemnities and obligations (other than Interim Rent, Basic Rent or Renewal Rent but including Make-Whole Amount, if any) that Lessee assumes or becomes obligated to or agrees to pay under any Lessee Operative Agreement to or on behalf of Lessor or any other person, including, without limitation, payments of Stipulated Loss Value, Termination Value and payments of indemnities under Section 9 of the Participation Agreement, (b) (i) to the extent not payable (whether or not in fact paid) under Section 6(a) of the Note Purchase Agreement (as originally in effect or amended with the consent of the Owner Participant), an amount or amounts equal to the fees payable to the relevant Liquidity Provider under Section 2.03 of each Liquidity Facility and the related Fee Letter (as defined in the Intercreditor Agreement) multiplied by a fraction the numerator of which shall be the then outstanding aggregate principal amount of the Series A Equipment Notes, Series B Equipment Notes and Series C Equipment Notes and the denominator of which shall be the then outstanding aggregate principal amount of all "Series A Equipment Notes", "Series B Equipment Notes" and "Series C Equipment Notes" (each as defined in the Note Purchase Agreement); (ii) (x) the amount equal to interest on any Downgrade Advance (other than any Applied Downgrade Advance) payable under Section 3.07(e) of each Liquidity Facility minus Investment Earnings from such Downgrade Advance multiplied by (y) the fraction specified in the foregoing clause (i); (iii) the amount equal to interest on any Non-Extension Advance (other than any Applied Non-Extension Advance) payable under Section 3.07 (a)(i) of each Liquidity Facility minus Investment Earnings from such Non-Extension Advance multiplied by (y) the fraction specified in the foregoing clause (i); (iv) if any payment default shall have occurred and be continuing with respect to interest on any Series A Equipment Notes, Series B Equipment Notes or Series C Equipment Notes, (x) the excess, if any, of (1) an amount equal to interest on any Unpaid Advance, Applied Downgrade Advance or Applied Non-Extension Advance payable under Section 3.07(a) of each Liquidity Facility over (2) the sum of Investment Earnings from any Final Advance plus any amount of interest at the Payment Due Rate actually payable (whether or not in fact paid) by Owner Trustee

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on the overdue scheduled interest on the Equipment Notes in respect of which such Unpaid Advance, Applied Downgrade Advance or Applied Non-Extension Advance was made multiplied by (y) a fraction the numerator of which shall be the then aggregate overdue amounts of interest on the Series A Equipment Notes, Series B Equipment Notes and Series C Equipment Notes (other than interest becoming due and payable solely as a result of acceleration of any such Equipment Notes) and the denominator of which shall be the then aggregate overdue amounts of interest on all "Series A Equipment Notes", "Series B Equipment Notes" and "Series C Equipment Notes" (each as defined in the Note Purchase Agreement) (other than interest becoming due and payable solely as a result of acceleration of any such "Equipment Notes"); and (v) the Pro Rata Share of any other amounts owed to the Liquidity Providers by the Subordination Agent as borrower under each Liquidity Facility (other than amounts due as repayment of advances thereunder or as interest on such advances), except to the extent payable pursuant to clause (ii), (iii) or (iv) above), (c) the Pro Rata Share of all compensation and reimbursement of expenses, disbursements and advances payable by Lessee under the Pass Through Trust Agreements, (d) the Pro Rata Share of all compensation and reimbursement of expenses and disbursements payable to the Subordination Agent under the Intercreditor Agreement except with respect to any income or franchise taxes incurred by the Subordination Agent in connection with the transactions contemplated by the Intercreditor Agreement and (e) in the event Lessee requests any amendment to any Operative Agreement or Pass Through Agreement, the Pro Rata Share of all reasonable fees and expenses (including, without limitation, fees and disbursements of counsel) of the Escrow Agents and the Paying Agents in connection therewith payable by the Pass Through Trustees under the Escrow Agreements. As used herein, the "Pro Rata Share" means as of any time a fraction, the numerator of which is the principal balance then outstanding of Equipment Notes and the denominator of which is the aggregate principal balance then outstanding of all "Equipment Notes" (as such term is defined in each of the Operative Indentures). For purposes of this definition, the terms "Applied Downgrade Advance", "Applied Non-Extension Advance", "Cash Collateral Account", "Downgrade Advance", "Final Advance", "Investment Earnings", "Non-Extension Advance", and "Unpaid Advance" shall have the meanings specified in each Liquidity Facility.

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"Tax Attribute Period" is defined in the Tax Indemnity Agreement.

"Tax Indemnitee" means (a) First Security and Owner Trustee, (b) WTC and Mortgagee, (c) each separate or additional trustee appointed pursuant to the Trust Agreement or the Trust Indenture, (d) the Owner Participant and each other Participant, (e) each Pass Through Trustee, (f) the Trust Estate and the Trust Indenture Estate and (g) the respective successors, assigns, agents and servants of the foregoing. For purposes of this definition, the term "Owner Participant" shall include any member of an affiliated group (within the meaning of Section 1504 of the Code) of which Owner Participant is, or may become, a member if consolidated, joint or combined returns are filed for such affiliated group for federal, state or local income tax purposes. If the Tax Indemnitee is the Airframe Manufacturer or Engine Manufacturer, such Person shall be a Tax Indemnitee only in its capacity as Owner Participant, Loan Participant or Note Holder.

"Tax Indemnity Agreement" means the Tax Indemnity Agreement, dated as of even date with the Participation Agreement, between Lessee and Owner Participant.

"Taxes" means all license, recording, documentary, registration and other similar fees and all taxes, levies, imposts, duties, charges, assessments or withholdings of any nature whatsoever imposed by any Taxing Authority, together with any penalties, additions to tax, fines or interest thereon or additions thereto.

"Taxing Authority" means any federal, state or local government or other taxing authority in the United States, any foreign government or any political subdivision or taxing authority thereof, any international taxing authority or any territory or possession of the United States or any taxing authority thereof.

"Term" means the term, commencing on the Delivery Date, for which the Aircraft is leased pursuant to Section 3 of the Lease, and shall include the Interim Lease Term, the Base Lease Term and, if applicable, any Renewal Lease Term; provided that if at the scheduled end of the Term the Aircraft or Airframe is being used, or was within six (6) months prior thereto being used, by the U.S. Government pursuant to CRAF, the Term shall be deemed extended for a period not in excess of six months as may be

necessary to accommodate usage of the Aircraft or Airframe pursuant to CRAF plus six months thereafter, and Lessee shall be obligated to pay Basic Rent with respect to any such period of extension at the conclusion of such period of extension at a semiannual rate equal to the average of the Basic Rent paid during the Base Lease Term or the applicable Renewal Lease Term, whichever shall have ended immediately prior to such extension.

"Termination Date" means any Payment Date occurring after the tenth anniversary of the Delivery Date and on or before the date one year prior to the Scheduled Expiration Date on which the Lease shall terminate in accordance with Section 9 of the Lease.

"Termination Value" means, with respect to the Aircraft, the amount determined by multiplying (a) the percentage set forth in Schedule 4 to the Lease (as adjusted from time to time in accordance with Section 3.2.1 of the Lease) opposite the Termination Value Date as of which Termination Value is required to be computed by (b) Lessor's Cost. Notwithstanding anything to the contrary in any Operative Agreement, Termination Value shall always be sufficient to pay in full, as of the date of payment thereof (assuming timely payment of the Equipment Notes prior to such date), the aggregate unpaid principal amount of all Equipment Notes outstanding as of such date, together with accrued and unpaid interest on all such Equipment Notes as of such date.

"Termination Value Date" means, for any month, the day in such month specified in Schedule 4 to the Lease or, if such day is not a Business Day, the immediately succeeding Business Day.

"Third Renewal Lease Term" means, if Lessee exercises its option to renew the Lease at the end of the Second Renewal Lease Term pursuant to and in accordance with Section 17.2 of the Lease, the period commencing on the first day following the Second Renewal Term Expiration Date, and ending on the third anniversary of the Scheduled Expiration Date.

"Third Renewal Term Expiration Date" means the third anniversary of the Scheduled Expiration Date.

"Transactions" means the transactions contemplated by the Participation Agreement and the other Operative Agreements.

Annex A Special



"Transaction Expenses" means: (i) the reasonable and actual fees, expenses and disbursements of (1) Richards, Layton & Finger, special counsel for Mortgagee, such information to be furnished by Mortgagee, (2) Ray, Quinney & Nebeker, special counsel for the Owner Trustee under the Trust Agreement, such information to be furnished by Owner Trustee, (3) Richards, Layton & Finger, special counsel to the Loan Participants, such information to be furnished by the Subordination Agent, (4) Hughes Hubbard & Reed LLP, special counsel to Lessee, such information to be furnished by Lessee, and (5) Lytle, Soule & Curlee, special counsel in Oklahoma City, Oklahoma, such information to be furnished by Lessee, (ii) all fees, taxes and other charges payable in connection with the recording or filing of instruments and financing statements, such information to be furnished by Lessee, (iii) the initial fee and reasonable and actual disbursements of Owner Trustee under the Trust Agreement, such information to be furnished by the Owner Trustee, (iv) the initial fee and reasonable and actual disbursements of Mortgagee under the Trust Indenture, such information to be furnished by Mortgagee, (v) the fee of the Appraiser with respect to the appraisal of the Aircraft referred to in Section 5.1.2(xv) of the Participation Agreement, such information to be furnished by the Owner Participant, and (vi) the equity placement fee and reasonable disbursements of Lessee's Advisor, such information to be furnished by Lessee.

"Transfer" means the transfer, sale, assignment or other conveyance of all or any interest in any property, right or interest.

"Transferee" means a person to which any Owner Participant, Owner Trustee or any Loan Participant or Note Holder purports or intends to Transfer any or all of its right, title or interest in the Trust Estate or in its Equipment Note and the Trust Indenture Estate, respectively, as described in Section 10.1.1(a), 10.1.2 or 10.1.3 (but excluding participants in any participation referred to in Section 10.1.3), respectively, of the Participation Agreement.

"Trust" means the trust created by the Trust Agreement.

"Trust Agreement" means the Trust Agreement \_\_\_\_\_, dated as of even date with the Participation Agreement, between Owner Participant and Owner Trustee.

"Trust Estate" means all estate, right, title and interest of Owner Trustee in and to the Aircraft, the Lease, any Lease Supplement and the Purchase Agreement including, without limitation, all amounts of Basic Rent and Supplemental Rent including, without limitation, insurance proceeds (other than insurance proceeds payable to or for the benefit of Owner Participant, Note Holders or WTC) and requisition, indemnity or other payments of any kind for or with respect to the Aircraft (except amounts owing to Owner Participant, Note Holders or WTC, or to any of their respective directors, officers, employees, servants and agents, pursuant to Section 9 of the Participation Agreement). Notwithstanding the foregoing, "Trust Estate" shall not include any Excluded Payment.

"Trust Indenture" means the Trust Indenture and Mortgage \_\_\_\_\_, dated as of even date with the Participation Agreement, between Owner Trustee and Mortgagee.

"Trust Indenture Estate" is defined in the "Granting Clause" of the Trust Indenture.

"Trust Indenture Supplement" means a Trust Indenture and Mortgage \_\_\_\_\_ Supplement, substantially in the form of Exhibit A to the Trust Indenture, with appropriate modifications to reflect the purpose for which it is being used.

"UCC" means the Uniform Commercial Code as in effect in any applicable jurisdiction.

"United States" or "U.S." means the United States of America; provided, that for geographic purposes, "United States" means, in aggregate, the 50 states and the District of Columbia of the United States of America.

"U.S. Air Carrier" means any United States air carrier that is a Citizen of the United States holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to chapter 447 of title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6000 pounds or more of cargo, and as to which there is in force an air carrier operating certificate issued pursuant to Part 121 of the FAA Regulations, or which may operate as an air carrier by certification or otherwise under any successor or substitute provisions therefor or in the absence thereof.

"U.S. Person" means any Person described in Section 7701(a)(30) of the Code.

"U.S. Government" means the federal government of the United States, or any instrumentality or agency thereof the obligations of which are guaranteed by the full faith and credit of the federal government of the United States.

"Wet Lease" means any arrangement whereby Lessee agrees to furnish the Airframe and Engines or engines installed thereon to a third party pursuant to which the Airframe and such Engines or engines (i) shall at all times be in the sole possession and control of Lessee, (ii) shall be operated in all respects solely by regular employees of Lessee possessing all current certificates and licenses that are required under the Act or any FAA Regulations for the possession, use and operation of the Airframe and such Engines or engines (or, if the Airframe is then under foreign registration, in accordance with Section 7.1.2 of the Lease, the foregoing requirement shall apply in respect of all certificates and licenses required by such government of registration and the applicable Aviation Authority for the possession, use and operation of the Airframe and such Engines or engines), and (iii) shall in all events be maintained, insured and otherwise used and operated in compliance with the terms and provisions of the Lease.

"WTC" means Wilmington Trust Company, a Delaware banking corporation, not in its capacity as Mortgagee under the Trust Indenture, but in its individual capacity.

Annex A Special

SCHEDULE 1  
TO  
PARTICIPATION AGREEMENT

ACCOUNTS; ADDRESSES

ACCOUNT FOR PAYMENTS

ADDRESS FOR NOTICES

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[OMITTED]

SCHEDULE 2  
TO  
PARTICIPATION AGREEMENT

COMMITMENTS

PARTICIPANT -----	PERCENTAGE OF LESSOR'S ----- COST -----	DOLLAR AMOUNT -----
OWNER PARTICIPANT	OWNER PARTICIPANT'S PERCENTAGE	
PASS THROUGH TRUSTEE	LOAN PARTICIPANT'S PTT PERCENTAGE	
TOTAL	100%	

SCHEDULE 3  
TO  
PARTICIPATION AGREEMENT

CERTAIN TERMS

DEFINED TERM

-----

DEFINITION

-----

BFE Amount

\$

-----

Commitment Termination Date

-----

Lessee's Advisor

-----

Lessor's Cost

\$

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Special Counsel to the Owner Participant

[Form of Opinion of Lessee's Special Counsel]

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To the Persons Listed on Schedule I  
Attached Hereto

Re: Lease of Boeing Model \_\_\_\_\_ Aircraft with Manufacturer's  
Serial Number \_\_\_\_\_ and U.S. Registration  
Number N \_\_\_\_\_

Gentlemen:

We have been requested by Continental Airlines, Inc., a Delaware corporation (the "Company"), to act as special counsel with respect to, and to render this opinion letter in connection with, the transactions contemplated by the Participation Agreement \_\_\_\_\_, dated as of \_\_\_\_\_ (the "Participation Agreement"), among \_\_\_\_\_, as Owner Participant (the "Owner Participant"), First Security Bank, National Association, a national banking association ("First Security"), as Owner Trustee (the "Owner Trustee"), Wilmington Trust Company, a Delaware banking corporation ("WTC"), as Mortgagee (the "Mortgagee"), the Company as Lessee (the "Lessee"), and WTC, in its capacity as Subordination Agent under the Intercreditor Agreement (as defined in the Participation Agreement) and Pass Through Trustee under the Applicable Pass Through Trust Agreements (as defined in the Participation Agreement), as Loan Participant (the "Loan Participant"). Capitalized terms used herein and not otherwise defined herein have the respective meanings given those terms in the Participation Agreement.

In connection with this opinion letter we have examined, among other things, originals or copies certified or otherwise identified to our satisfaction of the following documents:

- (i) Participation Agreement;
- (ii) Lease;

- (iii) Lease Supplement No. 1;
- (iv) Tax Indemnity Agreement;
- (v) Trust Agreement;
- (vi) Trust Indenture;
- (vii) Trust Indenture Supplement No. 1;
- (viii) Purchase Agreement Assignment;
- (ix) Airframe Manufacturer Consent and Agreement;
- (x) Engine Manufacturer Consent and Agreement;
- (xi) Forms of the Equipment Notes; and
- (xii) Bills of Sale.

We have also examined and relied upon such other documents and such other corporate records, certificates and other statements of governmental officials and corporate officers and other representatives of the Company as we have deemed necessary or appropriate for the purposes of this opinion. As to certain facts material to the opinions expressed herein, we have relied upon representations and warranties contained in the Operative Agreements. The opinions expressed herein are subject to the following exceptions, assumptions, qualifications and limitations:

A. The opinions set forth below are limited to the laws of the State of New York, the federal laws of the United States of America and the General Corporation Law of the State of Delaware, except that we express no opinion with respect to (i) the laws, regulations or ordinances of any county, town or municipality or governmental subdivision or agency thereof, (ii) state securities or blue sky laws or federal securities laws, including the Securities Act and the Investment Company Act of 1940, (iii) any federal or state tax, antitrust or fraudulent transfer or conveyance laws, (iv) the Employee Retirement Income Security Act of 1974, as amended, or (v) the Act (except as expressly provided in paragraph 5 below), or any other laws, rules or regulations governing, regulating or relating to the acquisition, ownership, registration, use or sale of an aircraft, airframe or aircraft engine or to the particular nature of the equipment to be acquired by the Owner Trustee. In addition, our opinions are based upon a review of those laws, statutes, rules and regulations which, in our experience, are normally applicable to transactions of the type contemplated by the Participation Agreement.

B. The opinions set forth in paragraphs 3 and 6 below are subject to (i) limitations on enforceability arising from applicable bankruptcy, insolvency, reorganization, moratorium, receivership, fraudulent conveyance, fraudulent transfer, preferential transfer and similar laws relating to or affecting the rights and remedies of creditors or lessors generally and the effect of general principles of equity, including, without limitation, laches and estoppel as equitable defenses and concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether such enforceability is considered or applied in a proceeding in equity or at law) and considerations of impracticability or impossibility of performance, and defenses based upon unconscionability of otherwise enforceable obligations in the context of the factual circumstances under which enforcement thereof is sought and (ii) the qualification that the



remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. In addition, certain remedial and procedural provisions of the Company Documents (as defined in paragraph 2 below) and the Trust Indenture are or may be unenforceable in whole or in part, but the inclusion of such provisions does not affect the validity of those agreements and does not, in our opinion, make the remedies provided in those agreements, or otherwise available under applicable law, inadequate for the practical realization of the substantive benefits purported to be provided thereby, except for the economic consequences resulting from any delay imposed by, or any procedure required by, applicable laws, rules, regulations and by constitutional requirements. We express no opinion as to (i) any provision contained in any Operative Agreement (a) providing for indemnification or exculpation of any Person for such Person's gross negligence, willful misconduct, recklessness or unlawful conduct or in respect of liabilities under the Securities Act, (b) providing for late payment charges or an increase in interest rate upon delinquency in payment or the occurrence of a default or other specified event but only to the extent such provision is deemed to constitute a penalty or liquidated damages provision, (c) as such provision relates to the subject matter jurisdiction of federal courts or the waiver of inconvenient forum with respect to proceedings in federal courts, (d) that purports to establish (or may be construed to establish) evidentiary standards or (e) providing for the waiver of any statutory right or any broadly or vaguely stated rights or unknown future rights, or any waiver which is against public policy considerations or (ii) Section 15.8(c) of the Participation Agreement or any comparable provision of any other Operative Agreement. Under certain circumstances the requirement that the provisions of an Operative Agreement may be modified or waived only in writing or only in a specific instance and provisions to the effect that failure or delay in exercising any right, remedy, power and/or privilege will not impair or waive such right, remedy, power and/or privilege may be unenforceable to the extent that an oral agreement has been effected or a course of dealing has occurred modifying such provisions. A court may modify or limit contractual agreements regarding attorneys' fees.

C. To the extent that our opinions expressed herein involve conclusions as to the matters set forth in the opinions dated the date hereof of Richards, Layton & Finger, Ray, Quinney & Nebeker or Lytle, Soule & Curlee being delivered to you on the date hereof, we have assumed, without independent investigation, the correctness of the matters set forth in such opinions.

D. We have assumed the due authorization, execution and delivery of the Operative Agreements by each of the parties thereto, that each of such parties (other than the Company) has the power and authority to execute, deliver and perform each such Operative Agreement and has obtained or made all necessary consents, approvals, filings and registrations in connection therewith (except any required under New York law by the Company), that such execution, delivery and performance does not violate its charter, by-laws or similar instrument, that the Trust Agreement constitutes the valid, binding and enforceable obligations of the parties thereto and duly creates the trust it purports to create, that the Owner Trustee for purposes of Section 9-103(3) of the Uniform Commercial Code of the State of New York (the "UCC") is

located in Utah and that, under applicable law, the Owner Trustee would be deemed to be the owner of the Trust Estate and Trust Indenture Estate, that First Security has the legal ability to exercise its trust powers with respect to the Trust Estate in the State of New York, that value has been given by the Loan Participant to the Owner Trustee under the Trust Indenture, that the Owner Trustee has rights in the Trust Indenture Estate, that each of First Security and WTC is duly organized, validly existing and in good standing in its jurisdiction of organization and qualified to transact business in each other jurisdiction where such qualification is required.

E. We have assumed the due authorization, execution and issuance of the Equipment Notes by the Owner Trustee and the due authentication of the Equipment Notes by the Mortgagee and the delivery thereof against payment therefor, all in accordance with the Participation Agreement and the Trust Indenture, and that the Equipment Notes conform to the forms thereof examined by us.

F. We have assumed that all signatures on documents examined by us are genuine, that all persons signing such documents have legal capacity, that all documents submitted to us as originals are authentic and that all documents submitted to us as copies or specimens conform with the originals, which facts we have not independently verified.

G. We express no opinion as to (i) any provision in any Operative Agreement that is contrary to Section 2A-303, Section 9-311, or Part V of Article 9, of the UCC, or (ii) whether or not the Lease constitutes a "security interest" within the meaning of Section 1-201(37) of the UCC. We express no opinion as to whether or not the Lease constitutes a "Finance Lease" within the meaning of Section 2A-103(g) of the UCC and we express no opinion as to the enforceability of any provision of any Operative Agreement which purports to categorize the Lease as such.

H. We have not made any examination of, and express no opinion with respect to (and to the extent relevant have assumed the accuracy and sufficiency of), (i) descriptions of, the legal or beneficial ownership of, or the title or condition of title to, the Trust Estate or the Trust Indenture Estate or any other property covered by any of the Operative Agreements, (ii) except as expressly set forth in paragraphs 5 and 8 below, the existence, creation, validity or attachment of any Lien thereon, (iii) except as expressly set forth in paragraph 5 below, the perfection of any Lien thereon and (iv) the priority or enforcement of any Lien thereon.

I. In giving an opinion regarding the valid existence and good standing of the Company, we have relied solely upon certificates of public officials.

J. The opinions expressed herein are given as of the date hereof. We assume no obligation to advise you of any facts or circumstance that may come to our attention, or any changes in law that may occur after the date hereof, which may affect the opinion expressed herein.

Based on and subject to the foregoing, we are of the opinion

that:

1. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware.

2. The Company has all necessary corporate power to execute, deliver and perform its obligations under the Participation Agreement, the Lease, the Lease Supplement No. 1, the Purchase Agreement Assignment, the BFE Bill of Sale and the Tax Indemnity Agreement (collectively, the "Company Documents"). Neither the execution nor delivery of the Company Documents by the Company nor the consummation of the transactions contemplated thereby will result in any violation of (a) its Restated Certificate of Incorporation or By-laws or (b) any law, governmental rule or regulation known to us to be applicable to, or binding on, the Company, or requires the approval of the stockholders of the Company.

3. Each Company Document constitutes the valid and binding obligation of the Company and is enforceable against the Company in accordance with its terms.

4. Except for the matters referred to in clauses (i) through (iv) of paragraph 5 below, no approval, authorization or other action by or filing with any governmental authority is required for the execution and delivery by the Company of the Company Documents or the consummation of the transactions contemplated thereby to occur at the Closing.

5. Except for (i) the registration of the Aircraft with the FAA pursuant to the Act, (ii) the filing and recordation in accordance with the Act of the FAA Filed Documents, and assuming that at the time of such filing no other unrecorded document relating to the Aircraft has been filed pursuant to the Act, (iii) the filing of Financing Statements referred to in Section 5.1.12 of the Participation Agreement, and the filing of periodic continuation statements with respect thereto, and (iv) the taking of possession by the Mortgagee of the original counterparts of the Lease and Lease Supplement No. 1, (a) no further filing or recording of any document is necessary (x) to establish the Owner Trustee's title to the Airframe and Engines, and (y) to create a valid security interest in the Owner Trustee's interest as owner of the Airframe and Engines, the Lease and the Lease Supplement No. 1 covering the Aircraft, the Purchase Agreement (to the extent assigned by the Purchase Agreement Assignment) and the Purchase Agreement Assignment in favor of the Mortgagee pursuant to the Trust Indenture and (b) no further filing or recording of any document in the State of New York or under the Act is required to perfect a security interest in the Owner Trustee's interest as owner of the Airframe and Engines, the Lease and Lease Supplement No. 1 covering the Aircraft, the Purchase Agreement (to the extent assigned by the Purchase Agreement Assignment) and the Purchase Agreement Assignment in favor of the Mortgagee pursuant to the Trust Indenture.

6. Each of the Participation Agreement, the Trust Indenture, the Lease and the Equipment Notes constitutes the valid and binding obligation of First Security, in its individual capacity (but only to the extent expressly stated in such document that First Security is entering into such document in its individual capacity) and otherwise solely as Owner Trustee,

enforceable against First Security in its individual capacity (but only to the extent expressly stated in such document that First Security is entering into such document in its individual capacity) and otherwise solely as Owner Trustee in accordance with its terms.

7. So long as the Company continues to be a "citizen of the United States", as defined in section 40102 of Title 49 of the United States Code, holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo, the Owner Trustee, as lessor under the Lease, and the Mortgagee, as assignee of Owner Trustee's rights under the Lease pursuant to the Trust Indenture, will be entitled to the benefits of Section 1110 of Title 11 of the United States Code with respect to the Airframe and Engines delivered on the date hereof in connection with any case commenced by or against the Company under Chapter 11 of Title 11 of the United States Code.

8. Upon issuance, execution, authentication and delivery of the Equipment Notes at the Closing, the Trust Indenture creates the security interest in favor of the Mortgagee, as trustee for the benefit of the holders of the Equipment Notes, in the Trust Indenture Estate it purports to create to the extent that the UCC applies to a security interest in such property.

This opinion is being delivered pursuant to Section 5.1.2(xxiii)(A) of the Participation Agreement. This opinion may be relied upon by you (and any permitted Transferee under Section 10.1.1(a) or 10.1.3 of the Participation Agreement) in connection with the matters set forth herein and, without our prior written consent, may not be relied upon for any other purpose and may not be furnished to any other Person for any purpose.

Very truly yours,

## SCHEDULE I

\_\_\_\_\_, as Owner Participant

First Security Bank, National Association, individually and as Owner Trustee

Wilmington Trust Company, individually, as Mortgagee, and as Loan Participant

ABN AMRO Bank N.V., Chicago Branch as Liquidity Provider

ING Bank N.V., as Liquidity Provider

Moody's Investors Service, Inc.

Standard & Poor's Ratings Group

[Form of Opinion of Lessee's Legal Department]

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To the Persons  
Listed on  
Schedule I Hereto

Re: Lease of Boeing Model \_\_\_\_\_ Aircraft with Manufacturer's  
Serial Number and U.S. Registration Number N

Ladies and Gentlemen:

This opinion letter is being delivered by Continental Airlines, Inc., a Delaware corporation ("Continental"), through its Legal Department in connection with the transactions contemplated by the Participation Agreement \_\_\_\_\_ dated as of \_\_\_\_\_, among \_\_\_\_\_, as Owner Participant, First Security Bank, National Association, a national banking corporation, as Owner Trustee (the "Owner Trustee"), Wilmington Trust Company, a Delaware banking corporation, as Mortgagee, Subordination Agent under the Intercreditor Agreement (as defined in the Participation Agreement) and as Pass Through Trustee under the Applicable Pass Through Trust Agreements (as defined in the Participation Agreement) (the "Mortgagee and Loan Participant"), and Continental, as Lessee (the "Participation Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given those terms in the Participation Agreement. This opinion letter is being furnished to you pursuant to Section 5.1.2 (xxiii)(B) of the Participation Agreement.

In giving the following opinions, members of Continental's Legal Department or lawyers retained by Continental's Legal Department have reviewed the Participation Agreement and the other Operative Agreements to which Continental is a party and have relied upon originals, or copies certified or otherwise identified to our satisfaction, of such records, documents, certificates and other instruments as in our judgment are necessary or appropriate to enable us to render the opinions expressed below. In addition, Continental's Legal Department has assumed and has not verified the accuracy as to factual matters of each document reviewed. As used herein, the phrase "to our knowledge" or words of similar import shall mean to actual knowledge of Continental's Legal Department after reasonable investigation, but shall not be

interpreted to impute knowledge of others (other than members of Continental's Legal Department).

Based on the foregoing, and subject to the assumptions and limitations contained herein, Continental's Legal Department is of the opinion that:

(a) Continental is an "air carrier" within the meaning of Section 40102 of the Act, operating under a certificate issued pursuant to Chapter 447 of the Act, is a "citizen of the United States" as such term is defined in Section 40102 of such Act and holds all authority, necessary licenses and certificates under such Act and the rules and regulations promulgated thereunder necessary for the conduct of its business and to perform its obligations under the Participation Agreement, the Lease, the Lease Supplement No. 1, the Purchase Agreement Assignment, the BFE Bill of Sale and the Tax Indemnity Agreement (collectively, the "Agreements").

(b) The execution, delivery and performance by Continental of each of the Agreements do not, to our knowledge, breach or result in a default under any indenture, mortgage, deed of trust, credit agreement, conditional sale contract or other loan agreement to which Continental is a party or by which Continental or its property may be bound.

(c) The execution, delivery and performance of each of the Agreements has been duly authorized by all necessary corporate action on the part of Continental, and each of the Agreements has been duly executed and delivered by Continental.

(d) There are no pending or, to our knowledge, threatened actions, suits or proceedings before any court or administrative agency or arbitrator that question the validity of any of the Agreements or that would have been required to be disclosed in Continental's Annual Report on Form 10-K filed for the year ended \_\_\_\_\_, on any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K, except such as are therein disclosed.

The foregoing opinions are limited to the federal law of the United States of America (other than (i) the Act (except as expressly provided in paragraph 1 above) or any other laws, rules or regulations governing, regulating or relating to the acquisition, ownership, registration, use or sale of an aircraft, airframe or aircraft engine or to the particular nature of the equipment to be acquired by Continental, (ii) state securities or blue sky laws, or federal securities laws, (iii) federal or state tax, antitrust or fraudulent transfer or conveyance laws, as to which we express no opinion), the General Corporation Law of the State of Delaware and the law of the State of Texas.

This opinion letter is furnished to you for the purpose indicated above, and may not be relied upon by any other Person (except any permitted Transferee under Sections 10.1.1(a) or 10.1.3 of the Participation Agreement) or for any other purpose without our written consent.

Very truly yours,

Continental Airlines, Inc.  
Legal Department



## SCHEDULE I

\_\_\_\_\_, as Owner Participant

First Security Bank, National Association, individually and as Owner Trustee

Wilmington Trust Company, individually and as Mortgagee and Loan Participant

ABN AMRO Bank N.V., as a Liquidity Provider

ING Bank N.V., as a Liquidity Provider

Moody's Investors Service, Inc.

Standard & Poor's Ratings Group

## [Form of Owner Trustee Counsel's Opinion]

TO EACH OF THE PARTIES SET FORTH  
IN SCHEDULE A HERETO:

Re: Continental Airlines, Inc. 1997-1 Pass  
Through Certificates

Dear Sir or Madam:

We have acted as special counsel for First Security Bank, National Association, a national banking association, in its individual capacity ("First Security") and in its capacity as trustee (the "Owner Trustee") under Trust Agreement \_\_\_\_ dated as of \_\_\_\_\_ (the "Trust Agreement") between it and \_\_\_\_\_, as beneficiary (the "Owner Participant"), in connection with the transactions contemplated by the Participation Agreement (as defined below). Except as otherwise defined herein, the terms used herein shall have the meanings set forth in Annex A to the Participation Agreement \_\_\_\_, dated as of \_\_\_\_\_ among Continental Airlines, Inc., the Owner Participant, First Security, not in its individual capacity except as provided therein, and as Owner Trustee, and Wilmington Trust Company, not in its individual capacity except as expressly provided therein, but solely as Mortgagee, Subordination Agent under the Intercreditor Agreement (as defined in the Participation Agreement) and as Pass Through Trustee under the Applicable Pass Through Trust Agreements (as defined in the Participation Agreement) (the "Participation Agreement"). This opinion is furnished pursuant to Section 5.1.2 (xxiii)(D) of the Participation Agreement.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion.

Based upon the foregoing, we are of the opinion that:

(1) First Security is a national banking association duly organized, validly existing and in good standing under the laws of the United States, is a "citizen of the United States" within the meaning of Section 40102(a)(15) of the Act and has the full power and authority to enter into and perform its obligations under the Trust Agreement and each other Operative

Agreement to which it, in its individual capacity or as Owner Trustee, as the case may be, is a party and, as Owner Trustee, to issue, execute, and deliver and perform the Equipment Notes.

(2) The Owner Trustee is the duly appointed trustee under the Trust Agreement and the Trust Agreement creates a legal and valid trust under the laws of the State of Utah; the trust created by the Trust Agreement has been duly created and exists for the benefit of the Owner Participant, and the Trust Agreement creates for the benefit of the Owner Participant the rights and interests in the Trust Estate which the Trust Agreement by its terms purports to create; and assuming the Trust Agreement was properly authorized, executed and delivered by the Owner Participant and that the terms of the Trust Agreement are not in violation of any laws, documents, judgments, regulations or other provisions applicable to the Owner Participant, the Trust Agreement constitutes, under the laws of the State of Utah, a legal, valid and binding obligation of the Owner Participant enforceable against the Owner Participant in accordance with its terms.

(3) The Trust Agreement, the Participation Agreement, and each other Operative Agreement to which First Security or the Owner Trustee, as the case may be, is a party, and the Equipment Notes, have been duly authorized, executed and delivered by First Security, or the Owner Trustee, as the case may be, and assuming due authorization, execution and delivery by the other parties thereto is a legal, valid and binding obligation of First Security, or the Owner Trustee, as the case may be, enforceable in accordance with their respective terms.

(4) The execution and delivery by First Security of the Trust Agreement and the Participation Agreement and the execution and delivery by the Owner Trustee of the Operative Agreements to which it is a party is not, and the performance by First Security, or the Owner Trustee, as the case may be, of its respective obligations under each such agreements will not be, inconsistent with the articles of association or by-laws of First Security, do not and will not contravene any State of Utah or federal law, or any State of Utah or federal governmental rule or regulation or any judgment or order of which we have knowledge and which is applicable to it and do not and will not contravene any provision of, or result in the creation of any lien upon any property of First Security, or constitute a default under, any indenture, mortgage, contract or other instrument of which we have knowledge and to which First Security or the Owner Trustee is a party or by which either is bound or require the consent or approval of, the giving of notice to, or the registration with, or the taking of any action in respect of, or under federal law or the laws of the State of Utah or any subdivision or agency thereof.

(5) There are no fees, taxes or other charges, except taxes imposed on fees payable to First Security, required to be paid under the laws, ordinances or regulations of the State of Utah or any political subdivision thereof, including, without limitation, Salt Lake City, in connection with the execution, delivery or performance by the Lessee, Owner Trustee, Mortgagee or any Participant of the Operative Agreements solely because First Security, or the Owner Trustee as

the case may be, performs certain of its obligations under the Operative Documents in the State of Utah.

(6) There are no pending or threatened actions or proceedings against or affecting First Security or the Owner Trustee, as the case may be, before any court, governmental authority or administrative agency which, if adversely determined, could materially adversely affect the right, power or ability, either in its individual capacity or as Owner Trustee, or both, as the case may be, to enter into or perform its obligations under the Operative Agreements.

(7) The Trust Indenture (or financing statements or other notices with respect thereto) has been filed for record or recorded with the Division of Corporations and Commercial Code in the State of Utah and such offices are all the places in the State of Utah wherein such filing or recordation is necessary and no other actions or filings are necessary in the State of Utah to perfect the lien and security interest of the Mortgagee in the Trust Estate as against creditors of or purchasers from the Owner Trustee or the Lessee, or both.

(8) The Owner Trustee has received such right, title and interest in and to the Aircraft as was conveyed to the Owner Trustee on the date hereof, subject to (i) the rights of the Lessee under the Lease and the Lease Supplement; (ii) the beneficial interest of the Owner Participant in the Aircraft; and (iii) the Lien created pursuant to the Trust Indenture and the Trust Indenture Supplement; and to our knowledge there exist no Liens affecting the right, title or interest of the Owner Trustee in and to the Trust Estate resulting from claims against First Security, not related to the ownership of the Trust Estate or the administration of the Trust Estate or any other transaction contemplated by the Operative Agreements.

(9) Assuming that (i) the Aircraft is not physically located in the State of Utah at the commencement or termination of the Term, (ii) in connection with any sale of the Aircraft, such Aircraft will not be physically delivered in the State of Utah to a buyer, and (iii) the trust created by the Trust Agreement is treated as a grantor trust for federal income tax purposes in accordance with Sections 671 through 678 of the Internal Revenue Code of 1986, as amended, there are no fees, taxes or other charges (except taxes imposed on fees payable to the Owner Trustee) payable to the State of Utah or any political subdivision thereof in connection with the execution, delivery or performance by the Owner Trustee, the Mortgagee, the Lessee or any Participant of the Operative Agreements or in connection with the making by the Owner Participant of its investment in the Aircraft or its acquisition of the beneficial interest in the Trust Estate or in connection with the issuance and acquisition of the Equipment Notes, and neither the Owner Trustee, the Trust Estate nor the trust created by the Trust Agreement will be subject to any fee, tax or other governmental charge (except taxes on fees payable to the Owner Trustee) under the laws of the State of Utah or any political subdivision thereof on, based on or measured by, directly or indirectly, the gross receipts, net income or value of the Trust Estate by reason of the creation or continued existence of the trust under the terms of the Trust Agreement pursuant to

the laws of the State of Utah or the Owner Trustee's performance of its duties under the Trust Agreement within such State.

(10) Neither a Utah court nor a federal court applying Utah law or federal law, if properly presented with the issue and after having properly considered such issue, would permit the Owner Participant to terminate the Trust Agreement, except in accordance with its terms

(11) Although there is no Utah case directly on point, under the laws of the State of Utah, so long as the Trust Agreement has not been terminated in accordance with its terms, creditors of any person that is an Owner Participant, holders of a lien against the assets of any such person that is an Owner Participant, such as trustees, receivers or liquidators (whether or not an insolvency proceeding has been commenced) (collectively the "Creditors") may acquire valid claims and liens, as to the Trust Estate, only against the rights of such Owner Participant under the Trust Agreement or in the Trust Estate, and do not have, and may not through the enforcement of such Creditors' rights acquire, any greater rights than such Owner Participant with respect to the Trust Agreement or the Trust Estate.

The foregoing opinions are subject to the following assumptions, exception and qualifications:

A. The foregoing opinions are limited to the laws of the State of Utah and the federal laws of the United States of America governing the banking and trust powers of First Security and Title 11 of the United States Code entitled "Bankruptcy". In addition, we express no opinion with respect to (i) federal securities laws, including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Trust Indenture Act of 1939, as amended; (ii) the Federal Aviation Act of 1958, as amended (except with respect to the opinion set forth in paragraph 1 above concerning the citizenship of First Security); or (iii) state securities or blue sky laws. Insofar as the foregoing opinions relate to the legality, validity, binding effect and enforceability of the documents involved in these transactions, which by their terms are governed by the laws of a state other than Utah, we have assumed that such documents constitute legal, valid, binding and enforceable agreements under the laws of such state, as to which we express no opinion.

B. The foregoing opinions regarding enforceability of any document or instrument are subject (i) except as otherwise set forth in the opinions in paragraphs 10 and 11, to applicable bankruptcy, insolvency, moratorium, reorganization, receivership and similar laws affecting the rights and remedies of creditors generally, and (ii) general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law. We call to your attention that bankruptcy courts are courts in equity with wide discretion in applying the provisions of the Bankruptcy Code.

C. As to the documents involved in these transactions, we have assumed that each is a legal, valid and binding obligation of each party thereto, other than First Security or the Owner Trustee, and is enforceable against each such party in accordance with their respective terms.

D. The opinion in paragraph 1 above concerning the citizenship of First Security is based upon the facts contained in an affidavit of First Security, made by its authorized officer, which facts we have not independently verified.

E. We have assumed that all signatures, other than those of the Owner Trustee or First Security, on documents and instruments involved in these transactions are genuine, that all documents and instruments submitted to us as originals are authentic, and that all documents and instruments submitted to us conform with the originals, which facts we have not independently verified.

F. We do not purport to be experts in respect of, or express any opinion concerning laws, rules or regulations applicable to the particular nature of the equipment involved in these transactions.

G. We have made no investigation of, and express no opinion concerning, the nature of the title to any part of the equipment involved in these transactions or the priority of any mortgage or security interest.

H. We have assumed that the Participation Agreement and the transactions contemplated thereby are not within the prohibitions of Section 406 of the Employee Retirement Income Security Act of 1974.

I. In addition to any other limitation by operation of law upon the scope, meaning or purpose of this opinion, this opinion speaks only as of the date hereof. We have no obligation to advise the recipients of this opinion (or any third party) of changes of law or fact that may occur after the date hereof, even though the change may effect the legal analysis, a legal conclusion or any information contained herein.

J. The opinions expressed in this letter are solely for the use of the parties which it is addressed in matters directly related to the Participation Agreement and the transactions contemplated thereunder and these opinions may not be relied on by any other persons or for any other purpose without our prior written approval. The opinions expressed in this letter are limited to the matters set forth in this letter and no other opinions should be inferred beyond the matters expressly stated.

Very truly yours,

## SCHEDULE A

First Security Bank, National Association

Continental Airlines, Inc.

Wilmington Trust Company, individually and as Loan Participant and Mortgagee

[Owner Participant]

Standard & Poor's Rating Services

Moody's Investors Services, Inc.

ABN AMRO Bank N.V.

ING Bank N.V.



## [FORM OF WTC COUNSEL'S OPINION]

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To Each of the Parties Listed  
on Schedule A Hereto

Re: Continental Airlines, Inc. - Financing of One Boeing Model  
Aircraft Bearing Manufacturer's Serial Number

Ladies and Gentlemen:

We have acted as counsel to Wilmington Trust Company, a Delaware banking corporation ("WTC"), in connection with the Trust Indenture and Mortgage \_\_\_\_\_, dated as of \_\_\_\_\_ (the "Trust Indenture"), between WTC, as mortgagee (the "Mortgagee"), and First Security Bank, National Association (the "Owner Trustee"). Pursuant to Participation Agreement \_\_\_\_\_, dated as of \_\_\_\_\_ (the "Participation Agreement"), among Continental Airlines, Inc., as Lessee, \_\_\_\_\_, as Owner Participant, the Owner Trustee and WTC, as Mortgagee, Subordination Agent under the Intercreditor Agreement (as defined in the Participation Agreement) and as Applicable Pass Through Trustee (as defined in the Participation Agreement), financing is being provided for the acquisition of one Boeing Model \_\_\_\_\_ aircraft bearing manufacturer's serial number \_\_\_\_\_. This opinion is furnished pursuant to Section 5.1.2 (xxiii)(E) of the Participation Agreement. Capitalized terms used herein and not otherwise defined are used as defined in Annex A to the Participation Agreement or as defined in the Trust Indenture, except that reference herein to any document shall mean such document as in effect on the date hereof.

We have examined originals or copies of the following documents:

- (a) The Trust Indenture and the initial Trust Indenture Supplement;
- (b) The Participation Agreement (the documents referred to in paragraphs (a) and (b) above being collectively referred to as the "Mortgage Documents"); and
- (c) The Equipment Notes being issued today and authenticated by the Mortgagee (the "Equipment Notes").

We have also examined originals or copies of such other documents and such corporate records, certificates and other

statements of governmental officials and corporate officers and other representatives of the corporations or entities referred to herein as we have deemed necessary or appropriate for the purposes of this opinion. Moreover, as to certain facts material to the opinions expressed herein, we have relied upon representations and warranties contained in the documents referred to in this paragraph.

Based upon the foregoing and upon an examination of such questions of law as we have considered necessary or appropriate, and subject to the assumptions, exceptions and qualifications set forth below, we advise you that, in our opinion:

1. WTC has been duly incorporated and is validly existing in good standing as a banking corporation under the laws of the State of Delaware, is a "citizen of the United States" within the meaning of Section 40102(a)(15) of Title 49 of the United States Code, as amended, and has full power, authority and legal right to execute, deliver and perform its obligations under the Mortgagee Documents and to authenticate the Equipment Notes.

2. The Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, has duly authorized, executed and delivered each Mortgagee Document to which it is party, and each such document constitutes a legal, valid and binding obligation of the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, enforceable against the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, in accordance with its terms.

3. The execution, delivery and performance by the Mortgagee, Subordination Agent, Applicable Pass Through Trustee or WTC, as the case may be, of the Mortgagee Documents to which it is a party, the authentication by the Mortgagee of the Equipment Notes and the consummation by the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, of any of the transactions contemplated thereby are not in violation of the charter or by-laws of WTC or of any law, governmental rule or regulation of the State of Delaware or the United States governing the banking or trust powers of WTC or, to our knowledge, any indenture, mortgage, bank credit agreement, note or bond purchase agreement, long-term lease, license or other agreement or instrument to which WTC is a party or by which it is bound or, to our knowledge, any judgment or order applicable to WTC.

4. None of the execution and delivery by the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, of the Mortgagee Documents to which it is a party, the authentication of the Equipment Notes or the consummation of any of the transactions by the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, or the taking of any other action in respect of, any governmental authority or agency of the State of Delaware or the United States governing the banking or trust powers of WTC or under any Delaware law.

5. No taxes, fees or other charges (other than taxes payable by WTC on or measured by any compensation received by WTC for its services as Mortgagee, Subordination Agent or Applicable Pass Through Trustee) are required to be paid by the Subordination Agent, the Applicable Pass Through Trustee or the Mortgagee or the trust created by the Indenture under the laws of the State of Delaware, or any political subdivision thereof, in connection with the execution, delivery or performance of the Mortgagee Documents to which the Mortgagee, the Subordination Agent or the Applicable Pass Through Trustee is party and the Equipment Notes, which taxes, fees or other charges would not be required to be paid if WTC were not a Delaware banking corporation and did not perform its obligations as Mortgagee under the Indenture in the State of Delaware.

6. The Equipment Notes have been duly and validly authenticated by the Mortgagee in accordance with the Trust Indenture.

7. To our knowledge, there are no proceedings pending or threatened against or affecting the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC in any court or before any governmental authority, agency, arbitration board or tribunal which, if adversely determined, individually or in the aggregate, would materially and adversely affect the Mortgaged Property or the right, power and authority of the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be, to enter into or perform its obligations under the Mortgagee Documents to which is party.

The foregoing opinions are subject to the following assumptions, exceptions and qualifications:

A. We are admitted to practice law in the State of Delaware and we do not hold ourselves out as being experts on the law of any other jurisdiction. The foregoing opinions are limited to the laws of the State of Delaware (and its political subdivisions to the extent set forth in paragraph 5, above) and the federal laws of the United States of America governing the banking or trust powers of WTC, except that we express no opinion with respect to (i) federal securities laws, including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the Investment Company Act of 1940, as amended, and the Trust Indenture Act of 1939, as amended, (ii) Part A of Subtitle VII of Title 49 of the United States Code, as amended (except with respect to the opinion set forth in paragraph 1 above concerning the citizenship of WTC), (iii) the Federal Communications Act of 1934, as amended, (iv) state securities or blue sky laws, or (v) laws, rules and regulations applicable to the particular nature of the equipment acquired by the Company. Insofar as the foregoing opinions relate to the validity and enforceability of the Mortgagee Documents expressed to be governed by the laws of the State of New York, we have assumed that each such document is legal, valid, binding and enforceable in accordance with its terms under such laws (as to which we express no opinion).

B. The foregoing opinions regarding enforceability are subject to (i) applicable bankruptcy, insolvency, moratorium, reorganization, receivership, fraudulent conveyance and similar laws relating to or affecting the enforcement of the rights and remedies of creditors generally, and (ii) principles of equity (regardless of whether considered and applied in a proceeding in equity or at law).

C. We have assumed that each of the parties to the Mortgagee Documents and the Equipment Notes (except the Mortgagee, the Subordination Agent, the Applicable Pass Through Trustee or WTC, as the case may be) has full power, authority and legal right to execute, deliver and perform each such document and that each such document has been duly authorized, executed and delivered by each such party.

D. We have assumed that all signatures (other than signatures of officers of WTC) on documents examined by us are genuine, that all documents submitted to us as originals are authentic and that all documents submitted to us as copies conform with the originals, which facts we have not independently verified.

E. We have assumed that the Participation Agreement and the transactions contemplated thereby are not within the prohibitions of Section 406 of the Employee Retirement Income Security Act of 1974.

F. No opinion is expressed as to the creation, attachment, perfection or priority of any mortgage or security interests or as to the nature or validity of title to any part of the Mortgaged Property.

G. The opinion set forth in paragraph (1) above concerning the citizenship of WTC is based upon an affidavit of WTC, made by one of its Vice Presidents, the facts set forth in which we have not independently verified.

This opinion may be relied upon by you in connection with the matters set forth herein. This opinion may also be relied upon by any transferee of a Note Holder, subject to the understanding that the opinions expressed herein are rendered as of the date hereof and only with respect to the laws, rules and regulations in effect as of such date. Otherwise, without our prior written consent, this opinion may not be relied upon by any other person or entity for any purpose.

Very truly yours,

SCHEDULE A

Mortgagee

- - - - -  
Wilmington Trust Company

Loan Participant

- - - - -  
Wilmington Trust Company

Owner Trustee

- - - - -  
First Security Bank, National Association

Owner Participant

- - - - -  
- - - - -

Lessee

- - - - -  
Continental Airlines, Inc.

Liquidity Providers

- - - - -  
ABN AMRO Bank N.V., Chicago Branch  
ING Bank N.V.

Rating Agencies

- - - - -  
Standard & Poor's Ratings Services  
Moody's Investors Service, Inc.

[Form of FAA Counsel Opinion]

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Re: Continental Airlines, Inc. (the "Lessee")

To the Addressees on  
Exhibit A Attached Hereto

Ladies and Gentlemen:

Pursuant to Section 5.1.2(xxiii)(I) of Participation Agreement \_\_\_\_\_ dated as of \_\_\_\_\_ (the "Participation Agreement") among the Lessee, \_\_\_\_\_ as Owner Participant (the "Owner Participant"), the Loan Participant named therein, First Security Bank, National Association, as Owner Trustee (the "Owner Trustee") under Trust Agreement \_\_\_\_\_ dated as of \_\_\_\_\_ (the "Trust Agreement") with the Owner Participant, and Wilmington Trust Company, not in its individual capacity, except as expressly provided therein but solely as Mortgagee (the "Mortgagee"), which provides for the financing of the purchase today by the Owner Trustee of the Boeing model \_\_\_\_\_ aircraft with manufacturer's serial number \_\_\_\_\_ and United States nationality and registration marks N\_\_\_\_\_ (the "Aircraft") and two Rolls Royce model \_\_\_\_\_ aircraft engines with manufacturer's serial numbers \_\_\_\_\_ and \_\_\_\_\_ (the "Engines") and the leasing of the Aircraft and the Engines by the Owner Trustee to the Lessee, this opinion is rendered with respect to matters arising under that portion of Title 49 of the United States Code (the "Transportation Code") relating to the recordation of the instruments hereinafter described and the registration of the Aircraft pursuant to the Transportation Code. As contemplated by the Participation Agreement, title to the Aircraft has been conveyed by The Boeing Company to the Owner Trustee by an AC Form 8050-2 Aircraft Bill of Sale (the "FAA Bill of Sale"), the registration of the Aircraft will be accomplished by the filing with the Federal Aviation Administration (the "FAA") of an AC Form 8050-1 Aircraft Registration Application in the name of the Owner Trustee (the "Aircraft Registration Application"), the leasing of the Aircraft and the Engines is pursuant to Lease Agreement \_\_\_\_\_ dated as of \_\_\_\_\_ (the "Lease") between the Owner Trustee and the Lessee, as supplemented by Lease Supplement No. 1 dated this date (the "Lease Supplement"), and the creation of a security interest in the Aircraft and the Engines is pursuant to the Trust Indenture and Mortgage \_\_\_\_\_ dated as of \_\_\_\_\_ (the "Trust Indenture") between the Owner Trustee and the Mortgagee, as supplemented by Trust Indenture and Mortgage \_\_\_\_\_ Supplement No. 1 dated this date (the "Trust Supplement").

Based upon our examination of the above described instruments and of such records of the FAA as we deemed necessary to express the following opinion and as were made available to us by the FAA, it is our opinion that:

- (a) the FAA Bill of Sale, the Trust Indenture with the Trust Supplement attached and the Lease with the Lease Supplement, the Trust Indenture and the Trust Supplement attached are in due form for recording and have been duly filed for recordation with the FAA pursuant to and in accordance with the provisions of the Transportation Code today at \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, respectively;
- (b) the Aircraft Registration Application, to which were attached the Affidavits of the Owner Trustee and the Owner Participant required by Section 47.7(c)(2)(ii) of Part 47 of the Federal Aviation Regulations, and the Trust Agreement were duly filed with the FAA today at \_\_\_\_\_;
- (c) the Owner Trustee is the owner of legal title to the Aircraft, and the Aircraft and the Engines are free and clear of all Liens (as such term is defined in the Lease) except the security interest created by the Trust Indenture, as supplemented by the Trust Supplement, and the interests of the parties created by the Lease, as supplemented by the Lease Supplement;
- (d) the Aircraft is eligible for registration in the name of the Owner Trustee under the Transportation Code, and the Aircraft will be duly registered by the FAA in the name of the Owner Trustee in due course pursuant to and in accordance with the provisions of the Transportation Code;
- (e) the rights of the Owner Trustee and the Lessee under the Lease, as supplemented by the Lease Supplement, with respect to the Aircraft and the Engines are perfected;
- (f) the Trust Indenture, as supplemented by the Trust Supplement, constitutes a valid, duly perfected first priority mortgage and security interest in favor of the Mortgagee, as trustee for the benefit of the Note Holders (as such term is defined in the Trust Indenture), in the Aircraft and the Engines and a valid, duly perfected first priority security interest in and collateral assignment of all of the right, title and interest of the Owner Trustee in, to and under the Lease, as supplemented by the Lease Supplement (insofar as such security interest and collateral assignment affect an interest covered by the recording system established by the FAA pursuant to Section 44107(a) of the Transportation Code), subject only to the Lease, as supplemented by the Lease Supplement;

- (g) none of the Trust Indenture, the Trust Agreement, the Trust Supplement, the Lease or the Lease Supplement is required to be filed or recorded in any other place within the United States in order to perfect the mortgage and security interest in the Aircraft and the Engines or the security interest in and collateral assignment of the Lease, as supplemented by the Lease Supplement (insofar as such security interest and collateral assignment affect an interest covered by the recording system established by the FAA pursuant to Section 44107(a) of the Transportation Code) under the applicable laws of any jurisdiction within the United States;
- (h) no other registration of the Aircraft and no filings or recordings (other than the filings and recordings with the FAA which have been effected) are necessary to perfect in any jurisdiction within the United States the Owner Trustee's title to the Aircraft, the first priority security interest and collateral assignment created by the Trust Indenture and the Trust Supplement in the Aircraft and the Engines and in all right, title and interest of the Owner Trustee in and to the Lease, as supplemented by the Lease Supplement (insofar as such security interest and collateral assignment affect an interest covered by the recording system established by the FAA pursuant to Section 44107(a) of the Transportation Code); and
- (i) no authorization, approval, consent, license or order of, or registration or filing with, or the giving of notice to, the FAA Aircraft Registry is required for the valid authorization, delivery or performance of the Lease, the Lease Supplement, the Trust Agreement, the Trust Indenture and the Trust Supplement except for such authorizations, approvals, consents, licenses, orders, registrations, and notices as have been effected.

No opinion is herein expressed as to: (i) laws other than the federal laws of the United States; (ii) the validity or enforceability under local law of the Trust Indenture, as supplemented by the Trust Supplement; or (iii) the recognition of the perfection of the security interest and collateral assignment created by the Trust Indenture, as supplemented by the Trust Supplement, as against third parties in any legal proceedings outside the United States. Since our examination was limited to records maintained by the FAA Aircraft Registry, our opinion does not cover liens which are perfected without the filing of notice thereof with the FAA, such as federal tax liens, liens arising under Section 1368(a) of Title 29 of the United States Code and possessory artisans' liens, and was subject to the accuracy of FAA personnel in the filing, indexing and recording of instruments filed with the FAA and in the search for encumbrance cross-reference index cards for the Engines. In rendering this opinion, we have relied upon the opinion of the Assistant Chief Counsel for the Aeronautical Center dated \_\_\_\_\_ (a copy of which is attached hereto) and upon the past practice of the FAA which is consistent with said opinion.



Although this opinion is not addressed to special counsel for the Loan Participant, special counsel for the Owner Participant or counsel for the Lessee, they may rely upon it as though addressed to them.

Very truly yours,

Patricia J. Hanson

## EXHIBIT A

MORTGAGEE, SUBORDINATION AGENT  
AND LOAN PARTICIPANT

Wilmington Trust Company

OWNER TRUSTEE

First Security Bank, National Association

OWNER PARTICIPANT

-----

LESSEE

Continental Airlines, Inc.

LIQUIDITY PROVIDERS

ABN AMRO Bank, N.V., Chicago Branch

ING Bank, N.V.

RATING ENTITIES

Moody's Investors Service, Inc.

Standard & Poor's Ratings Group

EXHIBIT D-2 to  
Note Purchase Agreement

FORM OF SPECIAL LEASE

-----  
CONFIDENTIAL: ANNEXES B, C AND D AND SCHEDULES 1, 2, 3 AND 4 OF THIS  
LEASE AGREEMENT ARE SUBJECT TO RESTRICTIONS ON DISSEMINATION  
SET FORTH IN SECTION 8 OF THE PARTICIPATION AGREEMENT (AS DEFINED HEREIN)  
-----

LEASE AGREEMENT \_\_\_\_\_

Dated as of \_\_\_\_\_

Between

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION,  
Not in its Individual Capacity,  
except as expressly provided herein,  
but solely as Owner Trustee,

Lessor

and

CONTINENTAL AIRLINES, INC.,

Lessee  
-----

One Boeing Model \_\_\_\_\_ Aircraft  
Bearing United States Registration No. \_\_\_\_\_ and  
Bearing Manufacturer's Serial No. \_\_\_\_\_  
with two CFM Model 56-3-B1 Engines  
Bearing Engine Manufacturer's Serial Nos. \_\_\_\_\_ and \_\_\_\_\_  
=====

The right, title and interest of Lessor in and to, among other things, this Lease Agreement has been assigned to and is subject to a security interest in favor of Wilmington Trust Company, a Delaware banking corporation, as Mortgagee, under the Trust Indenture and Mortgage, dated as of \_\_\_\_\_, for the benefit of the holders of the Equipment Notes referred to in such Trust Indenture, all to the extent provided in such Trust Indenture. This Lease Agreement has been executed in multiple counterparts; to the extent, if any, that this Lease Agreement constitutes chattel paper (as defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in Lessor's right, title and interest in and to this Lease Agreement may be perfected through the delivery or possession of any counterpart of this Lease Agreement other than the counterpart of this Lease Agreement that contains the original receipt executed by Wilmington Trust Company, as Mortgagee.

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## LEASE AGREEMENT \_\_\_\_\_

LEASE AGREEMENT \_\_\_\_\_, dated as of (this "Agreement" or "Lease"), between (a) FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee (this and all other capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in Section 1 below) ("Lessor" or "Owner Trustee"), and (b) CONTINENTAL AIRLINES, INC., a Delaware corporation ("Lessee").

## RECITALS

A. Lessor and Lessee are parties to the Participation Agreement, pursuant to which, among other things, Lessor and Lessee have agreed to enter into this Agreement.

B. Pursuant to the Trust Agreement, Owner Participant has authorized Lessor to enter into this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual agreements contained herein and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

## SECTION 1. DEFINITIONS AND CONSTRUCTION

## 1.1 DEFINITIONS

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed and interpreted in the manner described, in Annex A.

## 1.2 FINANCE LEASE PARTIES

The parties agree, to the extent permitted by applicable Law, that no right or remedy granted solely by reason of Article 2A of the UCC shall be available to Lessor or Lessee as against each other unless expressly set forth in this Lease; and to the extent the foregoing waiver is not wholly effective, the parties agree that this Lease shall constitute a "Finance Lease" for

purposes of Article 2A of, and as defined by Section 2A-103(g) of, the UCC.

SECTION 2. DELIVERY AND ACCEPTANCE

2.1 DELIVERY AND LEASE OF AIRCRAFT

Lessor hereby agrees (subject to the satisfaction or waiver of the conditions set forth in Section 5 of the Participation Agreement) to lease to Lessee for the Term and Lessee hereby agrees (subject to the satisfaction or waiver of the conditions set forth in Section 5 of the Participation Agreement) to lease from Lessor for the Term, the Aircraft, commencing immediately upon acquisition of the Aircraft by Lessor pursuant to the Purchase Agreement Assignment.

2.2 ACCEPTANCE BY LESSEE

(a) By executing and delivering Lease Supplement No. 1, Lessee confirms to Lessor that (i) Lessee has duly and irrevocably accepted delivery of the Aircraft for all purposes of this Agreement, (ii) Lessee has duly and irrevocably accepted the Aircraft as being in satisfactory condition and in good working order, without defect in design, operation or fitness for use, whether or not discoverable by Lessee as of the Delivery Date, and (iii) the Aircraft has been duly marked in accordance with Section 7.1.3(a).

(b) Lessor has authorized one or more employees of Lessee, designated by Lessee in writing, as the authorized representative or representatives of Lessor to accept delivery of the Aircraft on behalf of Lessor pursuant to the Purchase Agreement Assignment and the Participation Agreement. Lessee hereby agrees that if delivery of the Aircraft shall be accepted by an employee or employees of Lessee pursuant to such authorization by Lessor, such acceptance of delivery by such employee or employees on behalf of Lessor shall, without further act, irrevocably constitute acceptance by Lessee of the Aircraft for all purposes of this Agreement.

SECTION 3. TERM AND RENT

3.1 TERM

The Aircraft shall be leased hereunder for the Term, unless this Agreement or the leasing of the Aircraft is earlier

terminated in accordance with any provision of this Agreement. Lessee shall have the option to renew the leasing of the Aircraft hereunder pursuant to, and subject to the terms and conditions of, Section 17, for the Renewal Lease Term.

### 3.2 RENT

#### 3.2.1 INTERIM RENT; BASIC RENT; ADJUSTMENTS TO BASIC RENT, STIPULATED LOSS VALUE AND TERMINATION VALUE

(a) Lessee shall pay Interim Rent to Lessor on the last day of the Interim Lease Term. During the Base Lease Term, Lessee shall pay to Lessor, on each Payment Date, in the manner and in funds of the type specified in Section 3.3, Basic Rent in the amount equal to the percentage of Lessor's Cost specified in Schedule 2 for such Payment Date, which shall be allocated to the Payment Period ending on such Payment Date, if designated as a payment in arrears, or allocated to the Payment Period commencing on such Payment Date, if designated as a payment in advance, in each case as specified in Schedule 2, as such amount may be adjusted pursuant to Section 3.2.1 (b) or increased pursuant to the next sentence. Interim Rent and Basic Rent shall be increased in an amount equal to any increase in the amount of interest due on the Equipment Notes on the relevant Payment Date pursuant to the terms of the Equipment Notes with respect to adjustments to the respective interest rates borne by the Equipment Notes to the extent, and under the circumstances, specified in the Registration Rights Agreement.

(b) In the event of a refinancing as contemplated by Section 11 of the Participation Agreement, then the Basic Rent percentages set forth in Schedule 2, Stipulated Loss Value percentages set forth in Schedule 3 and the Termination Value percentages set forth in Schedule 4 shall be recalculated (upwards and downwards) by the Owner Participant as contemplated by such Section 11 in accordance with Section 3.2.1(c). Any adjustment described in this Section shall be set forth in an amendment to this Lease executed and delivered by Lessor and Lessee.

(c) All adjustments pursuant to Section 3.2.1(b) shall be made as promptly as practicable after either Owner Participant or Lessee gives notice to the other that an event has occurred that requires an adjustment. Owner Participant and Lessee shall

give prompt notice to the other of any event requiring an adjustment. All such adjustments shall be made in a manner that (i) maintains the Net Economic Return to Owner Participant and (ii) to the extent possible consistent with clause (i), minimizes the Net Present Value of Rents to Lessee. Any recalculation of the percentages of Basic Rent, Stipulated Loss Value and Termination Value shall be prepared by Owner Participant, subject to verification at the request of Lessee in accordance with Section 3.2.1(d), on the basis of the same methodology and assumptions used by Owner Participant in determining the percentages of Basic Rent, Stipulated Loss Value and Termination Value as of the Delivery Date (including compliance with Revenue Procedures 75-21 and 75-28 and Section 467 of the Code), except as such assumptions have been modified to reflect the events giving rise to adjustments hereunder. Promptly after an adjustment is made hereunder, Owner Participant shall deliver to Lessee a description of such adjustment, setting forth in reasonable detail the calculation thereof. All adjustments shall (y) be made so as to avoid characterization of the Lease as a "disqualified leaseback or long-term agreement" within the meaning of Section 467 of the Code and to avoid any additional risk of such characterization and (z) be in compliance with the requirements of Revenue Procedure 75-21 and Sections 4.02(5), 4.07(1) and, on a prospective basis, 4.08(1) of Revenue Procedure 75-28. For purposes of this Section 3.2.1(c), adjustments to Basic Rent shall be considered to comply with Section 467 and not to result in recharacterization of the Lease as a "disqualified leaseback or long-term agreement" if (i) application of Section 467 does not result in recognition of income in any taxable year of the Owner Participant in excess of the amount of Basic Rent scheduled to accrue during such taxable year (in accordance with the schedule of adjusted Basic Rent) without regard to the provisions of Section 467(b)(2) of the Code and the regulations thereunder or (ii) Section 467 does require such recognition of income, but the adjustments to Basic Rent maintain Owner Participant's Net Economic Return notwithstanding such acceleration.

(d) If Lessee believes that any calculations by Owner Participant pursuant to Section 3.2.1(c) are in error, and if, after consultation, Lessee and Owner Participant are unable to agree on an adjustment, then a nationally recognized firm of accountants selected by Owner Participant and reasonably satisfactory to Lessee (which may be Owner Participant's independent public accountants) shall verify such calculations.

Owner Participant will make available to such firm, but not, in any circumstances, to Lessee or any representative of Lessee, the methodology and assumptions referred to in Section 3.2.1(c) and any modifications thereto made to reflect the events giving rise to adjustments hereunder (subject to the execution by such firm of a confidentiality agreement, reasonably acceptable to Owner Participant, prohibiting disclosure of such methodology and assumptions to any third party). The determination by such firm of accountants shall be final. Lessee will pay the reasonable costs and expenses of such further verification by such accountants, provided that if it results in a decrease in Basic Rent which decreases the remaining Net Present Value of Rents by more than twenty basis points from the remaining Net Present Value of Rents as recalculated by the Owner Participant, then the Owner Participant will pay such costs and expenses.

(e) Notwithstanding anything to the contrary in any Operative Agreement, the amount of the payment of Basic Rent due and payable on each Payment Date shall be at least sufficient to pay in full, as of such Payment Date (assuming timely payment of the Equipment Notes prior to such Date), the aggregate principal amount of scheduled installments due on the Equipment Notes outstanding on such Payment Date, together with the accrued and unpaid interest thereon, due on such Payment Date in respect of the Equipment Notes; provided, however, that no installment of Basic Rent shall be increased to the extent such increase would be based upon (i) any judicial attachment or diversion of Basic Rent on account of Lessor Liens attributable to Lessor or Owner Participant, (ii) any modification of the amount or due date of any scheduled payment required to be made in respect of the Equipment Notes, other than as required or permitted by any Operative Agreement (including, without limitation, as permitted upon the occurrence of a Lease Event of Default) or (iii) the acceleration of any Equipment Note due solely to the occurrence of an Indenture Event of Default that does not constitute a Lease Event of Default.

### 3.2.2 SUPPLEMENTAL RENT

Lessee shall pay to Lessor, or to whosoever shall be entitled thereto, any and all Supplemental Rent when and as the same shall become due and owing. Lessee shall pay, as Supplemental Rent, the Make-Whole Amount, if any, due pursuant to Section 2.10(b) or Section 2.11 of the Trust Indenture in connection with a redemption of the Equipment Notes pursuant to

such Section 2.10(b) or Section 2.11. Lessee will also pay to Lessor, or to whosoever shall be entitled thereto, on demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the Payment Due Rate on any part of any amount of Rent (including, without limitation, Supplemental Rent) not paid by 12:30 p.m., New York time, on the date when due, for the period from and including the date on which the same was due to, but excluding, the date of payment in full.

### 3.3 PAYMENTS

(a) Payments of Rent and any and all other amounts payable by Lessee hereunder and under any other Operative Agreement shall be paid by wire transfer of immediately available Dollars, not later than 12:30 p.m., New York time, on the date when due, to the account of Lessor specified in Schedule 1 to the Participation Agreement or to such other account in the United States as directed by Lessor to Lessee in writing or, in the case of any payment of Supplemental Rent expressly payable to a person other than Lessor, to the person that shall be entitled thereto to such account in the United States as such person may specify from time to time to Lessee.

(b) Except as otherwise expressly provided herein, whenever any payment of Rent, or any other amount payable under this Agreement, the Participation Agreement or any other Operative Agreement shall be due on a day that is not a Business Day, such payment shall be made on the next day that is a Business Day, and, if such payment is made on such next Business Day, no interest shall accrue on the amount of such payment during such extension.

(c) So long as Lessee has not received written notice from the Mortgagee that the Trust Indenture has been discharged pursuant to Section 10.01 thereof, and notwithstanding Section 3.3(a), Lessor hereby directs, and Lessee agrees, that all payments of Rent and all other amounts payable by Lessee hereunder, other than Excluded Payments, shall be paid directly to Mortgagee on behalf of Lessor by wire transfer of immediately available Dollars to the account of Mortgagee specified in Schedule 1 to the Participation Agreement, or to such other account in the United States as Mortgagee may specify by written notice to Lessor and Lessee from time to time.

(d) Excluded Payments shall be paid by wire transfer of immediately available Dollars to the account of the person specified in the Participation Agreement or, if not so specified, to such account in the United States as may be specified by such person by written notice to Lessor and Lessee from time to time.

(e) All computations of interest under this Agreement shall be made on the basis of a year of 360 days comprised of twelve 30-day months.

SECTION 4. DISCLAIMER; CERTAIN AGREEMENTS OF LESSOR; SECTION 1110 MATTERS

4.1 COMPUTATION OF STIPULATED LOSS AND TERMINATION VALUES

Lessor and Lessee acknowledge and agree that, notwithstanding the second sentence of Section 3.2.1(a), the percentages set forth in Schedules 3 and 4 hereto, with respect to Stipulated Loss Value Dates and Termination Value Dates which are not Payment Dates, have been computed on the assumption that the Basic Rent payable on the Payment Date immediately preceding any such Stipulated Loss Value Date or Termination Value Date, as the case may be, has been paid to and will be retained by Lessor, such that if such computations did not assume payment and retention of such Basic Rent, the Stipulated Loss Values and Termination Values corresponding to such Stipulated Loss Value Dates and Termination Value Dates, respectively, would be commensurately higher than those set forth in Schedules 3 and 4 hereto.

4.2 DISCLAIMER

LESSOR LEASES AND LESSEE TAKES THE AIRCRAFT "AS-IS, WHERE-IS." LESSEE ACKNOWLEDGES AND AGREES THAT AS BETWEEN LESSEE AND EACH OF LESSOR, MORTGAGEE AND ANY PARTICIPANT (i) THE AIRFRAME AND EACH ENGINE ARE OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO LESSEE, (ii) LESSEE IS SATISFIED THAT THE AIRFRAME AND EACH ENGINE ARE SUITABLE FOR THEIR RESPECTIVE PURPOSES, AND (iii) NONE OF LESSOR, MORTGAGEE AND ANY PARTICIPANT MAKES, HAS MADE OR SHALL BE DEEMED TO HAVE MADE, AND EACH WILL BE DEEMED TO HAVE EXPRESSLY DISCLAIMED, AND LESSEE HEREBY WAIVES, RELEASES AND RENOUNCES, ANY WARRANTY, REPRESENTATION, GUARANTY, LIABILITY AND OBLIGATION OF LESSOR, MORTGAGEE AND ANY PARTICIPANT AND ANY RIGHT, CLAIM AND REMEDY OF



LESSEE AGAINST SUCH PARTIES, EXPRESS OR IMPLIED, ARISING BY OPERATION OF LAW, COURSE OF PERFORMANCE, COURSE OF DEALING, USAGE OF TRADE OR OTHERWISE, AS TO:

- (w) THE TITLE, AIRWORTHINESS, VALUE, CONDITION, DESIGN, OPERATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR USE OR FOR ANY PARTICULAR PURPOSE OF THE AIRFRAME, ANY ENGINE, ANY PART, ANY DATA OR ANY OTHER THING DELIVERED, SOLD OR TRANSFERRED HEREUNDER,
- (x) THE QUALITY OF THE MATERIAL OR WORKMANSHIP WITH RESPECT TO THE AIRFRAME, ANY ENGINE, ANY PART, ANY DATA OR ANY OTHER THING DELIVERED, SOLD OR TRANSFERRED HEREUNDER,
- (y) THE ABSENCE OF LATENT OR ANY OTHER DEFECT OR NONCONFORMANCE IN THE AIRFRAME, ANY ENGINE, ANY PART, ANY DATA OR ANY OTHER THING DELIVERED, SOLD OR TRANSFERRED HEREUNDER, WHETHER OR NOT DISCOVERABLE, OR
- (z) THE ABSENCE OF ANY ACTUAL OR ALLEGED INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT OR THE LIKE.

LESSEE FURTHER WAIVES, DISCLAIMS, RELEASES AND RENOUNCES ANY LIABILITY, RIGHT, CLAIM, REMEDY OR OBLIGATION BASED ON TORT, INCLUDING STRICT LIABILITY, WHETHER OR NOT ARISING FROM THE NEGLIGENCE (WHETHER ACTIVE, PASSIVE OR IMPUTED) OF LESSOR, MORTGAGEE OR ANY PARTICIPANT, ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY FOR LOSS OF OR DAMAGE TO THE AIRFRAME, ANY ENGINE, ANY PART, ANY DATA OR ANY OTHER THING DELIVERED, SOLD OR TRANSFERRED HEREUNDER, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRFRAME, ANY ENGINE, ANY PART, ANY DATA OR ANY OTHER THING DELIVERED, SOLD OR TRANSFERRED HEREUNDER.

#### 4.3 CERTAIN AGREEMENTS OF LESSOR

Unless a Lease Event of Default shall have occurred and be continuing, Lessor agrees to make available to Lessee such rights as Lessor may have under any warranty with respect to the Aircraft made, or made available, by Airframe Manufacturer or Engine Manufacturer or any of their respective subcontractors or suppliers, as the case may be, pursuant to and in accordance with the terms of the Purchase Agreement Assignment.

## 4.4 QUIET ENJOYMENT

So long as no Lease Event of Default shall have occurred and be continuing, Lessor shall not interfere with Lessee's rights hereunder to possession and use of the Aircraft during the Term. The foregoing, however, shall not be construed or deemed to modify or condition in any respect the obligations of Lessee pursuant to Section 16, which obligations are absolute and unconditional.

## 4.5 INVESTMENT OF FUNDS HELD AS SECURITY

## 4.5.1 INVESTMENT

Any moneys required to be paid to or retained by Lessor that are not required to be paid to Lessee pursuant to Section 10.9 or 11.6 solely because a Lease Default or a Lease Event of Default shall have occurred and be continuing, or that are held by Lessor pending payment to Lessee pursuant to Section 10.5, 10.8 or 11.5, or that are required to be paid to Lessee pursuant to Section 10.5, 10.8 or 11.5 after completion of a replacement to be made pursuant to Sections 10.1, 10.2 and 10.3, shall, until paid to Lessee as provided in Section 10 or 11 or applied as provided herein, be held by Lessor as security for the obligations of Lessee under this Lease and the other Lessee Operative Agreements (and Lessee hereby grants to Lessor a security interest in such moneys) and shall be invested by Lessor from time to time as directed in writing by Lessee (or, if Lessee fails to so direct, by or as directed by Lessor in its sole discretion) and at the expense and risk of Lessee in Cash Equivalents so long as such Cash Equivalents specified by Lessee or Lessor, as the case may be, can be acquired by Lessor using its best efforts; provided, that so long as the Lien of the Trust Indenture shall not have been discharged under Section 10.01 thereof, such moneys shall be invested and held by Mortgagee, as assignee of Lessor, as security for the obligations of Lessee under this Lease and the other Lessee Operative Agreements and shall be invested by Mortgagee pursuant to the first sentence of Section 5.09 of the Trust Indenture.

## 4.5.2 PAYMENT OF GAIN OR LOSS

Any net gain (including interest received) realized as the result of investments pursuant to Section 4.5.1 (net of any fees, commissions and other reasonable expenses, if any, incurred in

connection with such investment) shall be held and applied in the same manner as the principal amount is to be held and applied hereunder. Lessee will promptly pay to Lessor, on demand, the amount of any loss realized as the result of any such investment (together with any fees, commissions and other reasonable expenses, if any, incurred in connection with such investment), such amount so paid to be held and applied by Lessor as contemplated in Section 4.5.1 above.

#### 4.5.3 LIMITATION OF LIABILITY

All investments under this Section 4.5, and under the first sentence of Section 5.09 of the Trust Indenture, shall be at the expense and risk of Lessee, and Lessor and Mortgagee shall not be liable for any loss resulting from any investment made under this Section 4.5, or under the first sentence of Section 5.09 of the Trust Indenture, other than by reason of its willful misconduct or gross negligence. Any such investment may be sold (without regard to its maturity) by Lessor without instructions whenever such sale is necessary to make a distribution required by this Lease or the Trust Indenture.

#### 4.6 TITLE TRANSFERS BY LESSOR

If Lessor shall be required to transfer title to the Aircraft, Airframe or any Engine to Lessee or any other person pursuant to Section 5.3, 9, 10 or 17.3, then (a) Lessor shall (1) transfer to Lessee or such other person, as the case may be, all of Lessor's right, title and interest in and to the Aircraft, Airframe or such Engine, as the case may be, (2) assign to Lessee or such other person, as the case may be, if and to the extent permitted under the Purchase Agreement, all warranties of Airframe Manufacturer and Engine Manufacturer with respect to the Aircraft, Airframe or such Engine, and (3) assign to Lessee or such other person, as the case may be, if and to the extent permitted, all claims, if any, for damage to the Aircraft, Airframe or such Engine, in each case free of Lessor Liens attributable to Lessor or Owner Participant, and without recourse or warranty of any kind whatsoever (except as to the transfer described in clause (1) above and as to the absence of such Lessor Liens, as aforesaid), and (b) Lessor shall promptly deliver to Lessee or such other person, as the case may be, a bill of sale and agreements of assignment, evidencing such transfer and assignment and such other instruments of transfer, all in form and substance reasonably satisfactory to Lessor and

Lessee (or such other person, as the case may be), as Lessee (or such other person, as the case may be) may reasonably request.

#### 4.7 LESSOR'S INTEREST IN CERTAIN ENGINES

In the event Lessee shall have received from the lessor, conditional seller, indenture trustee or secured party of any airframe leased to, or purchased by, Lessee or any Permitted Sublessee subject to a lease, conditional sale, trust indenture or other security agreement a written agreement complying with clause (b) of Section 7.2.5, Lessor hereby agrees for the benefit of such lessor, conditional seller, indenture trustee or secured party that Lessor, its successors and assigns will not acquire or claim, as against such lessor, conditional seller, indenture trustee or secured party, any right, title or interest in any engine as the result of such engine being installed on the Airframe at any time while such engine is subject to such lease, conditional sale, trust indenture or other security agreement and owned by such lessor or conditional seller or subject to a trust indenture or security interest in favor of such indenture trustee or secured party.

#### 4.8 LEASE FOR U.S. FEDERAL INCOME TAX LAW PURPOSES; SECTION 1110 OF BANKRUPTCY CODE

(a) Lessee and Lessor agree that this Lease is, and shall be treated as, a lease for U.S. federal income tax purposes of the Aircraft, Airframe, Engines and Parts.

(b) It is the intention of each of Lessee and Lessor that Lessor (and Mortgagee as assignee of Lessor under the Trust Indenture) shall be entitled to the benefits of Section 1110 with respect to the right to take possession of the Aircraft, Airframe, Engines and Parts as provided in this Lease, and in any instance where more than one construction of the terms and conditions of this Lease or any other pertinent Operative Agreement is possible, or of the facts and circumstances underlying the transactions contemplated herein or therein, Lessor and Lessee agree that a construction which would create and preserve such benefits shall control over any construction which would not create and preserve such benefits.

(c) Lessor and Lessee agree that, for all purposes of applicable Law, this Lease constitutes an agreement of lease and nothing contained herein shall be construed as conveying to

Lessee any right, title or interest in the Aircraft, Airframe, Engines, Parts or Aircraft Documents except as a lessee only.

## SECTION 5. RETURN OF AIRCRAFT

### 5.1 COMPLIANCE WITH ANNEX B

Lessee shall comply with each of the provisions of Annex B hereto, which provisions are hereby incorporated by this reference as if set forth in full herein. Without limiting any other rights of Lessor under this Lease or any other Operative Agreement, Lessee acknowledges that the provisions of this Section 5 and of Annex B, are of the essence of this Lease and the transactions contemplated herein.

### 5.2 STORAGE AND RELATED MATTERS

If Lessee receives from Lessor a written request for storage of the Aircraft upon its return hereunder, Lessee will promptly (and in any event within ten (10) days following such request) provide Lessor, or cause Lessor to be provided, with outdoor storage facilities for the Aircraft for a period not exceeding one hundred eighty (180) days, commencing on the date of such return, at Mojave, California or Marana, Arizona, as Lessor may specify, or if Lessor elects not to store the Aircraft at either of such locations, then the Aircraft shall be stored at such storage facility in the 48 contiguous states of the United States as Lessee may select and which is used as a location for the storage of large commercial aircraft. Lessee shall, at Lessor's written request, maintain insurance (if available) for the Aircraft during such storage period. Such storage shall be at Lessor's risk (subject to Lessee's insurance obligations, as aforesaid); provided that Lessee shall pay all applicable storage fees; and provided further that Lessee's obligation to provide storage shall be subject to Lessor entering into an agreement prior to the commencement of the storage period with the storage facility which agreement shall provide, among other things, that Lessor shall bear all maintenance charges (other than maintenance required as a result of Lessee's failure to comply with the provisions of Annex B hereto) and all storage fees incurred after the initial 180 day storage period. In addition, upon the return of the Aircraft, Lessor shall have no obligation with respect to the amount of any fuel or oil contained in the fuel or oil tanks of the Aircraft.

### 5.3 RETURN OF OTHER ENGINES

In the event that any Engine owned by Lessor shall not be installed on the Airframe at the time of return hereunder, such Engine shall be deemed to have suffered an Event of Loss as of the sixty-first day prior to the date of such return, with the effect that Lessee shall be required to return the Airframe hereunder with a Replacement Engine meeting the requirements of, and in accordance with, Section 10 hereof and Annex B hereto. Thereupon, Lessor will transfer to Lessee the Engine constituting part of such Aircraft but not installed on such Airframe at the time of return of the Airframe.

If Lessee shall, for any reason whatsoever, fail to return the Aircraft and the Aircraft Documents at the time specified herein, all obligations of Lessee under this Lease shall continue in effect with respect to the Aircraft until the Aircraft is returned to Lessor; provided, however, that this Section 5.4 shall not be construed as permitting Lessee to fail to meet its obligation to return the Aircraft or the Aircraft Documents in accordance with the requirements hereof or constitute, or be deemed to constitute, a waiver of any Lease Event of Default resulting from Lessee's failure to return the Aircraft or the Aircraft Documents or otherwise.

#### SECTION 6. LIENS.

Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any Lien on or with respect to the Aircraft, the Airframe, any Engine, any Part or any Aircraft Documents, title to any of the foregoing or any interest therein, or this Lease or any interest of Lessor herein, or any amount payable hereunder, including, without limitation, any Rent, except (a) the respective rights of Lessor, Mortgagee, the Participants or Lessee under the Operative Agreements, or of any Permitted Sublessee under any Permitted Sublease; (b) Lessor Liens attributable to Owner Trustee (both in its capacity as trustee under the Trust Agreement and in its individual capacity), Mortgagee (both in its capacity as trustee under the Trust Indenture and in its individual capacity) or Owner Participant; (c) the rights of others under agreements or arrangements to the extent expressly permitted by the terms of Sections 7.2 and 7.3 and Section F of Annex C; (d) Liens for

Taxes of Lessee (and its U.S. federal tax law consolidated group), or Liens for Taxes of any Tax Indemnatee (and its U.S. federal tax law consolidated group) for which Lessee is obligated to indemnify such Tax Indemnatee under any of the Lessee Operative Agreements, in any such case either not yet due or being contested in good faith by appropriate proceedings so long as such Liens and such proceedings do not involve any material risk of the sale, forfeiture or loss (including loss of use) of the Aircraft, the Airframe, any Engine or any of the Aircraft Documents, or any interest therein or any discernible risk of criminal liability or any material risk of civil penalty against Lessor, Mortgagee or any Participant or impair the lien of the Trust Indenture; (e) materialmen's, mechanics', workers', repairers', employees' or other like Liens arising in the ordinary course of business for amounts the payment of which is either not yet delinquent or is being contested in good faith by appropriate proceedings, so long as such Liens and such proceedings do not involve any material risk of the sale, forfeiture or loss (including loss of use) of the Aircraft, the Airframe, any Engine or any of the Aircraft Documents, or any interest therein or any discernible risk of criminal liability or any material risk of civil penalty against Lessor, Mortgagee or any Participant or impair the lien of the Trust Indenture; and (f) Liens arising out of any judgment or award against Lessee (or any Permitted Sublessee), so long as such judgment shall, within 30 days after the entry thereof, have been discharged or vacated, or execution thereof stayed pending appeal or shall have been discharged, vacated or reversed within 30 days after the expiration of such stay, and so long as during any such 30-day period there is not, or any such judgment or award does not involve, any material risk of the sale, forfeiture or loss (including loss of use) of the Aircraft, the Airframe, any Engine or any of the Aircraft Documents, or any interest therein or any discernible risk of criminal liability or any material risk of civil penalty against Lessor, Mortgagee or any Participant or impair the lien of the Trust Indenture. Lessee shall promptly take such action as may be necessary duly to pay, satisfy, remove and discharge any Lien not excepted above if the same shall at any time arise in respect of the Aircraft, the Airframe, any Engine, any Part, the Aircraft Documents or all or any other part of the Trust Estate and shall promptly provide to Lessor evidence of such payment, satisfaction, removal or discharge.

## SECTION 7. REGISTRATION, OPERATION, POSSESSION, SUBLEASING AND RECORDS

## 7.1 REGISTRATION AND OPERATION

## 7.1.1 REGISTRATION AND RECORDATION

Subject to the compliance by Lessor and Owner Participant with their respective obligations under Section 14 of the Participation Agreement, Lessee shall cause the Aircraft to be, and at all times during the Term to remain, duly registered with the FAA under the Act or with such other country of registry as shall be permitted under Section 7.1.2 below, in the name of Lessor as owner and lessor (except to the extent that such registration under the Act cannot be effected with the FAA because of Lessor's or Owner Participant's failure to comply with the citizenship requirements for registration of the Aircraft under the Act). Lessor, at Lessee's expense, shall execute any and all such documents as Lessee (or any Permitted Sublessee) may reasonably request for the purposes of effecting and continuing such registration. Unless the Trust Indenture has been discharged in accordance with its terms, Lessee shall also cause the Trust Indenture to be duly recorded and at all times maintained of record as a first-priority perfected mortgage (subject to Permitted Liens) on the Aircraft, the Airframe and each of the Engines (except to the extent such perfection or priority cannot be maintained solely as a result of the failure by Lessor or Mortgagee to execute and deliver any necessary documents).

## 7.1.2 REREGISTRATION

So long as no Lease Default or Lease Event of Default shall have occurred and be continuing, Lessee may, by written notice to Lessor, request to change the country of registration of the Aircraft. Any such change in registration shall be effected, if at all, only in compliance with, and subject to all of the conditions set forth in, Section 7.6.12 of the Participation Agreement.

## 7.1.3 MARKINGS

(a) On or reasonably promptly after the Delivery Date, Lessee will cause to be affixed to, and maintained in, the cockpit of the Airframe and on each Engine, in each case, in a clearly visible location (it being understood that the location



of such placards, as identified to the Owner Participant prior to the Delivery Date, shall be deemed to be in compliance with this requirement), a placard of a reasonable size and shape bearing the legend, in English, set forth in Schedule 6. Lessee shall not remove or permit the removal of such placards, except that such placards may be removed temporarily, if necessary, in the course of maintenance of the Airframe or Engines. If any such placard is damaged or becomes illegible, Lessee shall promptly replace it with a placard complying with the requirements of this Section 7.1.3.

(b) During the Term, Lessee may letter, paint or mark the Aircraft with the name and logo of Lessee or any Permitted Sublessee and may cause the Aircraft to bear insignia plates or other markings identifying the supplier or manufacturer of the Airframe or the Engines or any Parts. Except as provided above, Lessee will not allow the name of any person to be placed on the Airframe or on any Engine as a designation that could reasonably be interpreted as a claim of ownership.

#### 7.1.4 COMPLIANCE WITH LAWS

Lessee shall not, and shall not allow any other person to, operate, use, maintain, service, repair, overhaul or otherwise similarly deal with the Aircraft (a) in violation of any Law binding on or applicable to the Lessee or to the Aircraft, the Airframe or any Engine, or any of the Aircraft Documents, or to the operation, use, maintenance, service, repair or overhaul of, or similar dealings in, the Aircraft, Airframe or any Engine, or (b) in violation of any airworthiness certificate, license or registration of any Government Entity relating to Lessee or to the Aircraft, the Airframe or any Engine, except (1) immaterial or non-recurring violations of which Lessee or any Permitted Sublessee had no prior knowledge or information and with respect to which corrective measures are taken promptly by Lessee or a Permitted Sublessee, as the case may be, upon discovery thereof, and (2) to the extent Lessee or any Permitted Sublessee is contesting the validity or application of any such law, rule, regulation, order, certificate, license or registration in good faith in any reasonable manner which does not involve any material risk of the sale, forfeiture or loss (including loss of use) of the Aircraft, the Airframe, any Engine or any of the Aircraft Documents or any interest therein or any discernible risk of criminal liability or any material risk of civil penalty

against Lessor, Mortgagee or any Participant or impair the lien of the Trust Indenture.

#### 7.1.5 OPERATION

Lessee agrees not to operate, use or locate the Aircraft, the Airframe or any Engine, or allow the Aircraft, the Airframe or any Engine to be operated, used or located (a) in any area excluded from coverage by any insurance required by the terms of Section 11, except in the case of a requisition by the U.S. Government where Lessee obtains an indemnity in lieu of such insurance from the U.S. Government, or insurance from the U.S. Government, covering such area, in accordance with Section 11.4 or (b) in any recognized or threatened area of hostilities unless fully covered in accordance with Annex D by war-risk insurance as required by the terms of Section 11, unless the Aircraft is only temporarily located in such area as a result of an emergency, equipment malfunction, navigational error, hijacking, weather condition or other similar unforeseen circumstances, so long as Lessee diligently and in good faith proceeds to remove the Aircraft from such area immediately.

#### 7.2 POSSESSION

Lessee will not, without the prior written consent of Lessor, sublease or otherwise in any manner deliver, transfer or relinquish possession of the Aircraft, the Airframe or any Engine or install any Engine, or permit any Engine to be installed, on any airframe other than the Airframe; provided, however, subject to the provisions of Section 7.3, that if and for so long as (a) no Lease Event of Default shall have occurred and be continuing, (b) with respect to any sublease or transfer contemplated by Section 7.2.7 or 7.2.8 below, no Lease Default or Lease Event of Default shall have occurred and be continuing at the time of such sublease or transfer and (c) all approvals, consents or authorizations required in connection with any such sublease or such delivery, transfer or relinquishment of possession by the Aviation Authority have been obtained and remain in full force and effect, then Lessee may, without such prior written consent:

##### 7.2.1 INTERCHANGE AND POOLING

Subject or permit any Permitted Sublessee to subject any Engine to normal interchange agreements or pooling agreements or

arrangements, in each case customary in the commercial airline industry and entered into in writing by Lessee or such Permitted Sublessee, as the case may be, in the ordinary course of business and with (a) any U.S. Air Carrier or (b) any other air carrier organized and having its principal place of business in a country with which the United States then maintains normal diplomatic relations and which recognizes and gives effect to the rights, title and interests of Lessor and Mortgagee in, and with respect to, such Engine; provided, however, that no such agreements or arrangements shall require, contemplate or result in any transfer of Lessor's title to such Engine. If, notwithstanding the foregoing, Lessor's title to any such Engine is divested under any such agreement or arrangement, then such Engine shall be deemed to have suffered an Event of Loss as of the date of such divestiture, with the effect that Lessee shall be required to replace such Engine with a Replacement Engine meeting the requirements of, and in accordance with, Section 10.

#### 7.2.2 TESTING AND SERVICE

Deliver or permit any Permitted Sublessee to deliver possession of the Aircraft, Airframe, any Engine or any Part to the manufacturer thereof or, to the extent permitted by Section B of Annex C, to any third-party maintenance provider, for testing, service, repair, maintenance or overhaul work on the Aircraft, Airframe, any Engine or any Part, or, to the extent required or permitted by the terms of Section D of Annex C, for alterations or modifications in or additions to the Aircraft, Airframe or any Engine, it being understood that, with respect to Engines and Parts, delivery may be accomplished by transport on licensed or bonded common carriers qualified in the shipping and transport of such items.

#### 7.2.3 CIVIL RESERVE AIR FLEET PROGRAM

Transfer or permit any Permitted Sublessee to transfer possession of the Aircraft, Airframe or any Engine to the U.S. Government pursuant to CRAF, in which event Lessee shall promptly notify Lessor and Mortgagee in writing of any such transfer of possession and in such notification shall identify by name, address and telephone numbers the Contracting Office Representative or Representatives for the Military Airlift Command of the United States Air Force to whom notices must be given and to whom requests or claims must be made; provided, however, that any such transfer of possession shall not continue,

and shall not be permitted to continue, beyond the end of the Term. If, notwithstanding the foregoing, such transfer does continue beyond the end of the Term, then (without limiting any other right of Lessor with respect to such event) Lessor may, in accordance with Section 10.6, deem the Aircraft, Airframe or Engines, as the case may be, to have suffered an Event of Loss with the effect that Lessee would be required to pay, in accordance with Section 10.6, the amounts specified in Section 10.1.2. If as of the Scheduled Expiration Date the Aircraft or Airframe is being used or was within six months prior thereto being used by the U.S. Government pursuant to CRAF, then Lessee shall give notice to Owner Participant and Lessor of such fact, which notice shall specify the date on which the Lessee expects the Term to end or, if such date cannot reasonably be determined by Lessee, so stating.

#### 7.2.4 INSTALLATION OF ENGINES ON OWNED AIRCRAFT

Install or permit any Permitted Sublessee to install an Engine on an airframe owned by Lessee or such Permitted Sublessee, as the case may be, free and clear of all Liens, except (a) those of the type permitted under clauses (d), (e) and (f) of Section 6 and those that apply only to the engines (other than Engines) and/or only to parts, appliances, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts), and (b) the rights of third parties under normal interchange or pooling agreements and arrangements of the type that would be permitted under Section 7.2.1.

#### 7.2.5 INSTALLATION OF ENGINES ON OTHER AIRFRAMES

Install or permit any Permitted Sublessee to install an Engine on an airframe leased to Lessee or such Permitted Sublessee, or purchased by Lessee or such Permitted Sublessee subject to a mortgage, security agreement, conditional sale or other secured financing arrangement, but only if (a) such airframe is free and clear of all Liens, except (i) the rights of the parties to such lease, or any such secured financing arrangement, covering such airframe and (ii) Liens of the type permitted by clauses (a) and (b) of Section 7.2.4 and (b) Lessee shall have received from the lessor, mortgagee, secured party or conditional seller, in respect of such airframe, a written agreement (which may be a copy of the lease, mortgage, security

agreement, conditional sale or other agreement covering such airframe), whereby such Person agrees that neither such Person nor its successors or assigns will acquire or claim any right, title or interest in, or Lien on, such Engine by reason of such Engine being installed on such airframe.

#### 7.2.6 INSTALLATIONS OF ENGINES ON FINANCED AIRCRAFT

Install or permit any Permitted Sublessee to install an Engine on an airframe owned by Lessee or such Permitted Sublessee, leased to Lessee or such Permitted Sublessee, or purchased by Lessee or such Permitted Sublessee subject to a conditional sale or other security agreement under circumstances where neither Section 7.2.4 or 7.2.5 is applicable; provided, however, that in the event of any such installation, such Engine shall be deemed to have suffered an Event of Loss as of the date of such installation, with the effect that Lessee shall be required to replace such Engine with a Replacement Engine meeting the requirements of, and in accordance with, Section 10. Until Section 10 has been fully complied with, Lessor's interest in any such Engine shall continue in full force and effect.

#### 7.2.7 SUBLEASING

With respect to the Aircraft, Airframe or any Engine, enter into a sublease with any Permitted Air Carrier, but only if:

(a) Lessee shall provide 15 days' advance written notice to Lessor and Mortgagee;

(b) At the time that Lessee enters into such sublease, no such Permitted Air Carrier shall be insolvent or subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding, or any similar non-ordinary course transaction, shall be seeking any reorganization or any readjustment of its debts or shall be, or shall have substantially all of its property, in the possession of any liquidator, trustee, receiver or similar person;

(c) No such sublease shall provide for payment of rent, or any amount in lieu of rent, (i) more than three months in advance, or (ii) less frequently than once every three months;

(d) Any such sublease (i) shall include provisions for the registration, maintenance, operation, possession, inspection

and insurance of the Aircraft that are substantially the same as, or (from a lessor's perspective) more favorable than, the applicable provisions of Sections 7, 8, 11 and 12, (ii) shall provide that such Permitted Air Carrier may not further sublease or transfer its interests (except transfers of the type permitted in Sections 7.2.1 through 7.2.6, inclusive) in the Aircraft, Airframe or Engines, (iii) shall be for a period not in excess of 60 months (inclusive of all renewal periods) and not extending beyond the date which is one year prior to the end of the Term, and (iv) shall be expressly subject and subordinate to all the terms of this Agreement and to the rights, powers and remedies of Lessor hereunder, including, without limitation, Lessor's rights under Section 15 to repossess the Aircraft, Airframe and Engines and to terminate such sublease, upon the occurrence of a Lease Event of Default;

(e) In connection with a sublease to a Permitted Air Carrier which is not a U.S. Air Carrier, all necessary governmental approvals, if any, required for the Aircraft, Airframe or Engines to be imported to, and exported from (upon repossession thereof by Lessor or other termination or expiration of such sublease), the applicable jurisdiction shall have been obtained prior to commencement of any such sublease, and any foreign exchange permits necessary to allow all rent and other payments provided for under such sublease shall be in full force and effect; and Lessee shall have provided to Lessor a power-of-attorney, reasonably satisfactory in form and substance to Lessor and, to the extent permitted by applicable Law, valid and enforceable in the applicable jurisdiction, permitting Lessor to exercise all rights of Lessee under such sublease in such jurisdiction, upon the occurrence and continuation of a Lease Event of Default;

(f) In connection with a sublease to a Permitted Air Carrier which is not a U.S. Air Carrier, Lessee shall have furnished Lessor, Mortgagee and Owner Participant a favorable opinion of counsel, satisfactory to Lessor and Owner Participant, in the country of domicile of such Permitted Air Carrier, in form and substance satisfactory to Lessor and Owner Participant, that (i) the terms of such sublease, this Lease and the Trust Indenture are the legal, valid and binding obligations of the parties thereto enforceable under the laws of such jurisdiction, (ii) it is not necessary for Owner Participant, Lessor or Mortgagee to register or qualify to do business in such jurisdiction, if not already so registered or qualified, as a

result, in whole or in part, of the proposed sublease, (iii) Lessor's title to, and Mortgagee's Lien in respect of, the Aircraft, Airframe and Engines will be recognized in such jurisdiction, (iv) such jurisdiction maintains normal diplomatic relations with the United States and the Laws of such jurisdiction of domicile require fair compensation by the government of such jurisdiction, payable in a currency freely convertible into Dollars, for the loss of use of or title to the Aircraft, Airframe or Engines in the event of the requisition by such government of such use or title (unless Lessee shall provide insurance in the amounts required with respect to hull insurance under Section 11 covering the requisition of use of or title to the Aircraft, Airframe or Engines by the government of such jurisdiction so long as the Aircraft, Airframe or Engines are subject to such sublease) and (v) the agreement of such Permitted Air Carrier that its rights under the sublease are subject and subordinate to all the terms of this Lease is enforceable against such Permitted Air Carrier under applicable law and Lessor shall be able to repossess the Aircraft, Airframe and Engines, and return it to the United States, without undue expense, penalty or delay, upon the occurrence of a Lease Event of Default;

(g) Lessee shall furnish to Lessor, Mortgagee and Owner Participant evidence reasonably satisfactory to Lessor and Owner Participant that the insurance required by Section 11 remains in effect;

(h) All necessary action, if any, shall have been taken to continue in full force and effect (i) the perfection of (y) Lessor's title to and interest in the Aircraft, Airframe and Engines and (z) Mortgagee's first-priority perfected Lien on the Aircraft, Airframe and Engines (subject to Permitted Liens) and (ii) Lessor's and Mortgagee's rights under this Lease;

(i) All necessary documents shall have been duly filed, registered or recorded in such public offices as may be required fully to preserve the title of, and the priority of the interest of, Lessor and Mortgagee in the Aircraft, Airframe and Engines;

(j) Each such sublease shall be assigned by Lessee to Lessor as security for the performance of all of Lessee's obligations under this Lease (with Lessee retaining all rights of sublessor thereunder, to the extent consistent with this Section 7.2.7, (i) except the right to receive rents and (ii) if

and for so long as there shall not have occurred and be continuing a Lease Event of Default) and, if the Trust Indenture is then in effect, such sublease shall be further assigned without representation or warranty by Lessor to the Mortgagee as security for the performance of all of Lessor's obligations under the Trust Indenture, in each case, with the express consent of such Permitted Air Carrier;

(k) No such sublease shall be made to Permitted Air Carriers, other than U.S. Air Carriers, prior to the close of the calendar year in which the seventh anniversary of the Delivery Date occurs, or if a Lessee Act (as defined in the Tax Indemnity Agreement) as a result of which indemnification has been required under the Tax Indemnity Agreement has created a longer Tax Attribute Period (as defined in the Tax Indemnity Agreement), prior to the close of the Tax Attribute Period, unless in either case Lessee prepays any liability Owner Participant determines would be due under the Tax Indemnity Agreement as a result of such sublease based upon the assumption that such sublease were to continue for the remainder of the term of such sublease;

(l) Lessee shall reimburse the reasonable out-of-pocket fees and expenses, including, without limitation, reasonable fees and disbursements of counsel, incurred by Lessor, Mortgagee and Owner Participant in connection with any such sublease; and

(m) For all purposes of this Section 7.2.7, the term "sublease" shall be deemed to include interchange agreements with respect to the Aircraft or Airframe.

#### 7.2.8 TRANSFER TO U.S. GOVERNMENT

Transfer or permit the transfer of possession of the Aircraft, Airframe or any Engine to the U.S. Government pursuant to a sublease under which the sublessee's obligations are guaranteed or supported by the full faith and credit of the United States, but only if such sublease complies, or Lessee shall comply, as the case may be, with the requirements of clauses (a), (d)(i) (other than with respect to insurance), (d)(ii)-(iii), (j) and (l) of Section 7.2.7.

#### 7.3 Certain Limitations on Subleasing or Other Relinquishment of Possession

Notwithstanding anything to the contrary in Section 7.2:



(a) The rights of any person that receives possession of the Aircraft in accordance with Section 7.2 shall be subject and subordinate to all the terms of this Lease, and to Lessor's rights, powers and remedies hereunder, including, without limitation (i) Lessor's right to repossess the Aircraft pursuant to Section 15, (ii) Lessor's right to terminate and avoid such sublease, delivery, transfer or relinquishment of possession upon the occurrence of a Lease Event of Default and (iii) the right to require such person to forthwith deliver the Aircraft, the Airframe and Engines subject to such transfer upon the occurrence of a Lease Event of Default;

(b) Lessee shall remain primarily liable hereunder for the performance of all the terms of this Lease to the same extent as if such transfer had not occurred and no transfer of possession of the Aircraft, the Airframe, any Engine or any Part or any Aircraft Documents shall in any way discharge or diminish any of Lessee's obligations to Lessor hereunder or under any Operative Agreement;

(c) Lessee shall ensure that no sublease, delivery, transfer or relinquishment permitted under Section 7.2 shall affect the United States registration of the Aircraft, unless also made in accordance with the provisions of Section 7.1.2;

(d) Any event that constitutes or would, with the passage of time, constitute an Event of Loss under paragraph (c), (d), or (e) of the definition of such term (as set forth in Annex A) shall not be deemed to violate the provisions of Section 7.2; and

(e) Any Wet Lease shall not constitute a delivery, transfer or relinquishment of possession for purposes of Section 7.2.

SECTION 8. MAINTENANCE; REPLACEMENT AND POOLING OF PARTS; ALTERATIONS, MODIFICATIONS AND ADDITIONS; OTHER LESSEE COVENANTS

8.1 MAINTENANCE; REPLACEMENT AND POOLING OF PARTS; ALTERATIONS, MODIFICATIONS AND ADDITIONS

At all times during the Term, Lessee shall comply with, or cause to be complied with, each of the provisions of Annex C, which provisions are hereby incorporated by this reference as if set forth in full herein. Without limiting any other rights of

Lessor under this Lease or any other Operative Agreement, Lessee acknowledges that the provisions of this Section 8 and of Annex C are of the essence of this Lease and the transactions contemplated herein.

## 8.2 INFORMATION, CERTIFICATES, NOTICES AND REPORTS

### 8.2.1 FINANCIAL INFORMATION

Lessee will furnish to Lessor and Owner Participant, to the extent not already provided to such persons pursuant to Section 8.2.3:

- (a) Within 60 days after the end of each of the first three fiscal quarters in each fiscal year of Lessee, a consolidated balance sheet of Lessee as of the end of such quarter and related statements of income and cash flows for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding period in the preceding fiscal year, prepared in accordance with GAAP; provided that so long as Lessee is subject to the reporting requirements of the Securities Exchange Act of 1934, a copy of Lessee's report on Form 10-Q for such fiscal quarter (together with all documents containing such financial information incorporated by reference therein) will satisfy this paragraph (a).
- (b) Within 120 days after the end of each fiscal year of Lessee, a consolidated balance sheet of Lessee as of the end of such fiscal year and related statements of income and cash flows of Lessee for such fiscal year, in comparative form with the preceding fiscal year, prepared in accordance with GAAP, together with a report of Lessee's independent certified public accountants with respect to their audit of such financial statements; provided that so long as Lessee is subject to the reporting requirements of the Securities Exchange Act of 1934, a copy of Lessee's report on Form 10-K for such fiscal year (including all corresponding publicly-available annual reports to stockholders, if not previously furnished) will satisfy this paragraph (b).

## 8.2.2 ANNUAL CERTIFICATE

Within 120 days after the close of each fiscal year of Lessee, Lessee shall deliver to Lessor, Mortgagee and Owner Participant an Officer's Certificate of Lessee to the effect that such officer is familiar with or has reviewed or caused to be reviewed the relevant terms of this Lease and the other Operative Agreements and has made, or caused to be made under his or her supervision, a review of the transactions and condition of Lessee during the preceding fiscal year, and that such review has not disclosed the existence during such fiscal year, nor does such officer have knowledge of the existence as at the date of such certificate, of any Lease Default or Lease Event of Default or, if any such Lease Default or Lease Event of Default existed or exists, specifying the nature and period of existence thereof and the action Lessee has taken or is taking or proposes to take with respect thereto.

## 8.2.3 SEC REPORTS

Lessee will furnish to Lessor and Owner Participant:

- (a) promptly after filing with the SEC, copies of Lessee's annual reports on Form 10-K (including all corresponding publicly-available annual reports to stockholders, if not previously furnished), and quarterly reports on Form 10-Q (in each case, excluding exhibits unless any such recipient requests otherwise); and (b) if provided by Lessee from time to time to aircraft lessors and other aircraft creditors generally, then (i) promptly after filing with the SEC, copies of current reports on Form 8-K, or any similar reports filed with the SEC (in each case, excluding exhibits unless any such recipient requests otherwise), and (ii) promptly upon distribution thereof, copies of all periodic reports furnished by Lessee, or any parent company of Lessee, to its respective stockholders generally.

## 8.2.4 NOTICE OF DEFAULT

Lessee will furnish to Lessor, Mortgagee and Owner Participant, immediately upon any senior officer or financial officer of Lessee, or other administrative officer of Lessee

having any material responsibility for Lessee's day-to-day compliance with its obligations under this Lease, becoming aware that a Lease Default or a Lease Event of Default has occurred, a certificate of Lessee, signed by any such officer of Lessee, describing such Lease Default or Lease Event of Default in reasonable detail, with a statement describing the action Lessee has taken or is taking or proposes to take with respect thereto.

#### 8.2.5 INFORMATION FOR FILINGS

Lessee shall promptly furnish to Owner Participant or Lessor such information (other than with respect to the citizenship of Owner Participant and Lessor) within Lessee's or any Permitted Sublessee's possession, or reasonably available to or obtainable by Lessee or such Permitted Sublessee, as may be required to enable Lessor timely to file any reports required to be filed by it as lessor under this Lease or to enable Owner Participant to timely file any reports required to be filed by it, as the beneficiary of the Trust Estate, in either case, with any Government Entity because of, or in connection with, the interest of Owner Participant or Lessor in the Aircraft, Airframe or Engines, this Lease or any other part of the Trust Estate; provided, however, that with respect to any such information which Lessee reasonably deems commercially sensitive or confidential, Owner Participant or Lessor, as the case may be, shall afford Lessee a reasonable opportunity to seek from any such Government Entity a waiver of the obligation of Owner Participant or Lessor to file any such information, or shall consent to the filing of such information directly by Lessee in lieu of filing by Owner Participant or Lessor and if any such waiver or consent is evidenced to the reasonable satisfaction of Owner Participant or Lessor, as the case may be, then Lessee shall not be required to furnish such information to Owner Participant or Lessor.

#### 8.2.6 OTHER INFORMATION

Lessee shall provide to Lessor, Mortgagee and each Participant, from time to time such other information or data as Lessor, Mortgagee or any such Participant may reasonably request concerning the Aircraft, Airframe or Engines, or Lessee's financial condition, or otherwise relating to the transactions or matters contemplated herein and in the other Operative Agreements, in each case if and to the extent within Lessee's or any Permitted Sublessee's possession, or reasonably available to

or obtainable by Lessee or such Permitted Sublessee (unless Lessee reasonably deems the same to be commercially sensitive or confidential).

### 8.3 CERTAIN AGREEMENTS OF LESSEE

Lessee hereby agrees with Lessor that it shall perform the agreements, covenants and indemnities set forth in the Participation Agreement and the Tax Indemnity Agreement, and hereby restates Lessee's representations and warranties set forth in the Participation Agreement, in each case as fully and to the same extent and with the same force and effect as if set forth in full in this Section 8.3. Lessee hereby further agrees that it shall pay to Lessor or whosoever shall be entitled thereto, as Supplemental Rent, (i) all amounts referred to clause (b) of the first sentence in the definition of Supplemental Rent in Annex A hereto and (ii) all compensation and reimbursement of expenses, disbursements and advances referred to clauses (c), (d) and (e) of the first sentence in such definition of Supplemental Rent.

## SECTION 9. VOLUNTARY TERMINATION UPON OBSOLESCENCE

### 9.1 RIGHT OF TERMINATION

(a) Lessee shall have the right at its option to terminate this Lease during the Base Lease Term, effective only on a Termination Date occurring after the tenth anniversary of the Delivery Date and on or before the date one year prior to the Scheduled Expiration Date, if:

(i) the Aircraft is not then subject to any sublease or other possessory interests of another person (including, without limitation, interests of the type permitted under Section 7.2) and either has become economically obsolete or is surplus to Lessee's requirements and the Chief Financial Officer or Treasurer of Lessee so certifies in writing to Lessor;

(ii) Lessee's termination of this Lease shall be made on a nondiscriminatory basis with respect to the Aircraft and all Similar Aircraft which are then owned, leased or otherwise operated by Lessee and which are then eligible for termination or disposition under any applicable agreements of Lessee relating to the purchase, ownership, lease or operation thereof, with the effect that the disposition of the Aircraft and any Similar Aircraft shall

be determined and effected on a random basis; and Lessee shall provide such information to Lessor, as Lessor may reasonably request to establish that such dispositions have been so determined;

(iii) written notice of Lessee's exercise of its option to terminate this Agreement shall be given to Lessor, Mortgagee and Owner Participant not less than six months nor more than eighteen months prior to the proposed Termination Date specified in such notice; and

(iv) on the date of any notice described in clause (iii) no Lease Event of Default shall have occurred and be continuing, and on such proposed Termination Date no Lease Default or Lease Event of Default shall have occurred and be continuing. (b) Lessor shall notify Lessee and Mortgagee of Lessor's intention to sell or retain the Aircraft, as provided in this Section 9, no later than 10 days prior to the proposed Termination Date. Any such notice of an intention to retain the Aircraft shall include assurances reasonably satisfactory to Mortgagee of Lessor's ability to make the payments required by Section 9.3(a). Any failure by Lessor to give such notice of its election shall be deemed to be an election to sell the Aircraft, as provided in this Section 9. (c) Any termination pursuant to this Section 9 shall become effective on the date of the sale, if any, pursuant to Section 9.2 or upon the date of termination and payment by Lessee and Lessor in accordance with Section 9.3 if Lessor elects to retain the Aircraft.

## 9.2 ELECTION BY LESSOR TO SELL

### 9.2.1 BIDS; CLOSING OF SALE

If Lessor elects to sell the Aircraft, Lessee, as agent for Lessor, shall, from the date of such election until the date 30 days prior to the proposed Termination Date, use its best reasonable efforts to obtain bids for a cash purchase of the Aircraft and Lessor may, if it desires to do so, also seek to obtain such bids. In the event Lessee receives any bid, Lessee shall promptly, and in any event at least 25 days prior to the proposed date of sale, certify to Lessor in writing the amount and terms of such bid, the proposed date of such sale and the

name and address of the person (who shall not be Lessee or any Affiliate of Lessee or any person with whom Lessee or any such Affiliate of Lessee has any agreement or understanding with respect to the purchase, lease, use or operation by Lessee or any such Affiliate of the Aircraft, Airframe or any Engine) submitting such bid. In the event Lessor receives any bid, Lessor shall, at least 25 days prior to the proposed date of sale, certify to Lessee in writing the amount and terms of such bid, the proposed date of such sale and the name and address of the person submitting such bid.

#### 9.2.2 CLOSING OF SALE

(a) On the proposed Termination Date (i) Lessee shall deliver the Airframe and Engines or engines constituting part of the Aircraft to the bidder, if any, which shall have submitted the highest cash bid on or before the date 30 days prior to such Termination Date, in the same manner as if delivery were made to Lessor pursuant to Section 5 and Annex B and in full compliance with the terms thereof, and shall duly transfer to Lessor title to any such engines not owned by Lessor, all in accordance with the terms of Section 5 and Annex B, and (ii) Lessor shall simultaneously therewith transfer the Airframe and Engines or engines to such bidder, in the manner described in Section 4.6, against cash paid to Lessor in the amount of such highest bid and in the manner and in funds of the type specified in Section 3.3.

(b) All proceeds of any sale described in Section 9.2.2(a) shall be paid to and retained by Lessor and, on such Termination Date, and as a condition precedent to such sale and the delivery of the Aircraft and Engines or engines to such bidder, Lessee shall pay to Lessor, in the manner and in funds of the type specified in Section 3.3:

(i) all unpaid Basic Rent due at any time prior to such Termination Date; plus

(ii) an amount equal to the excess, if any, of the Termination Value for the Aircraft, computed as of such Termination Date, over the proceeds of such sale; plus

(iii) as provided in Section 3.2.2, interest on the amounts specified in the foregoing clause (i) at the Payment Due Rate from and including the date on

which any such amount was due to the date of payment of such amount in full; plus

(iv) the Basic Rent due on such Termination Date (other than the portion (if any) of the Basic Rent due on such Termination Date that is designated in Schedule 2 as a payment in advance).

As a further condition precedent to such sale and delivery, Lessee shall pay all other amounts due and payable by Lessee to Lessor, Mortgagee or the Participants under this Lease (other than the portion (if any) of the Basic Rent due on such Termination Date that is designated in Schedule 2 as a payment in advance), the Participation Agreement or any other Operative Agreement (including, without limitation, (A) Supplemental Rent in respect of Make-Whole Amount, if any, payable pursuant to Section 2.10(b) of the Trust Indenture in connection with a redemption of the Equipment Notes upon such sale, and (B) all interest charges provided for hereunder or under any other Lessee Operative Agreement with respect to the late payment of any amounts so payable), and (C) the reasonable out-of-pocket fees and expenses incurred by Lessor, Mortgagee and Owner Participant in connection with such termination and sale).

(c) Upon and subject to any such sale and receipt of proceeds by Lessor, and full and final payment of all amounts described in Section 9.2.2(b), and compliance by Lessee with all the other provisions of this Section 9.2,

(i) Lessor will transfer to Lessee, in accordance with Section 4.6, any Engines constituting part of the Aircraft but which were not then installed on the Airframe and sold therewith; and

(ii) the obligation of Lessee to pay Basic Rent, with respect to periods after the Payment Date with reference to which Termination Value is computed, shall cease, and the Term for the Aircraft shall end effective as of the date of such sale.

(d) A sale of the Aircraft pursuant to this Section 9.2.2 shall take place only on a Termination Date. Subject to Section 9.3, if no sale shall have occurred on or as of the proposed Termination Date, this Agreement shall continue in full force and effect, and all of Lessee's obligations shall



continue, including, without limitation, its obligation to pay Rent, in each case, as if the notice under Section 9.1 shall not have been given and, subject to Section 9.2.3(b), Lessee may give another notice pursuant to Section 9.1.

(e) Lessor shall be under no duty to solicit bids, to inquire into the efforts of Lessee to obtain bids or otherwise to take any action in connection with any such sale other than to transfer to the purchaser named in the highest bid referred to above (or to such purchaser and, in the case of Engines described in Section 9.2.2(c), to Lessee) the Airframe and Engines or engines against receipt of the payments described in Section 9.2.2(b).

#### 9.2.3 WITHDRAWAL OF NOTICE OF TERMINATION

(a) Lessee may withdraw any notice given pursuant to Section 9.1 at any time on or before the date 25 days prior to the proposed Termination Date if it has determined that no bid of a reasonable amount has been received, whereupon this Agreement shall continue in full force and effect and all of Lessee's obligations shall continue, including, without limitation, its obligation to pay Rent, in each case, as if the notice under Section 9.1 shall not have been given and, subject to Section 9.2.3(b), Lessee may give another notice pursuant to Section 9.1.

(b) Anything herein to the contrary notwithstanding, Lessee shall not be entitled to give more than three notices pursuant to Section 9.1. (c) Lessee shall pay any and all reasonable out-of-pocket fees and expenses of Lessor, Mortgagee and Owner Participant in connection with any notice of termination withdrawn by Lessee or in connection with any notice of termination pursuant to which a sale of the Aircraft fails to occur.

#### 9.3 RETENTION OF AIRCRAFT BY LESSOR

(a) If Lessor shall elect to retain the Aircraft in accordance with Section 9.1, on the proposed Termination Date:

(i) Lessor shall pay, or cause to be paid, in the manner and in funds of the type specified in Section 3.3, to the Mortgagee an amount sufficient to prepay

all outstanding Equipment Notes pursuant to Section 2.10(b) of the Trust Indenture;

(ii) subject to receipt by Mortgagee of the funds described in paragraph (i) above, Lessee shall deliver the Airframe and Engines or engines constituting part of the Aircraft to Lessor pursuant to Section 5 and Annex B and in full compliance with the terms thereof, and shall duly transfer to Lessor title to any such engines not owned by Lessor, all in accordance with the terms of Section 5 and Annex B;

(iii) Lessee shall pay to Lessor, in the manner and in funds of the type specified in Section 3.3:

- (1) all unpaid Basic Rent due at any time prior to such Termination Date; plus
- (2) the excess, if any, of (A) the Termination Value of the Aircraft, computed as of such Termination Date, over (B) an amount equal to the highest bona fide cash bid made for the Aircraft by a person that is not a person described in the parenthetical of the second sentence of Section 9.2.1; plus
- (3) as provided in Section 3.2.2, interest on the amounts specified in the foregoing clause (1) at the Payment Due Rate from and including the date on which any such amount was due to the date of payment of such amount in full; plus
- (4) the Basic Rent due on such Termination Date (other than the portion (if any) of the Basic Rent due on such Termination Date that is designated in Schedule 2 as a payment in advance); and

(iv) Lessee shall also pay all other amounts due and payable by Lessee to Lessor, Mortgagee or the other Participants under this Lease (other than the portion (if any) of the Basic Rent due on such Termination Date that is designated in Schedule 2 as a payment in advance), the Participation Agreement or any other Operative Agreement (including, without limitation, (A) Supplemental Rent in respect of Make-Whole Amount, if any, payable pursuant to Section 2.10(b) of the Trust Indenture in

connection with a redemption of the Equipment Notes upon redemption of such Equipment Notes in accordance with such Section 2.10(b), (B) all interest charges provided for hereunder or under any other Operative Agreement with respect to the late payment of any amounts, so payable, and (C) the out-of-pocket fees and expenses incurred by Lessor, Mortgagee and Owner Participant in connection with such termination and sale).

(b) Upon full and final payment to Lessor, Mortgagee and the Participants of the amounts described in Section 9.3(a), and compliance by Lessee with all the other applicable provisions of this Section 9.3,

(i) Lessor will transfer to Lessee, in accordance with Section 4.6, any Engines constituting part of the Aircraft but which were not then installed on the Airframe and sold therewith; and

(ii) The obligation of Lessee to pay Basic Rent otherwise due with respect to periods after the Payment Date with reference to which Termination Value is computed shall cease, and the Term for the Aircraft shall end effective as of such Termination Date.

#### SECTION 10. LOSS, DESTRUCTION, REQUISITION, ETC.

##### 10.1 EVENT OF LOSS WITH RESPECT TO AIRCRAFT

###### 10.1.1 NOTICE AND ELECTION

(a) Upon the occurrence of an Event of Loss with respect to the Airframe, and any Engine or Engines installed thereon at the time of such Event of Loss, Lessee shall promptly (and in any event within 10 days after such occurrence) give Lessor, Mortgagee and Owner Participant written notice of such Event of Loss. Within 20 days after such occurrence, Lessee shall give Lessor, Mortgagee and Owner Participant written notice of Lessee's election to make payment in respect of such Event of Loss, as provided in Section 10.1.2 (which notice shall specify the date, which shall be the first Business Day occurring 25 days after the date of such notice, on which such payment shall be made), or to replace the Airframe, and any such Engines, as provided in Section 10.1.3.

(b) Any failure by Lessee to give such notice of its election shall be deemed to be an election of the option set forth in Section 10.1.2. In addition, Lessee shall not be entitled to elect the option set forth in Section 10.1.3 if, at the time Lessor receives such notice from Lessee, there shall have occurred and be continuing a Lease Default (other than with respect to Section 14.5 or 14.6) or a Lease Event of Default.

(c) For purposes of Section 10.1.2, an Event of Loss with respect to the Airframe shall be deemed to constitute an Event of Loss with respect to the Aircraft. For purposes of Section 10.1.3, any Engine not actually suffering an Event of Loss shall not be required to be replaced.

#### 10.1.2 PAYMENT OF LOSS AND TERMINATION OF LEASE

(a) If Lessee elects, in accordance with Section 10.1.1, to make payment in respect of any such Event of Loss, then Lessee shall pay, in the manner and in funds of the type specified in Section 3.3, the following amounts:

(i) On or before the Business Day next following the earlier of (x) the sixty-first day following the date of the occurrence of such Event of Loss, and (y) the second Business Day following the receipt of insurance proceeds with respect to such occurrence (but in any event not earlier than the date specified in Lessee's notice under Section 10.1.1(a) on which payment in respect to such Event of Loss shall be made), Lessee shall pay to Lessor:

- (1) all unpaid Interim Rent, Basic Rent or Renewal Rent, as the case may be, (A) due at any time prior to the Stipulated Loss Value Date immediately preceding the date of such Event of Loss, or (B) if such Event of Loss occurs on a Stipulated Loss Value Date, due at any time prior to such Date; plus
- (2) the Stipulated Loss Value of the Aircraft computed as of the Stipulated Loss Value Date used in the foregoing clause (1) for the computation of unpaid Rent; plus
- (3) as provided in Section 3.2.2, interest on the amount specified in the foregoing clause (1) at the Payment Due Rate from and including the date

on which any such amount was due to the date of payment of such amount in full; plus

- (4) interest on the amounts specified in the foregoing clause(2) at the SLV Rate from and including the Stipulated Loss Value Date, used in the foregoing clause (1) for the computation of unpaid Rent, to the date such amount is due, and thereafter at the Payment Due Rate to the date of payment of such amounts in full;

provided that, in the event that the last day of the Interim Lease Term or a Payment Date shall occur (x) on or after the Stipulated Loss Value Date used in the foregoing clause (1) for the computation of unpaid Rent, and (y) on or before the date of payment of the amounts specified above in this subparagraph (i), then Lessee shall pay the Interim Rent, Basic Rent or the Renewal Rent, as the case may be, due on such last day of the Interim Lease Term or Payment Date, and thereupon such amounts payable under this subparagraph (i) shall be reduced by (A) the amount (if any) of such Basic Rent or Renewal Rent referred to in this proviso which is due on such Stipulated Loss Value Date and is designated in Schedule 2 (in the case of such Basic Rent) or Section 17.2.2 (in the case of such Renewal Rent) as a payment in advance and (B) the amount (if any) of such Interim Rent, Basic Rent or Renewal Rent referred to in this proviso which is due after such Stipulated Loss Value Date; and

(ii) on or before the date required for payment of the amounts specified in paragraph (i) above, Lessee shall also pay to Lessor, Mortgagee and the Participants all other amounts due and payable by Lessee to Lessor, Mortgagee and the Participants under this Lease, the Participation Agreement or any other Operative Agreement (including, without limitation, (A) any interest charges provided for hereunder or thereunder with respect to the late payment of any such other amounts, and (B) all out-of-pocket fees and expenses of Lessor, each Participant and Mortgagee in connection with such Event of Loss).

(b) Upon payment in full of all amounts described in the foregoing paragraph (a),(i) the obligation of Lessee to pay Interim Rent, Basic Rent or Renewal Rent hereunder with respect to the Aircraft shall terminate,

(ii) the Term for the Aircraft shall end, and (iii) Lessor will transfer the Aircraft to Lessee, as-is and where-is, and subject to any insurer's salvage rights, but otherwise in the manner described in Section 4.6.

#### 10.1.3 REPLACEMENT OF AIRFRAME AND ENGINES

(a) If Lessee elects, in accordance with Section 10.1.1, to replace the Airframe, and any Engines actually suffering the Event of Loss, then Lessee shall, as promptly as possible and in any event within 60 days after the occurrence of such Event of Loss, convey or cause to be conveyed to Lessor, in compliance with Section 10.3 and as replacement for the Airframe, and any such Engine, title to a Replacement Airframe (which shall comply with paragraph (b) below), and for each such Engine a Replacement Engine, in each case free and clear of all Liens other than Permitted Liens. If Lessee makes such election, but for any reason fails or is unable to effect such replacement within such time period and in compliance with the requirements set forth in Section 10.3, then Lessee shall be deemed to have initially made the election set forth in Section 10.1.2 with the effect that Lessee shall immediately pay, in the manner and in funds of the type specified in Section 3.3, the amounts required under, and in accordance with, Section 10.1.2.

(b) Any such Replacement Airframe shall be an airframe (i) that is manufactured by Airframe Manufacturer and delivered on any date occurring after the Delivery Date, and (ii) that is the same model as the Airframe to be replaced thereby, or an improved model, and that has performance and durability characteristics, and a value and utility and remaining useful life, at least equal to, and is in at least as good operating condition as, the Airframe to be replaced thereby (assuming that such Airframe was of the value and utility and in the condition and repair required by the terms hereof immediately prior to the occurrence of the Event of Loss). Any such Replacement Engine shall meet the requirements of, and be conveyed by Lessee to Lessor in accordance with, Section 10.2 (other than the notice requirement set forth in Section 10.2.1).

## 10.2 EVENT OF LOSS WITH RESPECT TO AN ENGINE

## 10.2.1 NOTICE

Upon the occurrence of an Event of Loss with respect to an Engine under circumstances in which an Event of Loss with respect to the Airframe has not occurred, Lessee shall promptly (and in any event within 15 days after such occurrence) give Lessor, Mortgagee and Owner Participant written notice of such Event of Loss.

## 10.2.2 REPLACEMENT OF ENGINE

Lessee shall, as promptly as possible and in any event within 60 days after the occurrence of such Event of Loss, convey or cause to be conveyed to Lessor, in compliance with Section 10.3 and as replacement for the Engine with respect to which any Event of Loss occurred, title to a Replacement Engine free and clear of all Liens other than Permitted Liens. Such Replacement Engine shall be an engine manufactured by Engine Manufacturer that is the same model as the Engine to be replaced thereby, or an improved model, and that is suitable for installation and use on the Airframe, and that has performance and durability characteristics, and a value and utility and remaining useful life, at least equal to, and is in at least as good operating condition as, the Engine to be replaced thereby (assuming that such Engine was of the value and utility and in the condition and repair required by the terms hereof immediately prior to the occurrence of the Event of Loss).

## 10.3 CONDITIONS TO ANY REPLACEMENT

## 10.3.1 DOCUMENTS

Prior to or at the time of conveyance of title to any Replacement Airframe or Replacement Engine to Lessor, Lessee shall promptly take each of the following actions, and shall promptly furnish the following agreements, instruments, certificates and documents to (and in each case reasonably satisfactory in form and substance to) Lessor and Owner Participant: (a) furnish Lessor with a full warranty bill of sale duly conveying to Lessor such Replacement Airframe or Replacement Engine, together with such evidence of title as Lessor may reasonably request;

(b) cause such Replacement Airframe to be duly registered in the name of Lessor pursuant to the Act;

(c) cause (i) a Lease Supplement subjecting such Replacement Airframe or Replacement Engine to this Lease, duly executed by Lessee, to be delivered to Lessor for execution and, upon such execution, to be filed for recordation with the FAA pursuant to the Act, (ii) a Trust Indenture Supplement, subjecting such Replacement Airframe or Replacement Engine to the Trust Indenture, to be delivered to Lessor for execution and, upon execution, to be filed for recordation with the FAA pursuant to the Act and (iii) such Financing Statements and other filings, as Lessor, Mortgagee or Owner Participant may reasonably request, duly executed by Lessee and, to the extent applicable, Lessor and Mortgagee (and Lessor and Mortgagee shall execute and deliver the same), to be filed in such locations as any such party may reasonably request;

(d) furnish such evidence of compliance with the insurance provisions of Section 11 with respect to such Replacement Airframe or Replacement Engine as Lessor or Owner Participant may reasonably request;

(e) furnish an opinion or opinions of Lessee's counsel (which may be Lessee's legal department) reasonably satisfactory to Lessor and Owner Participant (which shall include Mortgagee as an addressee) to the effect that (i) upon such conveyance, Lessor will acquire good title to such Replacement Airframe or Replacement Engine free and clear of all Liens other than Permitted Liens, (ii) such Replacement Airframe or Replacement Engine will be leased hereunder and made subject to the Trust Indenture to the same extent as the Airframe or Engine replaced thereby, (iii) Lessor and Mortgagee, as assignee of Lessor, shall be entitled to the benefits of Section 1110 with respect to such Replacement Airframe, (iv) (if and to the extent that such opinion, in view of applicable Law, can be rendered) Lessor and Mortgagee, as assignee of Lessor, shall be entitled to the benefits of Section 1110 with respect to such Replacement Engine to the extent that the Lessor and the Mortgagee were entitled to the benefits of Section 1110 with respect to the Engine so replaced, and (v) to such further effect as Lessor, Mortgagee or Owner Participant may reasonably request;

(f) furnish an opinion of Lessee's aviation law counsel reasonably satisfactory to Lessor and Owner Participant



(which shall include Mortgagee as an addressee) as to the due registration of any such Replacement Airframe and the due recordation of each Lease Supplement and Trust Indenture Supplement with respect to such Replacement Airframe or Replacement Engine and as to such other matters concerning the Act as Lessor or Owner Participant may reasonably request;

(g) with respect to any Replacement Airframe, furnish an opinion of tax counsel, selected by Owner Participant and reasonably satisfactory to Lessee, as to the tax consequences to Lessor and Owner Participant of any such replacement;

(h) with respect to the replacement of any Engine (other than in connection with replacement of the Airframe), furnish a certificate of a qualified aircraft engineer (who may be an employee of Lessee) certifying that such Replacement Engine has performance and durability characteristics, and a value and utility and remaining useful life, at least equal to, and is in at least as good operating condition as, the Engine so replaced, assuming such Engine was of the value and utility and in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss;

(i) with respect to the replacement of the Airframe, and any Engine installed thereon at the time of the subject Event of Loss, furnish a certified report of a qualified independent aircraft appraiser, satisfactory to Lessor and Owner Participant, setting forth such appraiser's opinion as to the fair market value, as of the date of conveyance hereunder, of such Replacement Airframe and any such Replacement Engine, and certifying that such Replacement Airframe and any such Replacement Engine have performance and durability characteristics, and a value and utility (including, but not limited to, equivalent current value, estimated residual value at the end of the Term (and at any relevant interval thereof, as may be specified by the Lessor) and estimated remaining useful life) at least equal to, and are in at least as good operating condition as, the Airframe and Engines so replaced (assuming the Airframe and Engines were in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss); and

(j) take such other actions and furnish such other certificates and documents as Lessor, Mortgagee or Owner Participant may reasonably request in order that such Replacement

Airframe or Replacement Engine be duly and properly titled in Lessor, leased hereunder and subjected to the Lien of the Trust Indenture to the same extent as initially required under the Operative Agreements with respect to the Airframe or Engine so replaced.

Lessor and Lessee understand and agree that if at the time of any replacement of the Airframe or any Engine, as contemplated in this Section 10, the Airframe was registered in a jurisdiction other than the United States, then the requirements set forth above in this Section 10.3.1 relating to compliance with the requirements of the Act or the FAA, shall be deemed to refer to the comparable applicable Law of, and the Aviation Authority of, such other jurisdiction.

#### 10.3.2 OTHER CONDITIONS

Lessee shall not be entitled to replace the Airframe under Section 10.1.3 and this Section 10.3, and shall be deemed to have initially made the election set forth in Section 10.1.2, if at the time of such replacement

(a) there shall have occurred and be continuing any Lease Default (other than with respect to Section 14.5 or 14.6) or Lease Event of Default; or

(b) under applicable Law and notwithstanding any actions by Lessor and Lessee under Section 10.3.3(a), (i) Lessor or Mortgagee, as assignee of Lessor, shall for any reason not be entitled to the benefits of Section 1110 with respect to such Replacement Airframe or (ii) with respect to any Replacement Engine which replaces an Engine installed on the Airframe at the time of such Event of Loss, Lessor or Mortgagee, as assignee of Lessor, shall for any reason not be entitled to the benefits of Section 1110 with respect to such Replacement Engine to the same extent that the Lessor and the Mortgagee were entitled to the benefits of Section 1110 with respect to the Engine so replaced.

#### 10.3.3 OTHER OBLIGATIONS

(a) Lessor and Lessee agree that, upon any Replacement Airframe becoming the Airframe hereunder, and upon any Replacement Engine becoming an Engine hereunder, this Lease shall continue to be, and shall be treated as, a lease for U.S. federal income tax purposes of, among other things, such Replacement Airframe and such Replacement Engine. Without limiting the

foregoing, Lessee and Lessor intend that Lessor shall, in all events, be entitled to the benefits of Section 1110 with respect to any Replacement Airframe or Replacement Engine and Lessee and Lessor shall cooperate and take such action as the other may reasonably request so as to ensure that Lessor shall be entitled to such benefits.

(b) No Event of Loss with respect to an Engine, or with respect to an Airframe, shall result in, or otherwise allow or permit (other than as provided in Section 10.1.2(b)), any reduction, deferral, discharge or other change in the timing or amount of any Rent payable by Lessee hereunder or any other amount payable by Lessee under any other Operative Agreement, and (subject to such Section 10.1.2(b)) Lessee shall pay all such Rent and other amounts as though such Event of Loss had not occurred.

#### 10.4 CONVEYANCE TO LESSEE

Upon full compliance by Lessee with the applicable terms of Sections 10.1.3, 10.2 and 10.3, Lessor will transfer to Lessee the Airframe or Engine, as the case may be, with respect to which such Event of Loss occurred, in accordance with Section 4.6, provided that Lessor shall not be required to effect any such transfer if and for so long as there shall have occurred and be continuing any Lease Default (other than with respect to Section 14.5 or 14.6) or Lease Event of Default.

#### 10.5 APPLICATION OF PAYMENTS

Any amounts, other than insurance proceeds in respect of damage or loss not constituting an Event of Loss (the application of which is provided for in Section 11), received at any time by Lessor, Lessee or any Permitted Sublessee from any Government Entity or any other Person in respect of any Event of Loss will be applied as follows:

##### 10.5.1 REPLACEMENT OF AIRFRAME AND ENGINES

If such amounts are received with respect to the Airframe, and any Engine installed thereon at the time of such Event of Loss, such amounts shall be paid over to, or retained by, Lessor (or until the Lien of the Trust Indenture is discharged in accordance with Section 10.01 thereof, the Mortgagee, except with respect to Excluded Payments), and shall be held in accordance with Section 4.5, and if, and at such time as, Lessee shall have

fully complied with the applicable terms of Sections 10.1, 10.2 and 10.3 with respect to the Event of Loss for which such amounts are received, such amounts shall, subject to Section 10.9, be paid to Lessee.

#### 10.5.2 LOSS OF ENGINE

If such amounts are received with respect to an Engine (other than an Engine installed on the Airframe at the time such Airframe suffers an Event of Loss), such amounts shall be paid over to, or retained by, Lessor (or, until the Lien of the Trust Indenture is discharged in accordance with Section 10.01 thereof, the Mortgagee, except with respect to Excluded Payments) and shall be held in accordance with Section 4.5, and if, and at such time as, Lessee shall have fully complied with the applicable terms of Section 10.1, 10.2 and 10.3 with respect to the Event of Loss for which such amounts are received, such amounts shall, subject to Section 10.9, be paid to Lessee.

#### 10.5.3 PAYMENT OF LOSS

If such amounts are received, in whole or in part, with respect to the Airframe, and Lessee makes, has made or is deemed to have made the election set forth in Section 10.1.2, such amounts shall be applied as follows:

(a) first, if the sum described in Section 10.1.2 has not then been paid in full by Lessee, such amounts shall be paid to Lessor (or to Mortgagee so long as Mortgagee has not given notice to Lessee that the Trust Indenture has been duly discharged, except with respect to Excluded Payments) to the extent necessary to pay in full such sum;

(b) second, the remainder, if any, shall, subject to Section 10.9, be paid to Lessee.

#### 10.6 REQUISITION OF AIRCRAFT FOR USE

If any Government Entity shall requisition for use the Airframe and the Engines or engines installed thereon, and if the same does not constitute an Event of Loss, Lessee shall promptly notify Lessor and Mortgagee of such requisition and all of Lessee's obligations under this Agreement shall continue to the same extent as if such requisition had not occurred; provided, however, that if the Airframe and Engines or engines installed thereon are not returned by such Government Entity prior to the

end of the Term, Lessor, upon notice given not less than 30 days nor more than 120 days before the end of the Term, may elect to treat such event as constituting an Event of Loss with respect to the Aircraft, and Lessee shall then be deemed to have made the election set forth in Section 10.1.2 with the effect that Lessee shall be obligated upon expiration of the Term to pay the Stipulated Loss Value and all other amounts payable pursuant to Section 10.1.2 with respect to the Aircraft as if an Event of Loss earlier occurred and such amounts were payable on such date. If Lessor does not elect to treat such event as an Event of Loss, Lessee shall be obligated to return the Airframe and Engines or engines to Lessor pursuant to, and in all other respects to comply with the provisions of, Section 5 promptly upon their return by such Government Entity.

#### 10.7 REQUISITION OF AN ENGINE FOR USE

If any Government Entity shall requisition for use any Engine but not the Airframe, Lessee will replace such Engine by complying with the applicable terms of Sections 10.2 and 10.3 to the same extent as if an Event of Loss had occurred with respect to such Engine, and any payments received by Lessor or Lessee from such Government Entity with respect to such requisition shall be paid or retained in accordance with Section 10.5.2.

#### 10.8 APPLICATION OF PAYMENTS

All payments received by Lessor or Lessee, or any Permitted Sublessee, from any Government Entity for the use of the Airframe and Engines or engines installed thereon during the Term shall be paid over to, or retained by, Lessee and all payments received by Lessor or Lessee from any Government Entity for the use of the Airframe and Engines or engines installed thereon after the Term shall be paid over to, or retained by, Lessor; provided that, if such requisition constitutes an Event of Loss, or Lessor has elected under Section 10.6 to treat such requisition as an Event of Loss, then all such payments shall be paid over to Lessor (or to Mortgagee so long as Mortgagee has not given notice to Lessee that the Trust Indenture has been duly discharged), and held as provided in Section 10.5 and applied as provided in Sections 10.1, 10.2, 10.3 and 10.5.

Any amount described in this Section 10 that is payable or creditable to, or retainable by, Lessee shall not be paid or credited to, or retained by, Lessee if at the time such payment, credit or retention would otherwise occur a Lease Default or a Lease Event of Default shall have occurred and be continuing, but shall instead be held by or paid over to Lessor (or to Mortgagee so long as Mortgagee has not given notice to Lessee that the Trust Indenture has been duly discharged) as security for the obligations of Lessee under this Lease and the other Operative Agreements and shall be invested pursuant to Section 4.5 hereof unless and until such amount is applied, at the option of Lessor, or upon the written request of Lessee to Lessor, from time to time during the continuance of a Lease Event of Default, to Lessee's obligations under this Lease and the other Lessee Operative Agreements as and when due, it being understood that any such application shall be made to such obligations of Lessee as Lessor may determine in its sole discretion. At such time as there shall not be continuing any Lease Default or any Lease Event of Default, such amount shall be paid to Lessee to the extent not previously applied in accordance with this Section 10.9.

## SECTION 11. INSURANCE

### 11.1 LESSEE'S OBLIGATION TO INSURE

Lessee shall comply with, or cause to be complied with, each of the provisions of Annex D, which provisions are hereby incorporated by this reference as if set forth in full herein. Without limiting any other rights of Lessor under this Lease or any other Operative Agreement, Lessee acknowledges that the provisions of this Section 11 and of Annex D are of the essence of this Lease and the transactions contemplated herein.

### 11.2 LESSOR'S RIGHT TO MAINTAIN INSURANCE

In the event that Lessee shall fail to maintain, or cause to be maintained, insurance as herein provided, Lessor, Mortgagee or any Participant may at its option (but shall not be obligated to) provide such insurance and, in such event, Lessee shall, upon demand, reimburse such person, as Supplemental Rent, for the cost thereof. No such payment, performance or compliance shall be

deemed to cure any Lease Default or Lease Event of Default or otherwise relieve Lessee of its obligations with respect thereto.

#### 11.3 INSURANCE FOR OWN ACCOUNT

Nothing in Section 11 shall limit or prohibit (a) Lessee from maintaining the policies of insurance required under Annex D with higher limits than those specified in Annex D, or (b) Lessor, Mortgagee or Owner Participant from obtaining insurance for its own account (and any proceeds payable under such separate insurance shall be payable as provided in the policy relating thereto); provided, however, that no insurance may be obtained or maintained by Lessee or Lessor that would limit or otherwise adversely affect the coverage of any insurance required to be obtained or maintained by Lessee pursuant to this Section 11 and Annex D.

#### 11.4 INDEMNIFICATION BY GOVERNMENT IN LIEU OF INSURANCE

During any period that the Aircraft, Airframe or any Engine shall have been requisitioned for use by, or possession of the Aircraft shall have been transferred to, the U.S. Government, Lessor agrees to accept, in lieu of insurance against any risk with respect to the Aircraft described in Sections B and C (but, with respect to Section C, as to hull coverage only) of Annex D, indemnification from, or insurance provided by, the U.S. Government, or upon written consent of Lessor and Owner Participant, other Government Entity, against such risk in an amount that, when added to the amount of insurance, if any, against such risk that Lessee (or any Permitted Sublessee) may continue to maintain, in accordance with this Section 11, during the period of such requisition or transfer, shall be at least equal to the amount of insurance against such risk otherwise required by this Section 11. Any such indemnification or insurance provided by the U.S. Government (or other Government Entity consented to in accordance with the preceding sentence) shall provide protection no less favorable to the Indemnitees, after taking into account any insurance the Lessee or any Permitted Sublessee may continue to maintain, than insurance coverage that would comply with the terms of this Section 11. Lessee shall furnish to Lessor, Mortgagee and Owner Participant, in advance of the attachment of such indemnity or insurance (a) a certificate of a responsible Vice President of Lessee stating that such indemnification or insurance complies with the preceding sentence and (b) any other information, documentation

or certificates relating to such indemnity or insurance as Lessor, Mortgagee or Owner Participant shall reasonably request.

#### 11.5 APPLICATION OF INSURANCE PROCEEDS

As between Lessor and Lessee, all insurance proceeds received as a result of the occurrence of an Event of Loss with respect to the Aircraft or any Engine under policies required to be maintained by Lessee pursuant to this Section 11 will be applied in accordance with Section 10.5. All proceeds of insurance required to be maintained by Lessee, in accordance with Section 11 and Section B of Annex D, in respect of any property damage or loss not constituting an Event of Loss with respect to the Aircraft, Airframe or any Engine will be applied in payment (or to reimburse Lessee) for repairs or for replacement property in accordance with the terms of Section 8.1, and any balance remaining after compliance with said Section 8.1 with respect to such damage or loss shall be paid over to, or retained by, Lessee.

#### 11.6 APPLICATION OF PAYMENTS DURING EXISTENCE OF DEFAULT OF DEFAULT

Any amount described in this Section 11 that is payable or creditable to, or retainable by, Lessee shall not be paid or credited to, or retained by, Lessee if at the time such payment, credit or retention would otherwise occur a Lease Default or a Lease Event of Default shall have occurred and be continuing, but shall instead be held by or paid over to Lessor (or to Mortgagee so long as Mortgagee has not given notice to Lessee that the Trust Indenture has been duly discharged) as security for the obligations of Lessee under this Lease and the other Operative Agreements and shall be invested pursuant to Section 4.5 hereof unless and until such amount is applied, at the option of Lessor, or upon the written request of Lessee to Lessor, from time to time during the continuance of a Lease Event of Default, to Lessee's obligations under this Lease and the other Lessee Operative Agreements as and when due, it being understood that any such application shall be made to such obligations of Lessee as Lessor may determine in its sole discretion. At such time as there shall not be continuing any Lease Default or any Lease Event of Default, such amount shall be paid to Lessee to the extent not previously applied in accordance with this Section 11.6.



## SECTION 12. INSPECTION

(a) At all reasonable times Lessor, Mortgagee, each Participant, and their respective authorized representatives (the "Inspecting Parties") may inspect the Aircraft, Airframe and Engines (including, without limitation, the Aircraft Documents) and Lessee shall cooperate, and shall cause any Permitted Sublessee to cooperate, with the Inspecting Parties in connection with any such inspection (including, without limitation, permitting any such Inspecting Party to make copies of such Aircraft Documents not reasonably deemed confidential by Lessee or such Permitted Sublessee).

(b) Any inspection of the Aircraft hereunder shall be a visual, walk-around inspection that may include going on board the Aircraft and examining the contents of any open panels, bays or other components of the Aircraft, Airframe and Engines (but shall not include the opening of any unopened panels, bays or other components).

(c) With respect to such rights of inspection, Lessor, Participants and Mortgagee shall not:

(i) have any duty or liability to make, or any duty or liability arising out of, any such visit, inspection or survey or failure to make any such visit, inspection or survey; or

(ii) so long as no Lease Event of Default has occurred and is continuing, exercise its inspection rights hereunder other than on reasonable notice and so as not to unreasonably interfere with Lessee's maintenance and operation of the Aircraft, Airframe and Engines.

(d) Each person inspecting the Aircraft, Airframe or Engines hereunder shall bear its own expenses in connection with any such inspection, unless such person discovers, in connection therewith, any material failure by Lessee or any Permitted Sublessee to comply with the provisions of this Lease, in which case Lessee shall bear all such expenses.

(e) If requested by Lessor, Lessee shall give, or shall cause any Permitted Sublessee to give, reasonable prior notice to Lessor of the date upon which the Aircraft, Airframe or any Engine undergoes its next scheduled maintenance visit and next major check, and with respect to any Engine the next off-

the-wing maintenance, and shall advise Lessor of the name and location of the relevant maintenance performer and shall, at least 5 days prior to commencement of such major check or maintenance, make available for inspection by Lessor all relevant Aircraft Documents at Lessee's records facility in the United States, or at such Permitted Sublessee's records facility, or at the premises of the maintenance performer.

SECTION 13. ASSIGNMENT; MERGER; SUCCESSOR OWNER TRUSTEE OWNER TRUSTEE

13.1 IN GENERAL

This Lease and the other Operative Agreements shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and permitted assigns. Except as otherwise expressly permitted in Section 7.2 or 7.3, or as required in the case of any requisition by the U.S. Government referred to in Section 7.1.5, or as permitted by Section 13.2.1, Lessee will not, without the prior written consent of Lessor, Mortgagee and Owner Participant, assign any of its rights under this Lease. Except as otherwise provided herein (including, without limitation, under the provisions of Section 15 hereof), Lessor and Mortgagee may not assign or convey any of its right, title and interest in and to this Lease or the Aircraft without the prior written consent of Lessee, such consent not to be unreasonably withheld.

13.2 MERGER OF LESSEE

13.2.1 IN GENERAL

Lessee shall not consolidate or merge with or into any other Person under circumstances in which Lessee is not the surviving corporation, or convey, transfer or lease in one or more transactions all or substantially all of its assets to any other Person, unless:

- (a) such person is organized, existing and in good standing under the Laws of the United States, any State of the United States or the District Columbia;
- (b) such person is a U.S. Air Carrier;
- (c) such person executes and delivers to Lessor, Mortgagee and Owner Participant a duly authorized, legal, valid, binding and enforceable agreement, reasonably satisfactory in

form and substance to Lessor and Owner Participant, containing an effective assumption by such person of the due and punctual performance and observance of each covenant, agreement and condition in the Lessee Operative Agreements to be performed or observed by Lessee;

(d) such person makes such filings and recordings, including, without limitation, any filing or recording with the FAA pursuant to the Act, as shall be necessary or desirable to evidence such consolidation or merger;

(e) immediately after giving effect to such consolidation or merger (i) no Lease Event of Default shall have occurred and be continuing and (ii) the Net Worth of such person shall not be less than the Net Worth of Lessee immediately prior to such consolidation or merger; and

(f) Lessee shall deliver to Owner Participant, Mortgagee and Lessor a certificate signed by the President or any Vice President of Lessee, and an opinion of special counsel satisfactory to Owner Participant and Lessor, together stating that such consolidation or merger and the assumption agreement described in clause (c) above comply with this Section 13.2, that the agreements entered into to effect such consolidation or merger and such assumption agreement are legal, valid and binding obligations of such person, and such other matters as Owner Participant and Lessor may reasonably request.

#### 13.2.2 EFFECT OF MERGER

Upon any such consolidation or merger of Lessee with or into, or the conveyance, transfer or lease by Lessee of all or substantially all of its assets to, any Person in accordance with this Section 13.2, such Person will succeed to, and be substituted for, and may exercise every right and power of, Lessee under the Lessee Operative Agreements with the same effect as if such person had been named as "Lessee" therein. No such consolidation or merger, or conveyance, transfer or lease, shall have the effect of releasing Lessee or such Person from any of the obligations, liabilities, covenants or undertakings of Lessee under the Lessee Operative Agreements.

#### 13.3 ASSIGNMENT AS SECURITY FOR LESSOR'S OBLIGATIONS

In order to secure the indebtedness evidenced by the Equipment Notes, Lessor has agreed in the Trust Indenture, among

other things, to assign to Mortgagee this Lease and to mortgage the Aircraft, Airframe and Engines in favor of Mortgagee, subject to the reservations and conditions therein set forth. Lessee hereby accepts and consents to the assignment of all Lessor's right, title and interest in and to this Lease pursuant to the terms of the Trust Indenture. In accordance with Section 3.3(c), Lessee agrees to pay directly to Mortgagee (or, after receipt by Lessee of notice from Mortgagee of the discharge of the Trust Indenture, to Lessor), all amounts of Rent (other than Excluded Payments) due or to become due hereunder and assigned to Mortgagee and Lessee agrees that Mortgagee's right to such payments hereunder shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, the circumstances set forth in Section 16 hereof. Notwithstanding the foregoing assignment of this Lease, the obligations of Lessee to Lessor to perform the terms and conditions of this Lease shall remain in full force and effect.

#### 13.4 SUCCESSOR OWNER TRUSTEE

Lessee agrees that in the case of the appointment of any successor Owner Trustee pursuant to the terms of the Participation Agreement and the Trust Agreement, such successor Owner Trustee shall, upon written notice by such successor Owner Trustee to Lessee, succeed to all the rights, powers and title of Lessor hereunder and shall be deemed to be Lessor and the owner of the Aircraft and the other assets of the Trust Estate for all purposes hereof without the necessity of any consent or approval by Lessee and without in any way altering the terms of this Lease or Lessee's obligations hereunder. An appointment and designation of a successor Owner Trustee shall not exhaust the right to appoint and designate further successor or additional Owner Trustees pursuant to the Participation Agreement and the Trust Agreement, and such right may be exercised repeatedly as long as this Lease shall be in effect.

#### SECTION 14. LEASE EVENTS OF DEFAULT

The occurrence of any one or more of the following circumstances, conditions, acts or events, for any reason whatsoever and whether any such circumstance, condition, act or event shall be voluntary or involuntary or come about or be effected by operation of Law or pursuant to or in compliance with any judgment, decree, order, rule or regulation of any Government Entity, shall constitute a Lease Event of Default:

## 14.1 PAYMENTS

Lessee shall fail to pay any amount of Interim Rent, Basic Rent, Renewal Rent, Stipulated Loss Value or Termination Value within five (5) Business Days after the same shall have become due; or Lessee shall fail to pay any other amount due hereunder or under any other Lessee Operative Agreement when due and such failure shall continue for a period in excess of five (5) Business Days from and after the date of any written notice to Lessee from Lessor of the failure to make such payment when due; provided that any such failure to pay any Excluded Payment shall not constitute a Lease Event of Default until written notice is given by the Owner Participant to Lessee and Mortgagee that such failure constitutes a Lease Event of Default and such failure shall have continued for a period in excess of five (5) Business Days after such notice.

## 14.2 INSURANCE

Lessee shall fail to carry and maintain, or cause to be carried and maintained, insurance on and in respect of the Aircraft, Airframe and Engines in accordance with the provisions of Section 11, or Lessee shall operate the Aircraft, Airframe or Engines, or permit the Aircraft, Airframe or Engines to be operated, at any time when such insurance shall not be in effect.

## 14.3 CORPORATE EXISTENCE

Lessee shall fail to maintain at all times its corporate existence (except as permitted by Section 13.2), or Lessee shall otherwise wind-up, liquidate or dissolve, or Lessee shall take or fail to take any action that would have the effect of any of the foregoing.

## 14.4 CERTAIN COVENANTS

Lessee shall not observe, perform or comply with, or shall otherwise breach, any of its obligations under Section 7.1 (other than Sections 7.1.3 and 7.1.4, which shall be subject to Section 14.5), 7.2 (in respect of the Aircraft or Airframe) or 13.

## 14.5 OTHER COVENANTS

Lessee shall fail to observe, perform or comply with, or shall otherwise breach, any other covenant, agreement or

obligation set forth herein or in any other Lessee Operative Agreement (other than the covenants, agreements and obligations set forth in Section 4.8(a) and in the first sentence of Section 10.3.3(a) of this Lease, and in Section [3] of the Tax Indemnity Agreement and in Section 8.3 of this Lease insofar as it relates to Section [3] (except for Lessee's covenants in the last clause thereof)) [AND SECTION 5] of the Tax Indemnity Agreement, and such failure shall continue unremedied for a period of 30 days (or any shorter period as may be expressly set forth in such other Lessee Operative Agreement) from and after the date of written notice thereof to Lessee.

#### 14.6 REPRESENTATIONS AND WARRANTIES

Any representation or warranty made by Lessee herein, in the Participation Agreement or in any other Lessee Operative Agreement (other than the representations and warranties of Lessee in Section [3] (except for Lessee's covenants in the last clause thereof) [AND SECTION 5] of the Tax Indemnity Agreement and in Section 8.3 of this Lease insofar as it relates to Section 3 of the Tax Indemnity Agreement) (a) shall prove to have been untrue, inaccurate or misleading in any material respect as of the date made, (b) such untrue, inaccurate or misleading representation or warranty is material at the time in question, (c) and the same shall remain uncured for a period in excess of 30 days from and after the date of written notice thereof to Lessee.

#### 14.7 BANKRUPTCY AND INSOLVENCY

(a) Lessee shall consent to the appointment of or the taking of possession by a receiver, trustee or liquidator of itself or of a substantial part of its property, or Lessee shall admit in writing its inability to pay its debts generally as they come due, or does not pay its debts generally as they become due or shall make a general assignment for the benefit of creditors, or Lessee shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, liquidation or other relief in a case under any bankruptcy Laws or other insolvency Laws (as in effect at such time) or an answer admitting the material allegations of a petition filed against Lessee in any such case, or Lessee shall seek relief by voluntary petition, answer or consent, under the provisions of any other bankruptcy or other similar Law providing for the reorganization or winding-up of corporations (as in effect at such time) or

Lessee shall seek an agreement, composition, extension or adjustment with its creditors under such Laws, or Lessee's board of directors shall adopt a resolution authorizing corporate action in furtherance of any of the foregoing; or

(b) an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of Lessee, a receiver, trustee or liquidator of Lessee or of any substantial part of its property, or any substantial part of the property of Lessee shall be sequestered, or granting any other relief in respect of Lessee as a debtor under any bankruptcy Laws or other insolvency Laws (as in effect at such time), and any such order, judgment or decree of appointment or sequestration shall remain in force undismitted, unstayed and unvacated for a period of 60 days after the date of entry thereof; or

(c) a petition against Lessee in a case under any bankruptcy Laws or other insolvency Laws (as in effect at such time) is filed and not withdrawn or dismissed within 60 days thereafter, or if, under the provisions of any Law providing for reorganization or winding-up of corporations which may apply to Lessee, any court of competent jurisdiction assumes jurisdiction, custody or control of Lessee or of any substantial part of its property and such jurisdiction, custody or control remains in force unrelinquished, unstayed and untermiated for a period of 60 days.

## SECTION 15. REMEDIES AND WAIVERS

### 15.1 REMEDIES

If any Lease Event of Default shall occur and be continuing, Lessor may, at its option and at any time and from time to time, exercise any one or more of the following remedies as Lessor in its sole discretion shall elect:

#### 15.1.1 RETURN AND REPOSSESSION

Lessor may cause Lessee, upon giving written notice to Lessee, to return promptly, and Lessee shall return promptly, all or any part of the Aircraft, Airframe and Engines as Lessor may so demand, to Lessor or its order in the manner and condition required by, and otherwise in accordance with, all the provisions of Section 5 as if the Aircraft or such part were being returned at the end of the Base Lease Term or any Renewal Lease Term or Lessor, at its option, may enter upon the premises where the

Aircraft, Airframe or any Engine, or any part thereof, are located and take immediate possession of and remove the same by summary proceedings or otherwise, all without liability accruing to Lessor for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise, and Lessee expressly waives any right it may have under applicable Law to a hearing prior to repossession of the Aircraft, Airframe or any Engine, or any part thereof.

#### 15.1.2 SALE AND USE

Lessor may sell the Aircraft, Airframe or any Engine, or any part thereof, at public or private sale, at such times and places, and to such Persons (including Lessor, Mortgagee or any Participant), as Lessor may determine and, without limiting the generality of the provisions of this Section 15, Lessor may hold Lessee liable for the payment of any Basic Rent or Renewal Rent remaining unpaid at the time of such sale and relating to any period prior to the date of such sale; or Lessor may otherwise dispose of, hold, use, operate, lease to others or keep idle the Aircraft, Airframe or any Engine, or any part thereof, as Lessor, in its sole discretion, may determine, all free and clear of any rights of Lessee, except as hereinafter set forth in this Section 15, and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto (except in connection with any calculation of liquidated damages under Section 15.1.3(b) below and except to the extent that such proceeds would constitute, under applicable Law, a mitigation of Lessor's damages suffered or incurred as a result of the subject Lease Event of Default).

#### 15.1.3 CERTAIN LIQUIDATED DAMAGES

Whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under Section 15.1.1 or 15.1.2 with respect to the Aircraft, Airframe or any Engine, or any part thereof, Lessor, by written notice to Lessee specifying a payment date (which shall be a Termination Value Date occurring not less than 10 days after the date of such notice), may demand Lessee to pay to Lessor, and Lessee shall pay to Lessor, on the payment date so specified and in the manner and in funds of the type specified in Section 3.3, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Interim Rent, Basic Rent or Renewal Rent, as the case may be, for the Aircraft in respect of all periods commencing on or after



the date specified for payment in such notice), the following amounts:

(a) all unpaid Interim Rent, Basic Rent or Renewal Rent, as the case may be, due at any time prior to the Termination Value Date specified in such notice; plus

(b) whichever of the following amounts Lessor, in its sole discretion shall specify in such notice:

(i) an amount equal to the excess, if any, of the Termination Value for the Aircraft, Airframe or any Engine, or any part thereof, as the case may be, computed as of the Termination Value Date specified in such notice, over the Fair Market Rental Value of the Aircraft, Airframe or any Engine, or any part thereof, as the case may be, for the remainder of the Term, after discounting such Fair Market Rental Value to its then present value (at a rate per annum equal to ten percent, compounded semi-annually) as of the Termination Value Date specified in such notice, or

(ii) an amount equal to the excess, if any, of the Termination Value for the Aircraft, Airframe or any Engine, or any part thereof, as the case may be, computed as of the Termination Value Date specified in such notice, over the Fair Market Sales Value of the Aircraft, Airframe or any Engine, or any part thereof, as the case may be, as of the Termination Value Date specified in such notice; plus

(c) interest on the amounts specified in the foregoing clause (a) at the Payment Due Rate from and including the date on which any such amount was due to the date of payment of such amount in full; plus

(d) if the Termination Value Date specified in such notice is the last day of the Interim Lease Term or a Payment Date, all Interim Rent, Basic Rent or Renewal Rent, as the case may be, due on the last day of the Interim Lease Term or such Payment Date, as the case may be (other than, in the case of such Basic Rent or Renewal Rent, the portion (if any) of such Basic Rent or Renewal Rent that is designated in Schedule 2 or Section 17.2.2, as the case may be, as a payment in advance); plus

(e) interest on the amount specified in the foregoing clause (b)(i) or (b)(ii), according to Lessor's election, and interest on the amount specified in the foregoing clause (d), in each case

at the Payment Due Rate from and including the Termination Value Date specified in such notice to the date of payment of such amount in full.

#### 15.1.4 LIQUIDATED DAMAGES UPON SALE

If Lessor, pursuant to Section 15.1.2 or applicable Law, shall have sold the Aircraft, Airframe or any Engine, or any part thereof, Lessor, in lieu of exercising its rights under Section 15.1.3 with respect to the Aircraft, Airframe or any Engine, or any part thereof, as the case may be, may, if Lessor shall so elect, upon giving written notice to Lessee, demand Lessee to pay Lessor, and Lessee shall pay to Lessor, on the date of such sale and in the manner and in funds of the type specified in Section 3.3, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Interim Rent, Basic Rent or Renewal Rent, as the case may be, for the Aircraft in respect of all periods commencing on or after the date of such sale), the following amounts:

- (a) all unpaid Interim Rent, Basic Rent or Renewal Rent, as the case may be, (i) due at any time prior to the Termination Value Date immediately preceding the date of such sale, or (ii) if such sale occurs on a Termination Value Date, due at any time prior to such Date; plus
- (b) an amount equal to the excess, if any, of the Termination Value of the Aircraft, Airframe or any Engine, or any part thereof, as the case may be, computed as of the Termination Value Date used in the foregoing clause (a) for the computation of unpaid Rent, over (i) the proceeds of such sale, or (ii) if such sale is a private sale and is made to Lessor, Mortgagee, a Participant or any Affiliate thereof, the Fair Market Sales Value of the Aircraft, Airframe or any Engine, or any part thereof, as the case may be, determined as of the date of such sale; plus
- (c) all brokerage and other out-of-pocket fees and expenses incurred by Lessor, Mortgagee and any Participant in connection with such sale; plus
- (d) interest on the amounts specified in the foregoing clause (a) at the Payment Due Rate from and including

the date on which any such amount was due to the date of payment of such amount in full; plus

- (e) if such sale occurs on a Termination Value Date which is the last day of the Interim Lease Term or a Payment Date, all Interim Rent, Basic Rent or Renewal Rent, as the case may be, due on such Termination Value Date (other than, in the case of such Basic Rent or Renewal Rent, the portion (if any) of such Basic Rent or Renewal Rent that is designated in Schedule 2 or Section 17.2.2, as the case may be, as a payment in advance); plus
- (f) interest on the sum of the amounts specified in the foregoing clauses (b), (c) and (e), at the Payment Due Rate from and including the date of such sale to the date of payment of such amounts in full.

#### 15.1.5 RESCISSION

Lessor may (i) at its option, rescind or terminate this Lease as to the Aircraft, Airframe or any Engine, or any part thereof, or (ii) exercise any other right or remedy that may be available to it under applicable Law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof, including, without limitation, Lessee's agreement to lease the Aircraft for the Term and to pay Rent.

#### 15.1.6 OTHER REMEDIES

In addition to the foregoing remedies (but without duplication of amounts otherwise paid under this Section 15), Lessee shall be liable for any and all unpaid Rent due hereunder before, during or after (except as otherwise provided herein) the exercise of any of the foregoing remedies and for all attorneys' fees and other costs and expenses of Lessor, Mortgagee and the Participants, including, without limitation, interest on overdue Rent at the rate as herein provided, incurred by reason of the occurrence of any Lease Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of the Aircraft, Airframe or any Engine, or any part thereof, in accordance with the terms of Section 5 or in placing the Aircraft, Airframe or any Engine, or any part thereof, in the condition and airworthiness required by Section 5.

## 15.2 LIMITATIONS UNDER CRAF

Notwithstanding the provisions of Section 15.1, during any period that the Aircraft, Airframe or any Engine is subject to CRAF in accordance with the provisions of Section 7.2.3 and in the possession of the U.S. Government, Lessor shall not, as a result of any Lease Event of Default, exercise its remedies hereunder in such manner as to limit Lessee's control under this Lease (or any Permitted Sublessee's control under any Permitted Sublease) of the Aircraft, Airframe or such Engine, unless at least 30 days' (or such other period as may then be applicable under CRAF) written notice of default hereunder shall have been given by Lessor or Mortgagee by registered or certified mail to Lessee (and any Permitted Sublessee) with a copy to the Contracting Officer Representative or Representatives for the Military Airlift Command of the United States Air Force to whom notices must be given under the contract governing Lessee's (or any Permitted Sublessee's) participation in CRAF with respect to the Aircraft, Airframe or any Engine.

## 15.3 RIGHT TO PERFORM FOR LESSEE

If Lessee fails to make any payment of Rent required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, Lessor, Mortgagee or Owner Participant may (but shall not be obligated to) make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the expenses of Lessor, Mortgagee or Owner Participant incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Payment Due Rate, shall be deemed Supplemental Rent, payable by Lessee upon demand. No such payment, performance or compliance shall be deemed to cure any Lease Default or Lease Event of Default or otherwise relieve Lessee of its obligations with respect thereto.

## 15.4 DETERMINATION OF FAIR MARKET RENTAL VALUE AND FAIR MARKET SALES VALUE

For the purpose of this Section 15, the "Fair Market Rental Value" or the "Fair Market Sales Value" of the Aircraft, Airframe or any Engine, or any part thereof shall be determined on an "as is, where is" basis and shall take into account customary brokerage and other out-of-pocket fees and expenses which typically would be incurred in connection with a re-lease or sale

of the Aircraft, Airframe or any Engine. Any such determination shall be made by an Appraiser selected by Lessor and the costs and expenses associated therewith shall be borne by Lessee, unless Lessor does not obtain possession of the Aircraft, Airframe and Engines pursuant to this Section 15, in which case an Appraiser shall not be appointed and Fair Market Rental Value and Fair Market Sales Value for purposes of this Section 15 shall be zero.

#### 15.5 LESSOR APPOINTED ATTORNEY-IN-FACT

Lessee hereby appoints Lessor as the attorney-in-fact of Lessee, with full authority in the place and stead of Lessee and in the name of Lessee or otherwise, for the purpose of carrying out the provisions of this and any other Operative Agreement and taking any action and executing any instrument that Lessor may deem necessary or advisable to accomplish the purposes hereof; provided, however, that Lessor may only take action or execute instruments under this Section 15.5 after a Lease Event of Default has occurred and is continuing. Lessee hereby declares that the foregoing powers are granted for valuable consideration, constitute powers granted as security for the performance of the obligations of Lessee hereunder, are coupled with an interest and shall be irrevocable. Without limiting the generality of the foregoing or any other rights of Lessor or Mortgagee under the Operative Agreements, Lessor shall, as between Lessor and Lessee, upon the occurrence and during the continuation of a Lease Event of Default have the sole and exclusive right and power to (i) settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to or pertaining to the Aircraft, Airframe or any Engine, or this Lease and (ii) make proof of loss, appear in and prosecute any action arising from any policy or policies of insurance maintained pursuant to this Lease, and settle, adjust or compromise any claims for loss, damage or destruction under, or take any other action in respect of, any such policy or policies.

#### 15.6 REMEDIES CUMULATIVE

Nothing contained in this Lease shall be construed to limit in any way any right, power, remedy or privilege of Lessor hereunder or under any other Operative Agreement or now or hereafter existing at law or in equity. Each and every right, power, remedy and privilege hereby given to, or retained by, Lessor in this Lease shall be in addition to and not in

limitation of every other right, power, remedy and privilege given under the Operative Agreements or now or hereafter existing at law or in equity. Each and every right, power, remedy and privilege of Lessor under this Lease and any other Operative Agreement may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by Lessor. All such rights, powers, remedies and privileges shall be cumulative and not mutually exclusive, and the exercise of one shall not be deemed a waiver of the right to exercise any other. Lessee hereby waives to the extent permitted by applicable Law any right which it may have to require Lessor to choose or elect remedies.

SECTION 16. LESSEE'S OBLIGATIONS; NO SETOFF, COUNTERCLAIM, ETC.

(a) Lessee's obligation to pay Rent and all other amounts payable hereunder, under the Participation Agreement or under any other Lessee Operative Agreement shall be absolute and unconditional, and shall be construed as covenants separate and independent from the agreements or undertakings of any other Person, including, without limitation, Lessor, Mortgagee or any Participant, and shall not be affected by any event or circumstance, including, without limitation: (i) any setoff, counterclaim, recoupment, defense or other right that Lessee may have against Lessor, Mortgagee, any Participant, any Note Holder, Airframe Manufacturer, Engine Manufacturer, any Indemnitee or any other Person for any reason whatsoever; (ii) any defect in the title, airworthiness, condition, design, operation or fitness for use of, or any damage to or loss or destruction of, the Aircraft, Airframe or any Engine, or any interruption or cessation in the use or possession thereof by Lessee for any reason whatsoever; (iii) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee or any other Person; (iv) any restriction, prevention or curtailment of or interference with any use of the Aircraft, Airframe or any Engine, or any part thereof; (v) any change, waiver, extension, indulgence or other action or omission in respect of any obligation or liability of Lessee or Lessor; (vi) any claim that Lessee has or might have against any Person; (vii) any failure on the part of Lessor, Mortgagee or any Participant to perform or comply with any of the terms of this Lease or any other Operative Agreement; (viii) any invalidity or unenforceability or disaffirmance of this Lease or any provision hereof or any of the other Operative Agreements or any provision thereof, in each case whether against or by Lessee

or otherwise; or (ix) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(b) If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise except as specifically provided herein, Lessee nonetheless agrees to pay an amount equal to each Interim Rent, Basic Rent, Renewal Rent and Supplemental Rent payment at the time such payment would have become due and payable in accordance with the terms hereof had this Agreement not been terminated in whole or in part. All Rent payable by Lessee shall be paid without notice or demand (except as otherwise expressly provided) and without abatement, suspension, deferment, deduction, diminution or proration by reason of any circumstance or occurrence whatsoever. Lessee hereby waives, to the extent permitted by applicable law, any and all rights that it may now have or that at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Agreement or any part hereof, or to any abatement, suppression, deferment, diminution, reduction or proration of Rent, except in accordance with the express terms hereof. Each payment of Rent made by Lessee shall be final as to Lessor and Lessee and, except for any manifest clerical computational error, Lessee will not seek to recover all or any part of any such payment of Rent for any reason whatsoever.

(c) All obligations, liabilities, covenants and undertakings of Lessee in this Agreement or in any other Operative Agreement shall be performed, observed and complied with at Lessee's sole cost and expense, whether or not so expressed, unless otherwise expressly provided.

(d) Nothing set forth in this Section 16 shall be construed to prohibit Lessee from separately pursuing any claim that it may have from time to time against Lessor or any other Person with respect to any matter (other than the absolute and unconditional nature of Lessee's obligations hereunder to pay Rent, and other than the matters specified in paragraphs (b) and (c) above).

## SECTION 17. RENEWAL AND PURCHASE OPTIONS

### 17.1 NOTICES GENERALLY

(a) At least 180 days but not more than 360 days prior to the Scheduled Expiration Date, Lessee may provide notice to Lessor that Lessee may exercise either the option to extend the

leasing of the Aircraft for the First Renewal Lease Term pursuant to Section 17.2 or the option to purchase the Aircraft on the Scheduled Expiration Date pursuant to Section 17.3. At least 180 days but not more than 360 days prior to the First Renewal Term Expiration Date, Lessee may, if it has leased the Aircraft during the First Renewal Lease Term, provide notice to Lessor that Lessee may exercise either the option to extend the leasing of the Aircraft for the Second Renewal Lease Term pursuant to Section 17.2, or the option to purchase the Aircraft on the First Renewal Term Expiration Date pursuant to Section 17.3. At least 180 days but not more than 360 days prior to the Second Renewal Term Expiration Date, Lessee may, if it has leased the Aircraft during the Second Renewal Lease Term, provide notice to Lessor that Lessee may exercise either the option to extend the leasing of the Aircraft for the Third Renewal Lease Term pursuant to Section 17.2, or the option to purchase the Aircraft on the Second Renewal Term Expiration Date pursuant to Section 17.3. At least 180 days but not more than 360 days prior to the Third Renewal Term Expiration Date, Lessee may, if it has leased the Aircraft during the Third Renewal Lease Term, provide notice to Lessor that Lessee may exercise either the option to extend the leasing of the Aircraft for the Fourth Renewal Lease Term pursuant to Section 17.2, or the option to purchase the Aircraft on the Third Renewal Term Expiration Date pursuant to Section 17.3. Any such notice (a "Preliminary Notice") shall be irrevocable.

(b) If any such Preliminary Notice is given by Lessee, then Lessee may provide a further notice specifying which option it intends to elect, with respect to the relevant period, pursuant to Section 17.2.1 or 17.3.1, as the case may be.

(c) At least 180 days but not more than 360 days prior to the last day of the Fourth Renewal Lease Term, Lessee may provide notice (the "Definitive Purchase Notice") to Lessor that Lessee shall exercise the option to purchase the Aircraft on the Fourth Renewal Term Expiration Date pursuant to Section 17.3. Any such Definitive Purchase Notice shall be irrevocable.

## 17.2 RENEWAL OPTIONS

### 17.2.1 RENEWAL NOTICE

(a) If Lessee has given a Preliminary Notice, as specified in Section 17.1, and subject to the terms and conditions of this



Section 17.2, Lessee may exercise its option to extend the leasing of the Aircraft hereunder, on the same terms, provisions and conditions (except as contemplated by this Section 17) set forth herein and in the other Lessee Operative Agreements with respect to the Base Lease Term, by delivery of a notice (a "Renewal Notice") to Lessor:

(i) in the case of the First Renewal Lease Term, not more than 180 days nor less than 120 days prior to the Scheduled Expiration Date,

(ii) in the case of the Second Renewal Lease Term, not more than 180 days nor less than 120 days prior to the First Renewal Term Expiration Date,

(iii) in the case of the Third Renewal Lease Term, not more than 180 days nor less than 120 days prior to the Second Renewal Term Expiration Date; and

(iv) in the case of the Fourth Renewal Lease Term, not more than 180 days nor less than 120 days prior to the Third Renewal Lease Term Expiration Date.

(b) Notwithstanding anything to the contrary in this Agreement or any other Operative Agreement:

(i) No Preliminary Notice or Renewal Notice shall be binding on Lessor or oblige Lessor to extend the leasing of the Aircraft hereunder for the First Renewal Lease Term, the Second Renewal Lease Term, the Third Renewal Lease Term or the Fourth Renewal Lease Term, as the case may be, if any Lease Default or Lease Event of Default shall have occurred and be continuing on and as of either the date of such Preliminary Notice or Renewal Notice or the date that such Renewal Lease Term would otherwise commence.

(ii) Any Renewal Notice shall be irrevocable and shall constitute an unconditional obligation of Lessee to extend the leasing of the Aircraft hereunder for the First Renewal Lease Term, the Second Renewal Lease Term, the Third Renewal Lease Term or the Fourth Renewal Lease Term, as the case may be.

(iii) Lessee shall not be entitled to give any Renewal Notice if it has (i) not delivered a Preliminary Notice or (ii) delivered a Purchase Notice to Lessor.

## 17.2.2 RENEWAL RENT

(a) During the Renewal Lease Term, Lessee shall pay to Lessor on each Payment Date, in the manner and in the funds of the type specified in Section 3.3, Renewal Rent in advance. Each installment of Renewal Rent shall, for all purposes hereof (including, without limitation, for purposes of Section 467 of the Code), be accrued on a daily basis over the three-month period beginning on the Payment Date on which such installment is scheduled to be made; and as security for the obligations of Lessee under this Lease and the other Lessee Operative Agreements, Lessee hereby grants to Lessor a security interest in all amounts of Renewal Rent which may be paid but unaccrued hereunder from time to time.

(b) The Renewal Rent payable by Lessee on each Payment Date during any First, Second, Third or Fourth Renewal Lease Term shall be the lower of (i) an amount equal to one-quarter of the average annual Basic Rent payable during the Interim Term and the Base Lease Term, or (ii) the Fair Market Rental Value of the Aircraft for such First, Second, Third or Fourth Renewal Lease Term. Any such Fair Market Rental Value shall be determined not more than 170 days and not less than 150 days prior to the date of commencement of such First, Second, Third or Fourth Renewal Lease Term, as the case may be, by mutual agreement of Lessor and Lessee or, if they shall be unable to agree, by an appraisal in accordance with Section 17.4.

## 17.2.3 STIPULATED LOSS AND TERMINATION VALUES

(a) For any First, Second, Third or Fourth Renewal Lease Term, Stipulated Loss Value Dates and Termination Value Dates shall be extended throughout such Renewal Lease Term on the same days and for the same months as during the Base Lease Term.

(b) Stipulated Loss Value and Termination Value amounts that are payable during any such First, Second, Third or Fourth Renewal Lease Term shall be determined at the same time that the Renewal Rent for such Renewal Lease Term is determined under Section 17.2.2. Stipulated Loss Values for any such Lease Term shall, throughout such Renewal Lease Term, be equal to the greater of (i) the Fair Market Sales Value of the Aircraft, computed as of the first day of such Renewal Lease Term, and (ii) the Minimum Residual Percentage. Termination Values for any such Renewal Lease Term shall, throughout such Renewal Lease

Term, be equal to the greater of (i) the Fair Market Sales Value of the Aircraft, computed as of the first day of such Renewal Lease Term, and (ii) the Minimum Value Percentage.

(c) Any Fair Market Sales Value of the Aircraft, for purposes of calculating Stipulated Loss Value and Termination Value amounts applicable during any such Renewal Lease Term, shall be determined by mutual agreement of Lessor and Lessee or, if they shall be unable to agree, by an appraisal in accordance with Section 17.4.

### 17.3 PURCHASE OPTION

#### 17.3.1 PURCHASE NOTICE

(a) Subject to Section 17.1 and the terms and conditions of this Section 17.3, Lessee may elect to purchase the Aircraft, on any Purchase Date occurring on or after the Scheduled Expiration Date, at a purchase price equal to the Fair Market Sales Value of the Aircraft computed as of the Purchase Date.

(b) Lessee may exercise such option to purchase the Aircraft, by delivery of a notice (a "Purchase Notice") to Lessor not more than 180 days nor less than 120 days prior to the Purchase Date specified in such Purchase Notice.

(c) Notwithstanding anything to the contrary in this Agreement or any other Operative Agreement:

(i) No Preliminary Notice, Definitive Purchase Notice or Purchase Notice shall be binding on Lessor or obligate Lessor to sell the Aircraft to Lessee hereunder if any Lease Default or Lease Event of Default shall have occurred and be continuing on and as of either the date of such Preliminary Notice, Definitive Purchase Notice or Purchase Notice or the proposed Purchase Date.

(ii) Any Purchase Notice (whether delivered or deemed to have been delivered) shall be irrevocable and shall constitute an unconditional obligation of Lessee to purchase the Aircraft under this Section 17.3.

(iii) No Preliminary Notice, Definitive Purchase Notice or Purchase Notice shall be binding on Lessor or obligate Lessor to sell the Aircraft to Lessee hereunder if the Fair Market Sales Value of the Aircraft is determined to be less

than an amount equal to the Minimum Residual Percentage multiplied by Lessor's Cost.

(iv) Lessee shall not be entitled to give any Purchase Notice in respect of any Purchase Date if it has delivered a Renewal Notice for a Renewal Lease Term that would commence immediately following such Purchase Date.

#### 17.3.2 PURCHASE PRICE

The Fair Market Sales Value of the Aircraft shall be determined not more than 170 days and not less than 150 days prior to the applicable Purchase Date by mutual agreement of Lessor and Lessee or, if they shall be unable to agree, by an appraisal in accordance with Section 17.4.

#### 17.3.3 TITLE

Upon full and final payment by Lessee of (a) the applicable Fair Market Sales Value of the Aircraft, (b) all unpaid Rent due and payable through and including the Purchase Date and (c) all other amounts due and payable by Lessee under this Agreement, the Participation Agreement or any other Operative Agreement, Lessor will transfer to Lessee title to the Aircraft in accordance with Section 4.6.

#### 17.4 APPRAISALS

Whenever Fair Market Rental Value or Fair Market Sales Value of the Aircraft is required to be determined by an appraisal under this Section 17, Lessee and Lessor shall appoint a mutually satisfactory Appraiser to conduct such appraisal. If Lessee and Lessor fail to agree upon a satisfactory Appraiser then each shall promptly appoint a separate Appraiser and such Appraisers shall jointly determine such amount. If either Lessee or Lessor fails to so appoint an Appraiser, the determination of the single Appraiser appointed shall be final. If two Appraisers are appointed and within 7 days after the appointment of the latter of such two Appraisers, they cannot agree upon such amount, such two Appraisers shall, within 8 days after such latter appointment, appoint a third Appraiser and such amount shall be determined by such three Appraisers, who shall make their separate appraisals within 7 days following the appointment of the third Appraiser, and any determination so made shall be conclusive and binding upon Lessor and Lessee. If no such third Appraiser is appointed within such 8-day period, either Lessor or

Lessee may apply to the American Arbitration Association to make such appointment, and both parties shall be bound by such appointment. The foregoing appraisal procedure shall in any event be completed no less than 125 days before the end of the Base Lease Term or the Renewal Lease Term, as the case may be. If three Appraisers are appointed and the difference between the determination which is farther from the middle determination and the middle determination is more than 125% of the difference between the middle determination and the third determination, then such farther determination shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon Lessor and Lessee. Otherwise, the average of all three determinations shall be final and binding upon Lessor and Lessee. The fees and expenses of all such Appraisers and such appraisal procedure, together with the reasonable out-of-pocket fees and expenses of Lessor (including, without limitation, attorney's fees and expenses) shall be borne by Lessee.

#### SECTION 18. MISCELLANEOUS

##### 18.1 AMENDMENTS

No provision of this Agreement may be amended, supplemented, waived, modified, discharged, terminated or otherwise varied orally, but only by an instrument in writing that specifically identifies the provision of this Agreement that it purports to amend, supplement, waive, modify, discharge, terminate or otherwise vary and is signed by Lessor and Lessee. Each such amendment, supplement, waiver, modification, discharge, termination or variance shall be effective only in the specific instance and for the specific purpose for which it is given. No provision of this Agreement shall be varied or contradicted by oral communication, course of dealing or performance or other manner not set forth in an agreement, document or instrument in writing and signed by Lessor and Lessee.

##### 18.2 SEVERABILITY

If any provision hereof shall be held invalid, illegal or unenforceable in any respect in any jurisdiction, then, to the extent permitted by Law (a) all other provisions hereof shall remain in full force and effect in such jurisdiction and (b) such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any

other jurisdiction. If, however, any Law pursuant to which such provisions are held invalid, illegal or unenforceable may be waived, such Law is hereby waived by the parties hereto to the full extent permitted, to the end that this Agreement shall be deemed to be a valid and binding agreement in all respects, enforceable in accordance with its terms.

#### 18.3 SURVIVAL

The representations, warranties, indemnities and covenants set forth herein shall survive the making available of the respective Commitments by Participants, the delivery or return of the Aircraft, the Transfer of any interest of Owner Participant in this Agreement, the other Operative Agreements, the Trust Estate and the Trust Agreement, the Transfer of any interest by any Note Holder of its Equipment Notes and the expiration or other termination of this Agreement or any other Operative Agreement.

#### 18.4 REPRODUCTION OF DOCUMENTS

This Agreement, all annexes, schedules and exhibits hereto and all agreements, instruments and documents relating hereto, including, without limitation (a) consents, waivers and modifications that may hereafter be executed and (b) financial statements, certificates and other information previously or hereafter furnished to any party hereto, may be reproduced by such party by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process, and such party may destroy any original documents so reproduced. Any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such party in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction likewise is admissible in evidence.

#### 18.5 COUNTERPARTS

This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts (or upon separate signature pages bound together into one or more counterparts), each of which when so executed shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument.

## 18.6 NO WAIVER

No failure on the part of Lessor to exercise, and no delay by Lessor in exercising, any of its rights, powers, remedies or privileges under this Agreement or provided at Law, in equity or otherwise shall impair, prejudice or constitute a waiver of any such right, power, remedy or privilege or be construed as a waiver of any breach hereof or default hereunder or as an acquiescence therein, nor shall any single or partial exercise of any such right, power, remedy or privilege preclude any other or further exercise thereof by Lessor or the exercise of any other right, power, remedy or privilege by Lessor. No notice to or demand on Lessee in any case shall, unless otherwise required under this Agreement, entitle Lessee to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of Lessor to any other or further action in any circumstances without notice or demand.

## 18.7 NOTICES

Unless otherwise expressly permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents, waivers and other communications required or permitted to be made, given, furnished or filed hereunder shall be in writing (it being understood that the specification of a writing in certain instances and not in others does not imply an intention that a writing is not required as to the latter), shall refer specifically to this Agreement and shall be personally delivered, sent by facsimile or telecommunication transmission (which in either case provides written confirmation to the sender of its delivery), sent by registered mail or certified mail, return receipt requested, postage prepaid, or sent by overnight courier service, in each case to the respective address or facsimile number set forth for such party in Schedule 1 to the Participation Agreement, or to such other address or number as either party hereto may hereafter specify by notice to the other party hereto. Each such notice, request, demand, authorization, direction, consent, waiver or other communication shall be effective when received or, if made, given, furnished or filed (a) by facsimile or telecommunication transmission, when confirmed, or (b) by registered or certified mail, three Business Days after being deposited, properly addressed, with the U.S. Postal Service.

## 18.8 GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE

(a) THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS. THIS AGREEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK.

(b) EACH PARTY HERETO IRREVOCABLY AGREES, ACCEPTS AND SUBMITS FOR ITSELF TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN THE CITY AND COUNTY OF NEW YORK AND OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, IN CONNECTION WITH ANY LEGAL ACTION, SUIT OR PROCEEDING WITH RESPECT TO ANY MATTER RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

(c) EACH PARTY HERETO HEREBY IRREVOCABLY CONSENTS AND AGREES TO THE SERVICE OF ANY AND ALL LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE MADE BY MAILING COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, AT THE ADDRESS SET FORTH IN SECTION 18.7. EACH PARTY HERETO HEREBY AGREES THAT SERVICE UPON IT, OR ANY OF ITS AGENTS, IN EACH CASE IN ACCORDANCE WITH THIS SECTION 18.8(C), SHALL CONSTITUTE VALID AND EFFECTIVE PERSONAL SERVICE UPON SUCH PARTY, AND EACH PARTY HERETO HEREBY AGREES THAT THE FAILURE OF ANY OF ITS AGENTS TO GIVE ANY NOTICE OF SUCH SERVICE TO ANY SUCH PARTY SHALL NOT IMPAIR OR AFFECT IN ANY WAY THE VALIDITY OF SUCH SERVICE ON SUCH PARTY OR ANY JUDGMENT RENDERED IN ANY ACTION OR PROCEEDING BASED THEREON.

(d) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY LEGAL ACTION OR PROCEEDING BROUGHT HEREUNDER IN ANY OF THE ABOVE-NAMED COURTS, THAT SUCH ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT VENUE FOR THE ACTION OR PROCEEDING IS IMPROPER OR THAT THIS AGREEMENT OR ANY OTHER OPERATIVE AGREEMENT MAY NOT BE ENFORCED IN OR BY SUCH COURTS.

(e) EACH PARTY HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN ANY COURT IN ANY JURISDICTION BASED UPON OR ARISING OUT OF OR RELATING TO THIS AGREEMENT.



## 18.9 THIRD-PARTY BENEFICIARY

This Agreement is not intended to, and shall not, provide any person not a party hereto (other than Mortgagee, the Participants, the Indenture Indemnitees and the persons referred to in Section 4.7, in each case to the extent expressly provided herein) with any rights of any nature whatsoever against either of the parties hereto, and no person not a party hereto (other than Mortgagee, the Participants, the Indenture Indemnitees and the persons referred to in Section 4.7, in each case to the extent expressly provided herein) shall have any right, power or privilege in respect of, or have any benefit or interest arising out of, this Agreement.

## 18.10 ENTIRE AGREEMENT

This Agreement, together with the other Operative Agreements, on and as of the date hereof constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and all prior or contemporaneous understandings or agreements, whether written or oral, between the parties hereto with respect to such subject matter are hereby superseded in their entireties.

[This space intentionally left blank.]

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease Agreement to be duly executed as of the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION  
as Lessor, not in its individual  
capacity, except as  
expressly provided herein, but  
solely as Owner Trustee under  
the Trust Agreement

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

CONTINENTAL AIRLINES, INC.,  
as Lessee

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

Receipt of this original counterpart of the foregoing Lease Agreement is hereby acknowledged on this \_\_\_\_ day of \_\_\_\_\_, 199 .

WILMINGTON TRUST COMPANY,  
as Mortgagee

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

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease Agreement to be duly executed as of the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION  
as Lessor, not in its  
individual capacity, except  
as expressly provided herein,  
but solely as Owner Trustee  
under the Trust Agreement

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

CONTINENTAL AIRLINES, INC.,  
as Lessee

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

[ANNEX A - SEE PARTICIPATION AGREEMENT ANNEX A]  
[ANNEXES B-D OMITTED]  
[SCHEDULES 1-4 OMITTED]

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EXHIBIT A - LEASE SUPPLEMENT  
LEASE AGREEMENT  
-----

LEASE SUPPLEMENT NO. \_\_

LEASE SUPPLEMENT No. \_\_, dated \_\_\_\_\_, 199\_, between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement, dated as of \_\_\_\_\_, with the Owner Participant named therein (such Owner Trustee, in its capacity as such Owner Trustee being herein called "Lessor"), and CONTINENTAL AIRLINES, INC., a Delaware corporation, as Lessee ("Lessee").

Lessor and Lessee have heretofore entered into that certain Lease Agreement, dated as of \_\_\_\_\_, relating to one Boeing Model aircraft (herein called the "Lease" and the defined terms therein being hereinafter used with the same meanings). The Lease provides for the execution and delivery of this Lease Supplement for the purpose of leasing the Airframe and Engines under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof.

The Lease relates to the Airframe and Engines described below, and a counterpart of the Lease to which this Lease Supplement is attached and of which this Lease Supplement is a part, is being filed for recordation on the date hereof with the Federal Aviation Administration as one document.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessee has been duly authorized by Lessor to accept, and does hereby irrevocably accept on behalf of Lessor delivery of the Aircraft from Airframe Manufacturer under, and for all purposes of, the Aircraft Bill of Sale, the Participation Agreement and the Purchase Agreement Assignment.

2. Lessor hereby delivers and leases to Lessee under the Lease and Lessee hereby accepts and leases from Lessor under the Lease the following described Boeing aircraft (the "Aircraft"), which Aircraft as of the date hereof consists of the following components:

(i) Airframe: U.S. Registration No. \_\_\_\_\_; manufacturer's serial no. \_\_\_\_\_; and

(ii) Engines: two (2) engines bearing, respectively, manufacturer's serial nos. and (each of which engines has 750 or more rated takeoff horsepower or the equivalent of such horsepower).

3. The Delivery Date of the Aircraft is the date of this Lease Supplement set forth in the opening paragraph hereof.

4. Lessee hereby confirms its agreement to pay Lessor Rent for the Aircraft in accordance with Sections 3 and 17, and the other provisions, of the Lease.

5. Lessee hereby confirms to Lessor that Lessee has duly and irrevocably accepted the Aircraft under and for all purposes hereof, of the Lease and of the other Lessee Operative Agreements.

6. All of the terms and provisions of this Lease Supplement are hereby incorporated by reference in the Lease to the same extent as if fully set forth therein.

7. This Lease Supplement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

8. To the extent, if any, that this Lease Supplement constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease Supplement may be created through the transfer or possession of any counterpart other than the original executed counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the Mortgagee on the signature page thereof.

[This space intentionally left blank.]

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease Supplement to be duly executed as of the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION  
as Lessor, not in its  
individual capacity, except  
as expressly provided herein,  
but solely as Owner Trustee  
under the Trust Agreement

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

CONTINENTAL AIRLINES, INC.,  
as Lessee

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

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease Supplement to be duly executed as of the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION  
as Lessor, not in its individual  
capacity, except as  
expressly provided herein, but  
solely as Owner Trustee under  
the Trust Agreement

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

CONTINENTAL AIRLINES, INC.,  
as Lessee

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

Receipt of this original counterpart of the foregoing Lease Supplement is hereby acknowledged on this \_\_\_\_ day of \_\_\_\_\_, 199 .

WILMINGTON TRUST COMPANY,  
as Mortgagee

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

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SCHEDULE 5 - PERMITTED AIR CARRIERS  
LEASE AGREEMENT  
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## PERMITTED AIR CARRIERS

Aer Lingus  
Air Canada  
Air France  
Air Inter  
Air New Zealand  
Alitalia  
All Nippon  
Ansett Airlines of Australia  
Australian Airlines  
Braathens S.A.F.E.  
British Airways  
British Midland  
Britannia Airways  
Canadian Airlines, International  
Cathay Pacific Air Lines Ltd.  
Condor (Sub of Lufthansa)  
Finnair  
Icelandair  
Iberia Air Lines of Spain  
Japan Air Lines  
Japan Air System  
KLM  
Lufthansa  
Lux Air  
Malaysian Airlines  
Martinair  
Monarch Airlines  
Olympic  
Phillipine Airlines  
Qantas Airways Ltd.  
Sabena  
Scandinavian Airlines System  
Singapore Airlines Limited  
Swissair  
TAP (Portugal)  
Thai Airways  
Transavia  
Union de Transports Aeriens



-----  
SCHEDULE 6 - PLACARDS  
LEASE AGREEMENT  
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PLACARDS

Leased from

First Security Bank, National Association,  
not in its individual capacity but solely as  
Owner Trustee, Owner and Lessor

and  
Mortgaged to

Wilmington Trust Company,  
not in its individual capacity but solely as Mortgagee

Exhibit D-3 to  
the Note Purchase Agreement

FORM OF SPECIAL INDENTURE

Exhibit D-3  
to the Note Purchase Agreement

TRUST INDENTURE AND MORTGAGE

Dated as of \_\_\_\_\_, 199\_

Between

FIRST SECURITY BANK, NATIONAL ASSOCIATION,  
not in its individual capacity,  
except as expressly stated herein,  
but solely as Owner Trustee,

Owner Trustee

and

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
except as expressly stated herein,  
but solely as Loan Trustee,

Loan Trustee

---

EQUIPMENT NOTES COVERING  
ONE BOEING \_\_\_\_\_ AIRCRAFT  
BEARING U.S. REGISTRATION MARK \_\_\_\_\_  
LEASED BY CONTINENTAL AIRLINES, INC.

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## TRUST INDENTURE AND MORTGAGE

TRUST INDENTURE AND MORTGAGE, dated as of \_\_\_\_\_, 199\_ ("Trust Indenture") between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as expressly stated herein, but solely as Owner Trustee under the Trust Agreement referred to below (together with its successors under the Trust Agreement, the "Owner Trustee"), and WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity, except as expressly stated herein, but solely as Loan Trustee hereunder (together with its successors hereunder, the "Loan Trustee").

## W I T N E S S E T H

WHEREAS, all capitalized terms used herein shall have the respective meanings set forth or referred to in Article I hereof;

WHEREAS, the Owner Participant and the Owner Trustee in its individual capacity have entered into the Trust Agreement whereby, among other things, (i) the Owner Trustee has established a certain trust for the use and benefit of the Owner Participant subject, however, to the Trust Indenture Estate created pursuant hereto for the use and benefit of, and with the priority of payment to, the holders of Equipment Notes issued hereunder, and (ii) the Owner Trustee has been authorized and directed to execute and deliver this Agreement;

WHEREAS, the parties hereto desire by this Trust Indenture, among other things, (i) to provide for the issuance by the Owner Trustee of the Equipment Notes and (ii) to provide for the assignment, mortgage and pledge by the Owner Trustee to the Loan Trustee, as part of the Trust Indenture Estate hereunder, among other things, of all of the Owner Trustee's right, title and interest in and to the Aircraft and, except as hereinafter expressly provided, all of the Owner Trustee's right, title and interest in, to and under the Lease and the Participation Agreement and all payments and other amounts received hereunder or thereunder in accordance with the terms hereof or thereof, as security for, among other things, the Owner Trustee's obligations to the Noteholders and the Indenture Indemnitees;

WHEREAS, all things have been done to make the Equipment Notes, when executed by the Owner Trustee and



authenticated and delivered by the Loan Trustee hereunder, the valid, binding and enforceable obligations of the Owner Trustee; and

WHEREAS, all things necessary to make this Trust Indenture the valid, binding and legal obligation of the Owner Trustee for the uses and purposes herein set forth, in accordance with its terms, have been done and performed and have happened;

#### GRANTING CLAUSE

NOW, THEREFORE, THIS TRUST INDENTURE AND MORTGAGE WITNESSETH, that, to secure the prompt payment of the Original Amount of, interest on, Make-Whole Amount, if any, and all other amounts due with respect to, all Equipment Notes from time to time outstanding hereunder according to their tenor and effect and to secure the performance and observance by the Owner Trustee of all the agreements, covenants and provisions contained herein and in the Participation Agreement and the Equipment Notes, for the benefit of the Note Holders, the Loan Participants and each of the Indenture Indemnitees and the prompt payment of all amounts from time to time owing hereunder, under the Participation Agreement and the Lease to the Loan Participants, the Note Holders or any Indenture Indemnitee by the Owner Trustee or the Lessee and for the uses and purposes and subject to the terms and provisions hereof, and in consideration of the premises and of the covenants herein contained, and of the acceptance of the Equipment Notes by the holders thereof, and for other good and valuable consideration the receipt and adequacy whereof are hereby acknowledged, the Owner Trustee has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto the Loan Trustee, its successors in trust and assigns, for the security and benefit of the Loan Participants, the Note Holders and each of the Indenture Indemnitees, a first priority security interest in and mortgage lien on all right, title and interest of the Owner Trustee in, to and under the following described property, rights and privileges, whether now or hereafter acquired, other than Excluded Payments (which collectively, excluding Excluded Payments but including all property hereafter specifically subjected to the Lien of this Trust Indenture by the terms hereof

or any supplement hereto, are included within, and are referred to as, the "Trust Indenture Estate"), to wit:

(1) The Airframe which is one Boeing \_\_\_\_\_ aircraft with the FAA Registration number of \_\_\_\_\_ and the manufacturer's serial number of \_\_\_\_\_ and Engines, each of which Engines is a \_\_\_\_\_ engine with the manufacturer's serial numbers of \_\_\_\_\_ and \_\_\_\_\_, is of 750 or more rated takeoff horsepower or the equivalent of such horsepower (such Airframe and Engines more particularly described in the Indenture Supplement executed and delivered as provided herein) as the same is now and will hereafter be constituted, whether now owned by the Owner Trustee or hereafter acquired, leased or intended to be leased under the Lease, and in the case of such Engines, whether or not any such Engine shall be installed in or attached to the Airframe or any other airframe, together with (a) all Parts of whatever nature, which are from time to time included within the definitions of "Airframe" or "Engines", whether now owned or hereafter acquired, including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Airframe and Engines (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts) and (b) all Aircraft Documents;

(2) All right, title, interest, claims and demands of the Owner Trustee, as Lessor, in, to and under the Lease, together with all rights, powers, privileges, options and other benefits of the Owner Trustee as Lessor under the Lease, including the immediate and continuing right to receive and collect all Rent, income, revenues, issues, profits, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable to or receivable by the Lessor under the Lease pursuant thereto, and, subject to Section 5.02 hereof, the right to make all waivers and agreements, to give and receive copies of all notices and other instruments or communications, to accept surrender or redelivery of the Aircraft or any part thereof, as well as all the rights, powers and remedies on the part of the Owner Trustee as Lessor under the Lease, to take such action upon the occurrence of a Lease Event of Default thereunder, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by Law, and to do any and all

other things whatsoever which the Owner Trustee or any lessor is or may be entitled to do under or in respect of the Lease and any right to restitution from the Lessee or any other Person in respect of any determination of invalidity of the Lease;

(3) Each Permitted Sublease assignment and each assigned Permitted Sublease (to the extent assigned under such Permitted Sublease assignment), and including, without limitation, all rents or other payments of any kind made under such assigned Permitted Sublease (to the extent assigned under such Permitted Sublease assignment);

(4) All right, title, interest, claims and demands of the Owner Trustee in, to and under:

(a) the Purchase Agreement and the GTA;

(b) the Purchase Agreement Assignment with the Consent and Agreement and the Engine Consent and Agreement attached thereto;

(c) the Bills of Sale; and

(d) any and all other contracts, agreements and instruments relating to the Airframe and Engines or any rights or interests therein to which the Owner Trustee is now or may hereafter be a party;

together with all rights, powers, privileges, licenses, easements, options and other benefits of the Owner Trustee under each contract, agreement and instrument referred to in this clause (4), including the right to receive and collect all payments to the Owner Trustee thereunder now or hereafter payable to or receivable by the Owner Trustee pursuant thereto and, subject to Section 5.02 hereof, the right to make all waivers and agreements, to give and receive notices and other instruments or communications, or to take any other action under or in respect of any thereof or to take such action upon the occurrence of a default thereunder, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by Law, and to do any and all other things which the Owner Trustee is or may be entitled to do thereunder and any right to restitution from the Lessee, the

Owner Participant or any other Person in respect of any determination of invalidity of any thereof;

(5) All rents, issues, profits, revenues and other income of the property subjected or required to be subjected to the Lien of this Trust Indenture, including all payments or proceeds payable to the Owner Trustee after termination of the Lease with respect to the Aircraft as the result of the sale, lease or other disposition thereof, and all estate, right, title and interest of every nature whatsoever of the Owner Trustee in and to the same;

(6) Without limiting the generality of the foregoing, all insurance and requisition proceeds with respect to the Aircraft or any part thereof, including the insurance required under Section 11 of the Lease;

(7) Without limiting the generality of the foregoing, all rights of the Owner Trustee to amounts paid or payable by Lessee to the Owner Trustee under the Participation Agreement and all rights of the Owner Trustee to enforce payments of any such amounts thereunder;

(8) Without limiting the generality of the foregoing, all monies and securities from time to time deposited or required to be deposited with the Loan Trustee pursuant to any terms of this Trust Indenture or the Lease or required hereby or by the Lease to be held by the Loan Trustee hereunder as security for the obligations of the Lessee under the Lease or of the Owner Trustee hereunder; and

(9) All proceeds of the foregoing.

Excluding, however, in all events from each of foregoing clauses (1) through (9) inclusive all Excluded Payments and the right to specifically enforce the same or to sue for damages for the breach thereof as provided in Section 5.02 hereof.

Concurrently with the delivery of this Trust Indenture, the Owner Trustee will deliver to the Loan Trustee the original executed counterpart of the Lease and the Lease Supplement No. 1 (to each of which a chattel paper receipt is attached), and executed copies of the Participation Agreement, the Purchase

Agreement and the GTA (to the extent assigned by the Purchase Agreement Assignment), the Purchase Agreement Assignment with the Consent and Agreement and the Engine Consent and Agreement attached thereto.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Loan Trustee, and its successors and assigns, in trust for the equal and proportionate benefit and security of the Loan Participants, the Note Holders and the Indenture Indemnitees, except as provided in Section 2.14 and Article III hereof without any preference, distinction or priority of any one Equipment Note over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and in all cases and as to all property specified in paragraphs (1) through (8) inclusive above, subject to the terms and provisions set forth in this Trust Indenture.

It is expressly agreed that anything herein contained to the contrary notwithstanding, the Owner Trustee shall remain liable under the Indenture Agreements, to perform all of the obligations assumed by it thereunder, except to the extent prohibited or excluded from doing so pursuant to the terms and provisions thereof, and the Loan Trustee, the Loan Participants, the Indenture Indemnitees and the Note Holders shall have no obligation or liability under the Indenture Agreements, by reason of or arising out of the assignment hereunder, nor shall the Loan Trustee, the Loan Participants, the Indenture Indemnitees or the Note Holders be required or obligated in any manner to perform or fulfill any obligations of the Owner Trustee under or pursuant to the Indenture Agreements, or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

The Owner Trustee does hereby constitute the Loan Trustee the true and lawful attorney of the Owner Trustee, irrevocably, granted for good and valuable consideration and coupled with an interest and with full power of substitution, and with full power (in the name of the Owner Trustee or otherwise) to ask for, require, demand, receive, compound and give acquittance for any and all monies and claims for monies (in each

case including insurance and requisition proceeds but in all cases excluding Excluded Payments) due and to become due under or arising out of the Indenture Agreements, and all other property which now or hereafter constitutes part of the Trust Indenture Estate, to endorse any checks or other instruments or orders in connection therewith and to file any claims or to take any action or to institute any proceedings which the Loan Trustee may deem to be necessary or advisable in the premises. Without limiting the generality of the foregoing, but subject to the rights of the Owner Trustee and the Owner Participant under Sections 2.13, 4.03 and 4.04(a) hereof, during the continuance of any Event of Default under this Trust Indenture, the Loan Trustee shall have the right under such power of attorney to accept any offer in connection with the exercise of remedies as set forth herein of any purchaser to purchase the Airframe and Engines and upon such purchase to execute and deliver in the name of and on behalf of the Owner Trustee an appropriate bill of sale and other instruments of transfer relating to the Airframe and Engines, when purchased by such purchaser, and to perform all other necessary or appropriate acts with respect to any such purchase, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Owner Trustee or otherwise, which the Loan Trustee may deem necessary or appropriate to protect and preserve the right, title and interest of the Loan Trustee in and to such Rents and other sums and the security intended to be afforded hereby; provided, however, that no action of the Loan Trustee pursuant to this paragraph shall increase the obligations or liabilities of the Owner Trustee to any Person beyond those obligations and liabilities specifically set forth in this Trust Indenture and in the other Operative Agreements. Under the Lease, Lessee is directed, so long as this Trust Indenture shall not have been fully discharged, to make all payments of Rent (other than Excluded Payments) and all other amounts which are required to be paid to or deposited with the Owner Trustee pursuant to the Lease (other than Excluded Payments) directly to, or as directed by, the Loan Trustee at such address or addresses as the Loan Trustee shall specify, for application as provided in this Trust Indenture. The Owner Trustee agrees that promptly upon receipt thereof, it will transfer to the Loan Trustee any and all monies from time to time received by it constituting part of the Trust Indenture Estate, for distribution by the Loan Trustee pursuant to this Trust Indenture, except that the Owner Trustee shall accept for distribution pursuant to the Trust Agreement any

amounts distributed to it by the Loan Trustee under this Trust Indenture.

The Owner Trustee agrees that at any time and from time to time, upon the written request of the Loan Trustee, the Owner Trustee will promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents as the Loan Trustee may reasonably deem necessary or desirable to perfect, preserve or protect the mortgage, security interests and assignments created or intended to be created hereby or to obtain for the Loan Trustee the full benefits of the assignment hereunder and of the rights and powers herein granted.

The Owner Trustee does hereby warrant and represent that it has not assigned or pledged, and hereby covenants and agrees that it will not assign or pledge, so long as the assignment hereunder shall remain in effect, and the Lien hereof shall not have been released pursuant to Section 10.01 hereof, any of its right, title or interest hereby assigned, to anyone other than the Loan Trustee, and that it will not, except as otherwise provided in this Trust Indenture and except with respect to Excluded Payments to which it is entitled, (i) accept any payment from Lessee or any Permitted Sublessee under any Indenture Agreement, (ii) enter into any agreement amending or supplementing any Indenture Agreement, (iii) execute any waiver or modification of, or consent under, the terms of, or exercise any rights, powers or privileges under, any Indenture Agreement, (iv) settle or compromise any claim arising under any Indenture Agreement or (v) submit or consent to the submission of any dispute, difference or other matter arising under or in respect of any Indenture Agreement to arbitration thereunder.

The Owner Trustee does hereby further agree that it will not without the written consent of the Loan Trustee:

(a) except with respect to Excluded Payments, receive or collect or agree to the receipt or collection of any payment of Rent, including Basic Rent, Stipulated Loss Value, Termination Value or any other payment to be made pursuant to Section 9 or 10 of the Lease prior to the date for the payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Loan Trustee hereunder) any payment of Rent, including Basic Rent,

Stipulated Loss Value, Termination Value or any other payment to be made pursuant to Section 9 or 10 of the Lease, then due or to accrue in the future under the Lease in respect of the Airframe and Engines; or

(b) except as contemplated by the Trust Agreement in connection with the appointment of a successor owner trustee, sell, mortgage, transfer, assign or hypothecate (other than to the Loan Trustee hereunder) its interest in the Airframe and Engines or any part thereof or in any amount to be received by it from the use or disposition of the Airframe and Engines, other than amounts distributed to it pursuant to Article III hereof.

It is hereby further agreed that any and all property described or referred to in the granting clauses hereof which is hereafter acquired by the Owner Trustee shall ipso facto, and without any further conveyance, assignment or act on the part of the Owner Trustee or the Loan Trustee, become and be subject to the Lien herein granted as fully and completely as though specifically described herein, but nothing contained in this paragraph shall be deemed to modify or change the obligations of the Owner Trustee contained in the foregoing paragraphs.

The Owner Trustee does hereby ratify and confirm the Lease and does hereby agree that it will not violate any covenant or agreement made by it therein, herein or in any other Owner Trustee Agreement.

IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto as follows:

#### ARTICLE I

##### DEFINITIONS

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed in the manner described, in Annex A to the Lease.



ARTICLE II

THE EQUIPMENT NOTES

SECTION 2.01. Form of Equipment Notes

The Equipment Notes shall be substantially in the form set forth below:

THIS EQUIPMENT NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR PURSUANT TO THE SECURITIES LAWS OF ANY STATE. ACCORDINGLY, THIS EQUIPMENT NOTE MAY NOT BE SOLD UNLESS EITHER REGISTERED UNDER THE ACT AND SUCH APPLICABLE STATE LAWS OR AN EXEMPTION FROM SUCH REGISTRATIONS IS AVAILABLE.

FIRST SECURITY BANK, NATIONAL ASSOCIATION, AS OWNER TRUSTEE UNDER TRUST AGREEMENT DATED AS OF \_\_\_\_\_, 199\_.

SERIES [\_\_\_\_\_] LIMITED RECOURSE EQUIPMENT NOTE DUE [\_\_\_\_\_] ISSUED IN CONNECTION WITH THE BOEING MODEL \_\_\_\_\_ AIRCRAFT BEARING UNITED STATES REGISTRATION NUMBER \_\_\_\_\_.

No. \_\_\_\_\_ Date: [\_\_\_\_\_, \_\_\_\_] \$\_\_\_\_\_

INTEREST RATE [\_\_\_\_\_] MATURITY DATE [\_\_\_\_\_, \_\_\_\_]

FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee (herein in such capacity called the "Owner Trustee") under that certain Trust Agreement, dated as of \_\_\_\_\_, 199\_, between the Owner Participant named therein and First Security Bank, National Association (herein as such Trust Agreement may be supplemented or amended from time to time called the "Trust Agreement"), hereby promises to pay to \_\_\_\_\_, or the registered assignee thereof, the principal sum of \$\_\_\_\_\_ (the "Original Amount"), together with interest on the amount of the Original Amount remaining unpaid from time to time (calculated on the basis of a year of 360 days comprised of twelve 30-day months)

from the date hereof until paid in full at a rate per annum equal to the Debt Rate. The Original Amount of this Equipment Note shall be payable in installments on the dates set forth in Schedule I hereto equal to the corresponding percentage of the Original Amount of this Equipment Note set forth in Schedule I hereto. Accrued but unpaid interest shall be due and payable in semiannual installments commencing on \_\_\_\_\_, 199\_, and thereafter on \_\_\_\_\_ and \_\_\_\_\_ of each year, to and including \_\_\_\_\_, \_\_\_\_\_. Notwithstanding the foregoing, the final payment made on this Equipment Note shall be in an amount sufficient to discharge in full the unpaid Original Amount and all accrued and unpaid interest on, and any other amounts due under, this Equipment Note. Notwithstanding anything to the contrary contained herein, if any date on which a payment under this Equipment Note becomes due and payable is not a Business Day then such payment shall not be made on such scheduled date but shall be made on the next succeeding Business Day and if such payment is made on such next succeeding Business Day, no interest shall accrue on the amount of such payment during such extension.

For purposes hereof, the term "Trust Indenture" means the Trust Indenture and Mortgage, dated as of \_\_\_\_\_, 199\_, between the Owner Trustee and Wilmington Trust Company (the "Loan Trustee"), as the same may be amended or supplemented from time to time. All other capitalized terms used in this Equipment Note and not defined herein shall have the respective meanings assigned in the Trust Indenture.

This Equipment Note shall bear interest, payable on demand, at the Payment Due Rate (calculated on the basis of a year of 360 days comprised of twelve 30-day months) on any overdue Original Amount, any overdue Make-Whole Amount, if any, and (to the extent permitted by applicable Law) any overdue interest and any other amounts payable hereunder which are overdue, in each case for the period the same is overdue. Amounts shall be overdue if not paid when due (whether at stated maturity, by acceleration or otherwise).

The interest rate borne by this Equipment Note shall be subject to adjustments to the extent, and under the circumstances, specified by the Registration Rights Agreement. For the avoidance of doubt, the interest rate, as so adjusted, shall never exceed 0.50% per annum over the interest rate

initially borne by this Equipment Note save by reason of the application of the Payment Due Rate.

All payments of Original Amount, interest, Make-Whole Amount, if any, and other amounts, if any, to be made by the Owner Trustee hereunder and under the Trust Indenture or the Participation Agreement shall be payable only from the income and proceeds from the Trust Estate to the extent included in the Trust Indenture Estate and only to the extent that the Owner Trustee shall have sufficient income or proceeds from the Trust Estate to the extent included in the Trust Indenture Estate to enable the Loan Trustee to make such payments in accordance with the terms of Section 2.03 and Article III of the Trust Indenture, and each holder hereof, by its acceptance of this Equipment Note, agrees that it will look solely to the income and proceeds from the Trust Indenture Estate to the extent available for distribution to the holder hereof as above provided and that none of the Owner Participant, the Owner Trustee and the Loan Trustee is personally liable or liable in any manner extending to any assets other than the Trust Indenture Estate to the holder hereof for any amounts payable or any liability under this Equipment Note or, except as provided in the Trust Indenture or in the Participation Agreement, for any liability under the Trust Indenture or the Participation Agreement; provided, however, that nothing herein contained shall limit, restrict or impair the right of the Loan Trustee, subject always to the terms and provisions of the Trust Indenture, to accelerate the maturity of this Equipment Note upon occurrence of an Event of Default under the Trust Indenture in accordance with Section 4.04(b) of the Trust Indenture, to bring suit and obtain a judgment against the Owner Trustee on this Equipment Note for purposes of realizing upon the Trust Indenture Estate and to exercise all rights and remedies provided under the Trust Indenture or otherwise realize upon the Trust Indenture Estate.

There shall be maintained an Equipment Note Register for the purpose of registering transfers and exchanges of Equipment Notes at the Corporate Trust Office of the Loan Trustee or at the office of any successor in the manner provided in Section 2.07 of the Trust Indenture.

The Original Amount and interest and other amounts due hereunder shall be payable in Dollars in immediately available funds at the Corporate Trust Office of the Loan Trustee, or as

otherwise provided in the Trust Indenture. Each such payment shall be made on the date such payment is due and without any presentment or surrender of this Equipment Note, except that in the case of any final payment with respect to this Equipment Note, the Equipment Note shall be surrendered promptly thereafter by the Loan Trustee to the Owner Trustee for cancellation.

The holder hereof, by its acceptance of this Equipment Note, agrees that, except as provided in the Trust Indenture, each payment of the Original Amount, Make-Whole Amount, if any, and interest received by it hereunder shall be applied, first, to the payment of accrued interest on this Equipment Note (as well as any interest on any overdue Original Amount, any overdue Make-Whole Amount, if any, or, to the extent permitted by Law, any overdue interest and other amounts hereunder) to the date of such payment, second, to the payment of the Original Amount of this Equipment Note then due, third, to the payment of Make-Whole Amount, if any, and any other amount due hereunder or under the Trust Indenture, and fourth, the balance, if any, remaining thereafter, to the payment of the installments of the Original Amount of this Equipment Note remaining unpaid in the inverse order of maturity.

This Equipment Note is one of the Equipment Notes referred to in the Trust Indenture which have been or are to be issued by the Owner Trustee pursuant to the terms of the Trust Indenture. The Trust Indenture Estate is held by the Loan Trustee as security, in part, for the Equipment Notes. The provisions of this Equipment Note are subject to the Trust Indenture. Reference is hereby made to the Trust Indenture for a complete statement of the rights and obligations of the holder of, and the nature and extent of the security for, this Equipment Note and the rights and obligations of the holders of, and the nature and extent of the security for, any other Equipment Notes executed and delivered under the Trust Indenture, as well as for a statement of the terms and conditions of the Trust created by the Trust Indenture, to all of which terms and conditions in the Trust Indenture each holder hereof agrees by its acceptance of this Equipment Note.

As provided in the Trust Indenture and subject to certain limitations therein set forth, this Equipment Note is exchangeable for a like aggregate Original Amount of Equipment Notes of different authorized denominations, as requested by the holder surrendering the same.

Prior to due presentment for registration of transfer of this Equipment Note, the Owner Trustee and the Loan Trustee shall treat the person in whose name this Equipment Note is registered as the owner hereof for all purposes, whether or not this Equipment Note be overdue, and neither the Owner Trustee nor the Loan Trustee shall be affected by notice to the contrary.

This Equipment Note is subject to redemption as provided in Sections 2.10, 2.11 and 2.12 of the Trust Indenture but not otherwise. This Equipment Note is also subject to exchange and to purchase by the Owner Participant or the Owner Trustee as provided in Section 2.13 of the Trust Indenture but not otherwise. In addition, this Equipment Note may be accelerated as provided in Section 4.04 of the Trust Indenture.

[The indebtedness evidenced by this Equipment Note is, to the extent and in the manner provided in the Trust Indenture, subordinate and subject in right of payment to the prior payment in full of the Secured Obligations (as defined in the Trust Indenture) in respect of [Series A Equipment Notes]1 [Series A and Series B Equipment Notes]2, and this Equipment Note is issued subject to such provisions. The Note Holder of this Equipment Note, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Loan Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Trust Indenture and (c) appoints the Loan Trustee his attorney-in-fact for such purpose.]\*

Unless the certificate of authentication hereon has been executed by or on behalf of the Loan Trustee by manual signature, this Equipment Note shall not be entitled to any benefit under the Trust Indenture or be valid or obligatory for any purpose.

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1 To be inserted in the case of a Series B Equipment Note.

2 To be inserted in the case of a Series C Equipment Note.

\* To be inserted for each Equipment Note other than any Series A Equipment Note.

THIS EQUIPMENT NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

\* \* \*

IN WITNESS WHEREOF, the Owner Trustee has caused this Equipment Note to be executed in its corporate name by its officer thereunto duly authorized on the date hereof.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee

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

LOAN TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Equipment Notes referred to in the within-mentioned Trust Indenture.

WILMINGTON TRUST COMPANY,  
as Loan Trustee

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

SCHEDULE I

## EQUIPMENT NOTE AMORTIZATION

Payment Date -----	Percentage of Original Amount to be Paid -----
-----------------------	---

[SEE SCHEDULE I TO TRUST INDENTURE  
WHICH IS INSERTED UPON ISSUANCE]

\* \* \*

## SECTION 2.02. Issuance and Terms of Equipment Notes

The Equipment Notes shall be dated the date of issuance thereof, shall be issued in three separate series consisting of Series A, Series B and Series C and in the maturities and principal amounts and shall bear interest as specified in Schedule I hereto. On the date of the consummation of the Transaction, each Equipment Note shall be issued to the Subordination Agent on behalf of the Pass Through Trustees under the Pass Through Trust Agreements. The Equipment Notes shall be issued in registered form only. The Equipment Notes shall be issued in denominations of \$1,000 and integral multiples thereof, except that one Equipment Note of each Series may be in an amount that is not an integral multiple of \$1,000.

Each Equipment Note shall bear interest at the Debt Rate (calculated on the basis of a year of 360 days comprised of twelve 30-day months) on the unpaid Original Amount thereof from time to time outstanding, payable in arrears on \_\_\_\_\_, 199\_, and on each \_\_\_\_\_ and \_\_\_\_\_ thereafter until maturity. The Original Amount of each Equipment Note shall be payable on the dates and in the installments equal to the corresponding percentage of the Original Amount as set forth in Schedule I hereto which shall be attached as Schedule I to the Equipment Notes. Notwithstanding the foregoing, the final payment made under each Equipment Note shall be in an amount sufficient to discharge in full the unpaid Original Amount and all accrued and unpaid interest on, and any other amounts due under, such Equipment Note. Each Equipment Note shall bear interest at the Payment Due Rate (calculated on the basis of a year of 360 days

comprised of twelve 30-day months) on any part of the Original Amount, Make-Whole Amount, if any, and to the extent permitted by applicable Law, interest and any other amounts payable thereunder not paid when due for any period during which the same shall be overdue, in each case for the period the same is overdue. Amounts shall be overdue if not paid when due (whether at stated maturity, by acceleration or otherwise). Notwithstanding anything to the contrary contained herein, if any date on which a payment under any Equipment Note becomes due and payable is not a Business Day then such payment shall not be made on such scheduled date but shall be made on the next succeeding Business Day and if such payment is made on such next succeeding Business Day, no interest shall accrue on the amount of such payment during such extension.

The Owner Trustee agrees to pay to the Loan Trustee for distribution in accordance with Section 3.04 hereof: (i) to the extent not payable (whether or not in fact paid) under Section 6(a) of the Note Purchase Agreement (as originally in effect or amended with the consent of the Owner Participant), an amount equal to the fees payable to the relevant Liquidity Provider under Section 2.03 of each Liquidity Facility and the related Fee Letter (as defined in the Intercreditor Agreement) multiplied by a fraction the numerator of which shall be the then outstanding aggregate principal amount of the Series A Equipment Notes, Series B Equipment Notes and Series C Equipment Notes and the denominator of which shall be the then outstanding aggregate principal amount of all "Series A Equipment Notes", "Series B Equipment Notes" and "Series C Equipment Notes" (each as defined in the Note Purchase Agreement); (ii) (x) the amount equal to interest on any Downgrade Advance (other than any Applied Downgrade Advance) payable under Section 3.07(e) of each Liquidity Facility minus Investment Earnings from such Downgrade Advance multiplied by (y) the fraction specified in the foregoing clause (i); (iii) (x) the amount equal to interest on any Non-Extension Advance (other than any Applied Non-Extension Advance) payable under Section 3.07(a)(i) of each Liquidity Facility minus Investment Earnings from such Non-Extension Advance multiplied by (y) the fraction specified in the foregoing clause (i); and (iv) if any payment default shall have occurred and be continuing with respect to interest on any Series A Equipment Note, Series B Equipment Note or Series C Equipment Note, (x) the excess, if any, of (1) the amount equal to interest on any Unpaid Advance, Applied Downgrade Advance or Applied Non-Extension Advance



payable under Section 3.07(a)(i) of each Liquidity Facility over (2) the sum of Investment Earnings from any Final Advance plus any amount of interest at the Payment Due Rate actually payable (whether or not in fact paid) by the Owner Trustee on the overdue scheduled interest on the Equipment Notes in respect of which such Unpaid Advance, Applied Downgrade Advance or Applied Non-Extension Advance was made multiplied by (y) a fraction the numerator of which shall be the then aggregate overdue amounts of interest on the Series A Equipment Notes, Series B Equipment Notes and Series C Equipment Notes (other than interest becoming due and payable solely as a result of acceleration of any such Equipment Notes) and the denominator of which shall be the then aggregate overdue amounts of interest on all "Series A Equipment Notes", "Series B Equipment Notes" and "Series C Equipment Notes" (each as defined in the Note Purchase Agreement) (other than interest becoming due and payable solely as a result of acceleration of any such "Equipment Notes"). For purposes of this paragraph, the terms "Applied Downgrade Advance", "Applied Non-Extension Advance", "Cash Collateral Account", "Downgrade Advance", "Final Advance", "Investment Earnings", "Non-Extension Advance" and "Unpaid Advance" shall have the meanings specified in each Liquidity Facility or the Intercreditor Agreement referred to therein.

The Equipment Notes shall be executed on behalf of the Owner Trustee by its President or one of its Vice Presidents, Assistant Vice Presidents or Assistant Secretaries or other authorized officer. Equipment Notes bearing the signatures of individuals who were at any time the proper officers of the Owner Trustee shall bind the Owner Trustee, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Equipment Notes or did not hold such offices at the respective dates of such Equipment Notes. The Owner Trustee may from time to time execute and deliver Equipment Notes with respect to the Aircraft to the Loan Trustee for authentication upon original issue and such Equipment Notes shall thereupon be authenticated and delivered by the Loan Trustee upon the written request of the Owner Trustee signed by a Vice President or Assistant Vice President or other authorized officer of the Owner Trustee; provided, however, that each such request shall specify the aggregate Original Amount of all Equipment Notes to be authenticated hereunder on original issue with respect to the Aircraft. No Equipment Note shall be secured by or entitled to any benefit under this Trust Indenture or be

valid or obligatory for any purposes, unless there appears on such Equipment Note a certificate of authentication in the form provided for herein executed by the Loan Trustee by the manual signature of one of its authorized officers and such certificate upon any Equipment Notes shall be conclusive evidence, and the only evidence, that such Equipment Note has been duly authenticated and delivered hereunder.

The aggregate Original Amount of the Equipment Notes to be issued and outstanding hereunder shall not exceed \_\_\_% of Lessor's Cost.

## SECTION 2.03. Payments from Trust Indenture Estate Only

(a) Without impairing any of the other rights, powers, remedies, privileges, liens or security interests of the Note Holders under this Trust Indenture, each Note Holder, by its acceptance of an Equipment Note, agrees that as between it and the Owner Trustee, except as expressly provided in this Trust Indenture, the Participation Agreement or any other Operative Agreement, (i) the obligation to make all payments of the Original Amount of, interest on, Make-Whole Amount, if any, and all other amounts due with respect to the Equipment Notes, and the performance by the Owner Trustee of every obligation or covenant contained in this Trust Indenture and in the Participation Agreement or any of the other Operative Agreements, shall be payable only from the income and proceeds from the Trust Estate to the extent included in the Trust Indenture Estate and only to the extent that the Owner Trustee shall have sufficient income or proceeds from the Trust Estate to the extent included in the Trust Indenture Estate to enable the Loan Trustee to make such payments in accordance with the terms of Article III hereof, and all of the statements, representations, covenants and agreements made by the Owner Trustee (when made in such capacity) contained in this Trust Indenture and any agreement referred to herein other than the Trust Agreement, unless expressly otherwise stated, are made and intended only for the purpose of binding the Trust Estate and establishing the existence of rights and remedies which can be exercised and enforced against the Trust Estate; therefore, anything contained in this Trust Indenture or such other agreements to the contrary notwithstanding (except for any express provisions or representations that the Owner Trustee is responsible for, or is making, in its individual capacity, for which there would be personal liability of the Owner Trustee), no recourse shall be had with respect to this Trust Indenture or such other agreements against the Owner Trustee in its individual capacity or against any institution or person which becomes a successor trustee or co-trustee or any officer, director, trustee, servant or direct or indirect parent or controlling Person or Persons of any of them, and (ii) none of the Owner Trustee, in its individual capacity, the Owner Participant, the Loan Trustee and any officer, director, trustee, servant, employee, agent or direct or indirect parent or controlling Person or Persons of any of them shall have any personal liability for any amounts payable hereunder, under the Participation Agreement or any of the other Operative Agreements or under the Equipment Notes except as expressly provided herein or in the Participation Agreement; provided, however, that

nothing contained in this Section 2.03(a) shall be construed to limit the exercise and enforcement in accordance with the terms of this Trust Indenture or such other agreements of rights and remedies against the Trust Indenture Estate.

(b) If (i) all or any part of the Trust Estate becomes the property of, or the Owner Trustee or Owner Participant becomes, a debtor subject to the reorganization provisions of the Bankruptcy Code, (ii) pursuant to such reorganization provisions, including Section 1111(b) of the Bankruptcy Code, the Owner Trustee (in its individual capacity) or the Owner Participant is required, by reason of the Owner Trustee (in its individual capacity) or the Owner Participant being held to have recourse liability to any Note Holder or the Loan Trustee, directly or indirectly (other than the recourse liability of the Owner Trustee (in its individual capacity) or the Owner Participant under the Participation Agreement or this Trust Indenture or by separate agreement), to make payment on account of any amount payable as principal, Make-Whole Amount, if any, interest or other amounts on the Equipment Notes and (iii) any Note Holder or the Loan Trustee actually receives any Excess Amount (as hereinafter defined) which reflects any payment by the Owner Trustee (in its individual capacity) or the Owner Participant on account of clause (ii) above, then such Note Holder or the Loan Trustee, as the case may be, shall promptly refund to the Owner Trustee (in its individual capacity) or the Owner Participant (whichever shall have made such payment) such Excess Amount.

For purposes of this Section 2.03(b), "Excess Amount" means the amount by which such payment exceeds the amount that would have been received by a Note Holder or the Loan Trustee if the Owner Trustee (in its individual capacity) or the Owner Participant had not become subject to the recourse liability referred to in clause (ii) above. Nothing contained in this Section 2.03(b) shall prevent a Note Holder or the Loan Trustee from enforcing any personal recourse obligation (and retaining the proceeds thereof) of the Owner Trustee (in its individual capacity) or the Owner Participant under the Participation Agreement or this Trust Indenture (and any exhibits or annexes hereto or thereto) or by separate agreement or from retaining any amount paid by Owner Participant under Section 2.13 or 4.03 hereof.

## SECTION 2.04. Method of Payment

(a) The Original Amount of, interest on, Make-Whole Amount, if any, and other amounts due under each Equipment Note or hereunder will be payable in Dollars by wire transfer of immediately available funds not later than 12:00 noon, New York City time, on the due date of payment to the Loan Trustee at the Corporate Trust Office for distribution among the Note Holders in the manner provided herein. The Owner Trustee shall not have any responsibility for the distribution of such payment to any Note Holder. Notwithstanding the foregoing or any provision in any Equipment Note to the contrary, the Loan Trustee will use reasonable efforts to pay or cause to be paid, if so directed in writing by any Note Holder (with a copy to the Owner Trustee), all amounts paid by the Owner Trustee hereunder and under such holder's Equipment Note or Equipment Notes to such holder or a nominee therefor (including all amounts distributed pursuant to Article III of this Trust Indenture) by transferring, or causing to be transferred, by wire transfer of immediately available funds in Dollars, prior to 2:00 p.m., New York City time, on the due date of payment, to an account maintained by such holder with a bank located in the continental United States the amount to be distributed to such holder, for credit to the account of such holder maintained at such bank. If the Loan Trustee shall fail to make any such payment as provided in the immediately foregoing sentence after its receipt of funds at the place and prior to the time specified above, the Loan Trustee, in its individual capacity and not as trustee, agrees to compensate such holders for loss of use of funds at the Debt Rate until such payment is made and the Loan Trustee shall be entitled to any interest earned on such funds until such payment is made. Any payment made hereunder shall be made without any presentment or surrender of any Equipment Note, except that, in the case of the final payment in respect of any Equipment Note, such Equipment Note shall be surrendered to the Loan Trustee for cancellation promptly after such payment. Notwithstanding any other provision of this Trust Indenture to the contrary, the Loan Trustee shall not be required to make, or cause to be made, wire transfers as aforesaid prior to the first Business Day on which it is practicable for the Loan Trustee to do so in view of the time of day when the funds to be so transferred were received by it if such funds were received after 12:00 noon, New York City time, at the place of payment. Prior to the due presentment for registration of transfer of any Equipment Note, the Owner Trustee and the Loan Trustee shall deem and treat the Person in whose name any Equipment Note is registered on the Equipment Note

Register as the absolute owner and holder of such Equipment Note for the purpose of receiving payment of all amounts payable with respect to such Equipment Note and for all other purposes, and none of the Owner Trustee or the Loan Trustee shall be affected by any notice to the contrary. So long as any signatory to the Participation Agreement or nominee thereof shall be a registered Note Holder, all payments to it shall be made to the account of such Note Holder specified in Schedule I thereto and otherwise in the manner provided in or pursuant to the Participation Agreement unless it shall have specified some other account or manner of payment by notice to the Loan Trustee consistent with this Section 2.04.

(b) The Loan Trustee, as agent for the Owner Trustee, shall exclude and withhold at the appropriate rate from each payment of Original Amount of, interest on, Make-Whole Amount, if any, and other amounts due hereunder or under each Equipment Note (and such exclusion and withholding shall constitute payment in respect of such Equipment Note) any and all United States withholding taxes applicable thereto as required by Law. The Loan Trustee agrees to act as such withholding agent and, in connection therewith, whenever any present or future United States taxes or similar charges are required to be withheld with respect to any amounts payable hereunder or in respect of the Equipment Notes, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Note Holders, that it will file any necessary United States withholding tax returns or statements when due, and that as promptly as possible after the payment thereof it will deliver to each Note Holder (with a copy to the Owner Trustee and the Lessee) appropriate receipts showing the payment thereof, together with such additional documentary evidence as any such Note Holder may reasonably request from time to time.

If a Note Holder which is a Non-U.S. Person has furnished to the Loan Trustee a properly completed, accurate and currently effective U.S. Internal Revenue Service Form 1001 or W-8 (or such successor form or forms as may be required by the United States Treasury Department) during the calendar year in which the payment hereunder or under the Equipment Note(s) held by such holder is made (but prior to the making of such payment), or in either of the two preceding calendar years, and has not notified the Loan Trustee of the withdrawal or inaccuracy of such form prior to the date of such payment (and the Loan Trustee has

no reason to believe that any information set forth in such form is inaccurate), the Loan Trustee shall withhold only the amount, if any, required by Law (after taking into account any applicable exemptions properly claimed by the Note Holder) to be withheld from payments hereunder or under the Equipment Notes held by such holder in respect of United States federal income tax. If a Note Holder (x) which is a Non-U.S. Person has furnished to the Loan Trustee a properly completed, accurate and currently effective U.S. Internal Revenue Service Form 4224 in duplicate (or such successor certificate, form or forms as may be required by the United States Treasury Department as necessary in order to properly avoid withholding of United States federal income tax), for each calendar year in which a payment is made (but prior to the making of any payment for such year), and has not notified the Loan Trustee of the withdrawal or inaccuracy of such certificate or form prior to the date of such payment (and the Loan Trustee has no reason to believe that any information set forth in such form is inaccurate) or (y) which is a U.S. Person has furnished to the Loan Trustee a properly completed, accurate and currently effective U.S. Internal Revenue Service Form W-9, if applicable, prior to a payment hereunder or under the Equipment Notes held by such holder, no amount shall be withheld from payments in respect of United States federal income tax. If any Note Holder has notified the Loan Trustee that any of the foregoing forms or certificates is withdrawn or inaccurate, or if such holder has not filed a form claiming an exemption from United States withholding tax or if the Code or the regulations thereunder or the administrative interpretation thereof is at any time after the date hereof amended to require such withholding of United States federal income taxes from payments under the Equipment Notes held by such holder, the Loan Trustee agrees to withhold from each payment due to the relevant Note Holder withholding taxes at the appropriate rate under Law and will, on a timely basis as more fully provided above, deposit such amounts with an authorized depository and make such returns, statements, receipts and other documentary evidence in connection therewith as required by Law.

#### SECTION 2.05. Application of Payments

In the case of each Equipment Note, each payment of Original Amount, Make-Whole Amount, if any, and interest due thereon shall be applied:

First: to the payment of accrued interest on such Equipment Note (as well as any interest on any overdue Original Amount, any overdue Make-Whole Amount, if any, and to the extent permitted by Law, any overdue interest and any other overdue amounts thereunder) to the date of such payment;

Second: to the payment of the Original Amount of such Equipment Note (or a portion thereof) then due thereunder;

Third: to the payment of Make-Whole Amount, if any, and any other amount due hereunder or under such Equipment Note; and

Fourth: the balance, if any, remaining thereafter, to the payment of the Original Amount of such Equipment Note remaining unpaid (provided that such Equipment Note shall not be subject to redemption except as provided in Sections 2.10, 2.11 and 2.12 hereof).

The amounts paid pursuant to clause "Fourth" above shall be applied to the installments of Original Amount of such Equipment Note in the inverse order of their normal maturity.

SECTION 2.06. Termination of Interest in Trust  
Indenture Estate

No Note Holder nor any other Indenture Indemnatee shall, as such, have any further interest in, or other right with respect to, the Trust Indenture Estate when and if the Original Amount of, Make-Whole Amount, if any, and interest on and other amounts due under all Equipment Notes held by such Note Holder and all other sums then due and payable to such Note Holder, such Indenture Indemnatee or the Loan Trustee hereunder (including, without limitation, under the third paragraph of Section 2.02 hereof) and under the other Operative Agreements by the Owner Trustee (collectively, the "Secured Obligations") shall have been paid in full.



SECTION 2.07. Registration, Transfer and Exchange of  
Equipment Notes

The Loan Trustee shall keep a register (the "Equipment Note Register") in which the Loan Trustee shall provide for the registration of Equipment Notes and the registration of transfers of Equipment Notes. No such transfer shall be given effect unless and until registration hereunder shall have occurred. The Equipment Note Register shall be kept at the Corporate Trust Office of the Loan Trustee. The Loan Trustee is hereby appointed "Equipment Note Registrar" for the purpose of registering Equipment Notes and transfers of Equipment Notes as herein provided. A holder of any Equipment Note intending to exchange such Equipment Note shall surrender such Equipment Note to the Loan Trustee at the Corporate Trust Office, together with a written request from the registered holder thereof for the issuance of a new Equipment Note, specifying, in the case of a surrender for transfer, the name and address of the new holder or holders. Upon surrender for registration of transfer of any Equipment Note, the Owner Trustee shall execute, and the Loan Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Equipment Notes of a like aggregate Original Amount and of the same series.

At the option of the Note Holder, Equipment Notes may be exchanged for other Equipment Notes of any authorized denominations of a like aggregate Original Amount, upon surrender of the Equipment Notes to be exchanged to the Loan Trustee at the Corporate Trust Office. Whenever any Equipment Notes are so surrendered for exchange, the Owner Trustee shall execute, and the Loan Trustee shall authenticate and deliver, the Equipment Notes which the Note Holder making the exchange is entitled to receive. All Equipment Notes issued upon any registration of transfer or exchange of Equipment Notes (whether under this Section 2.07 or under Section 2.08 hereof or otherwise under this Trust Indenture) shall be the valid obligations of the Owner Trustee evidencing the same respective obligations, and entitled to the same security and benefits under this Trust Indenture, as the Equipment Notes surrendered upon such registration of transfer or exchange. Every Equipment Note presented or surrendered for registration of transfer, shall (if so required by the Loan Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Loan Trustee duly executed by the Note Holder or such holder's attorney duly authorized in writing, and the Loan Trustee shall

require evidence satisfactory to it as to the compliance of any such transfer with the Securities Act, and the securities Laws of any applicable state. The Loan Trustee shall make a notation on each new Equipment Note of the amount of all payments of Original Amount previously made on the old Equipment Note or Equipment Notes with respect to which such new Equipment Note is issued and the date to which interest on such old Equipment Note or Equipment Notes has been paid. Interest shall be deemed to have been paid on such new Equipment Note to the date on which interest shall have been paid on such old Equipment Note, and all payments of the Original Amount marked on such new Equipment Note, as provided above, shall be deemed to have been made thereon. The Owner Trustee shall not be required to exchange any surrendered Equipment Notes as provided above during the ten-day period preceding the due date of any payment on such Equipment Note. The Owner Trustee shall in all cases deem the Person in whose name any Equipment Note shall have been issued and registered as the absolute owner and holder of such Equipment Note for the purpose of receiving payment of all amounts payable by the Owner Trustee with respect to such Equipment Note and for all purposes until a notice stating otherwise is received from the Loan Trustee and such change is reflected on the Equipment Note Register. The Loan Trustee will promptly notify the Owner Trustee and the Lessee of each registration of a transfer of an Equipment Note. Any such transferee of an Equipment Note, by its acceptance of an Equipment Note, agrees to the provisions of the Participation Agreement applicable to Note Holders, and shall be deemed to have covenanted to the parties to the Participation Agreement as to the matters covenanted by the original Loan Participant in the Participation Agreement. Subject to compliance by the Note Holder and its transferee (if any) of the requirements set forth in this Section 2.07, Loan Trustee and Owner Trustee shall use all reasonable efforts to issue new Equipment Notes upon transfer or exchange within 10 Business Days of the date an Equipment Note is surrendered for transfer or exchange.

SECTION 2.08. Mutilated, Destroyed, Lost or Stolen  
Equipment Notes

If any Equipment Note shall become mutilated, destroyed, lost or stolen, the Owner Trustee shall, upon the written request of the holder of such Equipment Note, execute and the Loan Trustee shall authenticate and deliver in replacement thereof a new Equipment Note, payable in the same Original Amount dated the same date and captioned as issued in connection with the Aircraft. If the Equipment Note being replaced has become mutilated, such Equipment Note shall be surrendered to the Loan Trustee and a photocopy thereof shall be furnished to the Owner Trustee. If the Equipment Note being replaced has been destroyed, lost or stolen, the holder of such Equipment Note shall furnish to the Owner Trustee and the Loan Trustee such security or indemnity as may be required by them to save the Owner Trustee and the Loan Trustee harmless and evidence satisfactory to the Owner Trustee and the Loan Trustee of the destruction, loss or theft of such Equipment Note and of the ownership thereof. If a "qualified institutional buyer" of the type referred to in paragraph (a)(1)(i)(A), (B), (D) or (E) of Rule 144A under the Securities Act (a "QIB") is the holder of any such destroyed, lost or stolen Equipment Note, then the written indemnity of such QIB, signed by an authorized officer thereof, in favor of, delivered to and in form reasonably satisfactory to Lessee, Owner Trustee and Loan Trustee shall be accepted as satisfactory indemnity and security and no further indemnity or security shall be required as a condition to the execution and delivery of such new Equipment Note. Subject to compliance by the Note Holder with the requirements set forth in this Section 2.08, Loan Trustee and Owner Trustee shall use all reasonable efforts to issue new Equipment Notes within 10 Business Days of the date of the written request therefor from the Note Holder.

SECTION 2.09. Payment of Expenses on Transfer;  
Cancellation

(a) No service charge shall be made to a Note Holder for any registration of transfer or exchange of Equipment Notes, but the Loan Trustee, as Equipment Note Registrar, may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Equipment Notes.

(b) The Loan Trustee shall cancel all Equipment Notes surrendered for replacement, redemption, transfer, exchange, payment or cancellation and shall destroy the canceled Equipment Notes.

#### SECTION 2.10. Mandatory Redemptions of Equipment Notes

(a) On the date on which Lessee is required pursuant to Section 10.1.2 of the Lease to make payment for an Event of Loss with respect to the Aircraft, all of the Equipment Notes shall be redeemed in whole at a redemption price equal to 100% of the unpaid Original Amount thereof, together with all accrued interest thereon to the date of redemption and all other Secured Obligations owed or then due and payable to the Note Holders but without Make-Whole Amount.

(b) If the Lease is terminated with respect to the Aircraft by Lessee pursuant to Section 9 thereof, on the date the Lease is so terminated, all the Equipment Notes shall be redeemed in whole at a redemption price equal to 100% of the unpaid Original Amount thereof, together with accrued interest thereon to the date of redemption and all other amounts then due and payable hereunder and under the Participation Agreement and all other Operative Agreements to the Note Holders plus, if such redemption is made prior to the Premium Termination Date, Make-Whole Amount, if any.

#### SECTION 2.11. Voluntary Redemptions of Equipment Notes

All (but not less than all) of the Equipment Notes may be redeemed by the Owner Trustee in connection with a transaction described in, and subject to the terms and conditions of, Section 11 of the Participation Agreement upon at least 30 days' revocable prior written notice to the Loan Trustee and the Note Holders, and the Equipment Notes shall, as provided in Section 11 of the Participation Agreement, be redeemed in whole at a redemption price equal to 100% of the unpaid Original Amount thereof, together with accrued interest thereon to the date of redemption and all other Secured Obligations owed or then due and payable to the Note Holders plus (except as provided in Section 11 of the Participation Agreement), if such redemption is made prior to the Premium Termination Date, Make-Whole Amount, if any.

## SECTION 2.12. Redemptions; Notice of Redemption

(a) Neither any redemption of any Equipment Note nor any purchase by the Owner Trustee of any Equipment Note may be made except to the extent and in the manner expressly permitted by this Trust Indenture. No purchase of any Equipment Note may be made by the Loan Trustee.

(b) Notice of redemption or purchase with respect to the Equipment Notes shall be given by the Loan Trustee by first-class mail, postage prepaid, mailed not less than 25 nor more than 60 days prior to the applicable redemption date, to each Note Holder of such Equipment Notes to be redeemed or purchased, at such Note Holder's address appearing in the Equipment Note Register; provided that, in the case of a redemption to be made pursuant to Section 2.10(b) or Section 2.11, such notice shall be revocable and shall be deemed revoked in the event that the Lease does not in fact terminate on the specified termination date or if notice of such redemption shall have been given in connection with a refinancing of Equipment Notes and the Loan Trustee receives written notice of such revocation from the Lessee or the Owner Trustee not later than three days prior to the redemption date. All notices of redemption shall state: (1) the redemption date, (2) the applicable basis for determining the redemption price, (3) that on the redemption date, the redemption price will become due and payable upon each such Equipment Note, and that, if any such Equipment Notes are then outstanding, interest on such Equipment Notes shall cease to accrue on and after such redemption date, and (4) the place or places where such Equipment Notes are to be surrendered for payment of the redemption price.

(c) On or before the redemption date, the Owner Trustee (or any person on behalf of the Owner Trustee) shall, to the extent an amount equal to the redemption price for the Equipment Notes to be redeemed or purchased on the redemption date shall not then be held in the Trust Indenture Estate, deposit or cause to be deposited with the Loan Trustee by 12:00 noon on the redemption date in immediately available funds the redemption price of the Equipment Notes to be redeemed or purchased.

(d) Notice of redemption or purchase having been given as aforesaid (and not deemed revoked as contemplated in the

proviso to Section 2.12(b)), the Equipment Notes to be redeemed or purchased shall, on the redemption date, become due and payable at the Corporate Trust Office of the Loan Trustee or at any office or agency maintained for such purposes pursuant to Section 2.07, and from and after such redemption date (unless there shall be a default in the payment of the redemption price) any such Equipment Notes then outstanding shall cease to bear interest. Upon surrender of any such Equipment Note for redemption or purchase in accordance with said notice, such Equipment Note shall be redeemed at the redemption price. If any Equipment Note called for redemption or purchase shall not be so paid upon surrender thereof for redemption, the principal amount thereof shall, until paid, continue to bear interest from the applicable redemption date at the interest rate in effect for such Equipment Note as of such redemption date.

#### SECTION 2.13. Option to Purchase Equipment Notes

The Owner Trustee and the Owner Participant may, upon the events and subject to the terms and conditions and for the price set forth in this Section 2.13, purchase all but not less than all of the Equipment Notes outstanding hereunder, and each Note Holder agrees that it will, upon such events and subject to such terms and conditions and upon receipt of such price, sell, assign, transfer and convey to such purchaser or its nominee (without recourse or warranty of any kind except against Liens on such Equipment Notes arising by, through or under such holder), all of the right, title and interest of such Note Holder in and to the Equipment Notes held by it, and such purchaser or its nominee shall assume all of such holder's obligations under the Participation Agreement and hereunder.

Such option to purchase the Equipment Notes may be exercised by the Owner Trustee or the Owner Participant at any time after any of the following events, and in any such event the purchase price thereof shall equal for each Equipment Note, the aggregate unpaid Original Amount thereof, plus accrued and unpaid interest thereon to the date of purchase and all other Secured Obligations owed, or then due and payable hereunder, to the holder thereof (including under the third paragraph of Section 2.02 hereof). Such option to purchase the Equipment Notes may be exercised (x) at any time after a Mortgagee Event or (y) in the event there shall have occurred and be continuing a Lease Event of Default, provided that if such option is exercised pursuant to

this clause (y) at a time when there shall have occurred and be continuing for less than 120 days a Lease Event of Default, the purchase price thereof shall equal the price provided in the preceding sentence plus (subject to Section 4.04(b) hereof) the Make-Whole Amount, if any, [provided further that if such option is exercised pursuant to this clause (y) at any time when there shall have occurred and be continuing a Lease Event of Default only under Section 14.8 of the Lease (in which event the option to purchase the Equipment Notes pursuant to this Section 2.13 may not be exercised for 60 days after the date of notice by the Loan Trustee of such Lease Event of Default to the Note Holders), the purchase price thereof shall equal the price provided in the preceding sentence plus (subject to Section 4.04(b) hereof) the Make-Whole Amount, if any].

Such option to purchase the Equipment Notes may be exercised by the Owner Trustee or the Owner Participant giving written notice of its election of such option to the Loan Trustee, which notice shall specify a date for such purchase within 30 days of the date of such notice. The Loan Trustee shall not exercise any of the remedies hereunder and, without the consent of the Owner Trustee or the Owner Participant, under the Lease, during the period from the time that an exercise by the Owner Trustee or the Owner Participant of such option to purchase becomes irrevocable until the date on which such purchase is required to occur pursuant to the terms of the preceding sentence. Such election to purchase the Equipment Notes shall become irrevocable upon the sixteenth day following the giving of written notice as provided above.

If the Owner Trustee or the Owner Participant on or before the date of such purchase shall so request, the Note Holders will comply with all the provisions of Section 2.07 to enable new Equipment Notes to be issued to the Owner Trustee or the Owner Participant or its nominee in such denominations as the Owner Trustee or the Owner Participant shall request. All taxes, charges and expenses required pursuant to Section 2.09 in connection with the issuance of such new Equipment Note shall be borne by the Owner Participant.

## SECTION 2.14. Subordination

(a) The Owner Trustee and, by acceptance of its Equipment Notes of any Series, each Note Holder of such Series, hereby agree that no payment or distribution shall be made on or in respect of the Secured Obligations owed to such Note Holder of such Series, including any payment or distribution of cash, property or securities after the commencement of a proceeding of the type referred to in Section 4.02(g) hereof, except as expressly provided in Article III hereof.

(b) By the acceptance of its Equipment Notes of any Series (other than Series A), each Note Holder of such Series agrees that in the event that such Note Holder, in its capacity as a Note Holder, shall receive any payment or distribution on any Secured Obligations in respect of such Series which it is not entitled to receive under this Section 2.14 or Article III hereof, it will hold any amount so received in trust for the Senior Holder (as defined in Section 2.14(c) hereof) and will forthwith turn over such payment to the Loan Trustee in the form received to be applied as provided in Article III hereof.

(c) As used in this Section 2.14, the term "Senior Holder" shall mean, (i) the Note Holders of Series A until the Secured Obligations in respect of Series A Equipment Notes have been paid in full, (ii) after the Secured Obligations in respect of Series A Equipment Notes have been paid in full, the Note Holders of Series B until the Secured Obligations in respect of Series B Equipment Notes have been paid in full and (iii) after the Secured Obligations in respect of Series B Equipment Notes have been paid in full, the Note Holders of Series C until the Secured Obligations in respect of Series C Equipment Notes have been paid in full.



## ARTICLE III

RECEIPT, DISTRIBUTION AND APPLICATION OF  
INCOME FROM THE TRUST INDENTURE ESTATE

## SECTION 3.01. Basic Rent Distribution

Except as otherwise provided in Section 3.03 hereof, each installment of Basic Rent, any payment of interest on overdue installments of Basic Rent and any payment received by the Loan Trustee pursuant to Section 4.03 hereof shall be promptly distributed in the following order of priority:

- First,
- (i) so much of such installment or payments as shall be required to pay in full the aggregate amount of the payment or payments of Original Amount and interest (as well as any interest on any overdue Original Amount and, to the extent permitted by Law, on any overdue interest) then due under all Series A Equipment Notes shall be distributed to the Note Holders of Series A ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series A Equipment Note bears to the aggregate amount of the payments then due under all Series A Equipment Notes;
  - (ii) after giving effect to paragraph (i) above, so much of such installment or payment remaining as shall be required to pay in full the aggregate amount of the payment or payments of Original Amount and interest (as well as any interest on any overdue Original Amount and, to the extent permitted by Law, on interest) then due under all Series B Equipment Notes shall be distributed to the Note Holders of Series B ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series B Equipment Note bears to the aggregate amount of the payments then due under all Series B Equipment Notes; and
  - (iii) after giving effect to paragraph (ii) above, so much of such installment or payment remaining as

shall be required to pay in full the aggregate amount of the payment or payments of Original Amount and interest (as well as any interest on any overdue Original Amount and, to the extent permitted by Law, on any overdue interest) then due under all Series C Equipment Notes shall be distributed to the Note Holders of Series C ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series C Equipment Note bears to the aggregate amount of the payments then due under all Series C Equipment Notes; and

Second, the balance, if any, of such installment remaining thereafter shall be distributed to the Owner Trustee; provided, however, that if an Event of Default shall have occurred and be continuing, then such balance shall not be distributed as provided in this clause "Second" but shall be held by the Loan Trustee as part of the Trust Indenture Estate and invested in accordance with Section 5.09 hereof until whichever of the following shall first occur: (i) all Events of Default shall have been cured or waived, in which event such balance shall be distributed as provided in this clause "Second", (ii) Section 3.03 hereof shall be applicable, in which event such balance shall be distributed in accordance with the provisions of such Section 3.03, or (iii) the 180th day after the receipt of such payment in which case such payment shall be distributed as provided in this clause "Second".

SECTION 3.02. Event of Loss; Replacement; Voluntary Termination; Optional Redemption

Except as otherwise provided in Section 3.03 or 3.04 hereof, any payments received by the Loan Trustee (i) with respect to the Airframe or the Airframe and one or more Engines as the result of an Event of Loss, (ii) pursuant to a voluntary termination of the Lease pursuant to Section 9 thereof, or (iii) pursuant to an optional redemption of the Equipment Notes pursuant to Section 11 of the Participation Agreement shall be applied to redemption of the Equipment Notes and to all other Secured Obligations by applying such funds in the following order of priority:

- First, (a) to reimburse the Loan Trustee and the Note Holders for any reasonable costs or expenses incurred in connection with such redemption for which they are entitled to reimbursement, or indemnity by Lessee, under the Operative Agreements and then (b) to pay any other Secured Obligations then due to the Loan Trustee, the Note Holders and the other Indenture Indemnitees under this Trust Indenture, the Participation Agreement or the Equipment Notes;
- Second, (i) to pay the amounts specified in paragraph (i) of clause "Third" of Section 3.03 hereof plus Make-Whole Amount, if any, then due and payable in respect of the Series A Equipment Notes;
- (ii) after giving effect to paragraph (i) above, to pay the amounts specified in paragraph (ii) of clause "Third" of Section 3.03 hereof plus Make-Whole Amount, if any, then due and payable in respect of the Series B Equipment Notes; and
- (iii) after giving effect to paragraph (ii) above, to pay the amounts specified in paragraph (iii) of clause "Third" of Section 3.03 hereof plus Make-Whole Amount, if any, then due and payable in respect of the Series C Equipment Notes; and
- Third, as provided in clause "Fourth" of Section 3.03 hereof;

provided, however, that if a Replacement Airframe or Replacement Engine shall be substituted for the Airframe or Engine subject to such Event of Loss as provided in Section 10 of the Lease and in accordance with Section 5.06 hereof, any insurance, condemnation or similar proceeds which result from such Event of Loss and are paid over to the Loan Trustee shall be held by the Loan Trustee as permitted by Section 6.04 hereof (provided that such moneys shall be invested as provided in Section 5.09 hereof) as additional security for the obligations of Lessee under the Lessee Operative Agreements and, unless otherwise applied pursuant to the Lease, such proceeds (and such investment earnings) shall be released to the Lessee at the Lessee's written request upon the release of such damaged Airframe or Engine and the replacement thereof as provided in the Lease.

## SECTION 3.03. Payments After Event of Default

Except as otherwise provided in Section 3.04 hereof, all payments received and amounts held or realized by the Loan Trustee (including any amounts realized by the Loan Trustee from the exercise of any remedies pursuant to Section 15 of the Lease or Article IV hereof) after an Event of Default shall have occurred and be continuing and after the declaration specified in Section 4.04(b) hereof, as well as all payments or amounts then held by the Loan Trustee as part of the Trust Indenture Estate, shall be promptly distributed by the Loan Trustee in the following order of priority:

First, so much of such payments or amounts as shall be required to (i) reimburse the Loan Trustee or WTC for any tax, expense or other loss (including, without limitation, all amounts to be expended at the expense of, or charged upon the tolls, rents, revenues, issues, products and profits of, the property included in the Trust Indenture Estate (all such property being herein called the "Mortgaged Property") pursuant to Section 4.05(b) hereof) incurred by the Loan Trustee or WTC (to the extent not previously reimbursed), the expenses of any sale, taking or other proceeding, reasonable attorneys' fees and expenses, court costs, and any other expenditures incurred or expenditures or advances made by the Loan Trustee, WTC or the Note Holders in the protection, exercise or enforcement of any right, power or remedy or any damages sustained by the Loan Trustee, WTC or any Note Holder, liquidated or otherwise, upon such Event of Default shall be applied by the Loan Trustee as between itself, WTC and the Note Holders in reimbursement of such expenses and any other expenses for which the Loan Trustee, WTC or the Note Holders are entitled to reimbursement under any Operative Agreement and (ii) all Secured Obligations payable to the other Indenture Indemnitees hereunder, under the Participation Agreement and the Lease; and in the case the aggregate amount to be so distributed is insufficient to pay as aforesaid in clauses (i) and (ii), then ratably, without priority of one over the other, in proportion to the amounts owed each hereunder;

- Second, so much of such payments or amounts remaining as shall be required to reimburse the then existing or prior Note Holders for payments made pursuant to Section 5.03 hereof (to the extent not previously reimbursed) shall be distributed to such then existing or prior Note Holders ratably, without priority of one over the other, in accordance with the amount of the payment or payments made by each such then existing or prior Note Holder pursuant to said Section 5.03 hereof;
- Third, (i) so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid Original Amount of all Series A Equipment Notes, and the accrued but unpaid interest and other amounts due thereon (other than Make-Whole Amount which shall not be due and payable) and all other Secured Obligations in respect of the Series A Equipment Notes (other than Make-Whole Amount) to the date of distribution, shall be distributed to the Note Holders of Series A, and in case the aggregate amount so to be distributed shall be insufficient to pay in full as aforesaid, then ratably, without priority of one over the other, in the proportion that the aggregate unpaid Original Amount of all Series A Equipment Notes held by each holder plus the accrued but unpaid interest and other amounts due hereunder or thereunder (other than Make-Whole Amount, if any) to the date of distribution, bears to the aggregate unpaid Original Amount of all Series A Equipment Notes held by all such holders plus the accrued but unpaid interest and other amounts due thereon (other than Make-Whole Amount) to the date of distribution;
- (ii) after giving effect to paragraph (i) above, so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid Original Amount of all Series B Equipment Notes, and the accrued but unpaid interest and other amounts due thereon (other than Make-Whole Amount which shall not be due and payable) and all other Secured Obligations in respect of the Series

- B Equipment Notes (other than Make-Whole Amount) to the date of distribution, shall be distributed to the Note Holders of Series B, and in case the aggregate amount so to be distributed shall be insufficient to pay in full as aforesaid, then ratably, without priority of one over the other, in the proportion that the aggregate unpaid Original Amount of all Series B Equipment Notes held by each holder plus the accrued but unpaid interest and other amounts due hereunder or thereunder (other than the Make-Whole Amount, if any) to the date of distribution, bears to the aggregate unpaid Original Amount of all Series B Equipment Notes held by all such holders plus the accrued but unpaid interest and other amounts due thereon (other than the Make-Whole Amount) to the date of distribution; and
- (iii) after giving effect to paragraph (ii) above, so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid Original Amount of all Series C Equipment Notes, and the accrued but unpaid interest and other amounts due thereon (other than Make-Whole Amount which shall not be due and payable) and all other Secured Obligations in respect of the Series C Equipment Notes (other than Make-Whole Amount) to the date of distribution, shall be distributed to the Note Holders of Series C, and in case the aggregate amount so to be distributed shall be insufficient to pay in full as aforesaid, then ratably, without priority of one over the other, in the proportion that the aggregate unpaid Original Amount of all Series C Equipment Notes held by each holder plus the accrued but unpaid interest and other amounts due hereunder or thereunder (other than the Make-Whole Amount, if any) to the date of distribution, bears to the aggregate unpaid Original Amount of all Series C Equipment Notes held by all such holders plus the accrued but unpaid interest and other amounts due thereon (other than the Make-Whole Amount) to the date of distribution; and

Fourth, the balance, if any, of such payments or amounts remaining thereafter shall be distributed to the Owner Trustee.

No Make-Whole Amount shall be due and payable on the Equipment Notes as a consequence of the acceleration of the Equipment Notes as a result of an Event of Default.

#### SECTION 3.04. Certain Payments

(a) Any payments received by the Loan Trustee for which no provision as to the application thereof is made in this Trust Indenture and for which such provision is made in the Lease, the Participation Agreement or any other Operative Agreement shall be applied forthwith to the purpose for which such payment was made in accordance with the terms of the Lease, the Participation Agreement or such other Operative Agreement, as the case may be.

(b) Notwithstanding anything to the contrary contained in this Article III, the Loan Trustee will distribute promptly upon receipt any indemnity payment received by it from the Owner Trustee or Lessee in respect of the Loan Trustee in its individual capacity, any Note Holder or any other Indenture Indemnitee, in each case whether pursuant to Section 9 of the Participation Agreement or as Supplemental Rent, directly to the Person entitled thereto. Any payment received by the Loan Trustee under the third paragraph of Section 2.02 shall be distributed to the Subordination Agent to be distributed in accordance with the terms of the Intercreditor Agreement.

(c) [Intentionally Omitted]

(d) Notwithstanding anything to the contrary contained in this Article III, any payments received by the Loan Trustee which constitute Excluded Payments shall be distributed promptly upon receipt by the Loan Trustee directly to the Person or Persons entitled thereto.

(e) Notwithstanding any provision of this Trust Indenture to the contrary, any amounts held by Loan Trustee pursuant to the terms of the Lease or any Permitted Sublease assignment shall be held by the Loan Trustee as security for the obligations of Lessee under the Lessee Operative Agreements and,

if and when required by the Lease, paid and/or applied in accordance with the applicable provisions of the Lease.

SECTION 3.05. Other Payments

Any payments received by the Loan Trustee for which no provision as to the application thereof is made in the Lease, the Participation Agreement, elsewhere in this Trust Indenture or in any other Operative Agreement shall be distributed by the Loan Trustee to the extent received or realized at any time (i) prior to the payment in full of all Secured Obligations due the Note Holders, in the order of priority specified in Section 3.01 hereof subject to the proviso thereto, and (ii) after payment in full of all Secured Obligations, in the following order of priority:

- First, to the extent payments or amounts described in clause "First" of Section 3.03 hereof are otherwise obligations of Lessee under the Operative Agreements or for which the Lessee is obligated to indemnify against thereunder, in the manner provided in clause "First" of Section 3.03 hereof, and
- Second, in the manner provided in clause "Fourth" of Section 3.03 hereof.

Further, and except as otherwise provided in Sections 3.02, 3.03 and 3.04 hereof, all payments received and amounts realized by the Loan Trustee under the Lease or otherwise with respect to the Aircraft (including, without limitation, all amounts realized upon the sale or release of the Aircraft after the termination of the Lease with respect thereto), to the extent received or realized at any time after payment in full of all Secured Obligations due the Note Holders, shall be distributed by the Loan Trustee in the order of priority specified in clause (ii) of the immediately preceding sentence of this Section 3.05.



## SECTION 3.06. Payments to Owner Trustee

Any amounts distributed hereunder by the Loan Trustee to the Owner Trustee shall be paid to the Owner Trustee (within the time limits contemplated by Section 2.04(a)) by wire transfer of funds of the type received by the Loan Trustee at such office and to such account or accounts of such entity or entities as shall be designated by notice from the Owner Trustee to the Loan Trustee from time to time. The Owner Trustee hereby notifies the Loan Trustee that unless and until the Loan Trustee receives notice to the contrary from the Owner Trustee, all amounts to be distributed to the Owner Trustee pursuant to clause "Second" of Section 3.01 or clause "Fourth" of Section 3.03 hereof shall be distributed by wire transfer of funds of the type received by the Loan Trustee to the Owner Participant's account (within the time limits contemplated by Section 2.04(a)) specified in Schedule 1 to the Participation Agreement.

## ARTICLE IV

COVENANTS OF OWNER TRUSTEE; EVENTS OF  
DEFAULT; REMEDIES OF LOAN TRUSTEE

## SECTION 4.01. Covenants of Owner Trustee

The Owner Trustee hereby covenants and agrees (the covenants and agreements only in clause (b) below being made by the Owner Trustee in its individual capacity) as follows:

(a) the Owner Trustee will duly and punctually pay the Original Amount of, Make-Whole Amount, if any, and interest on and other amounts due under the Equipment Notes and hereunder in accordance with the terms of the Equipment Notes and this Trust Indenture and all amounts, if any, payable by it to the Note Holders under the Participation Agreement or Section 9 of the Lease;

(b) the Owner Trustee in its individual capacity covenants and agrees that it shall not, directly or indirectly, cause or permit to exist a Lessor Lien attributable to it in its individual capacity with respect to the Aircraft or any other portion of the Trust Estate; that it will promptly, at its own expense, take such action

as may be necessary to duly discharge such Lessor Lien attributable to it in its individual capacity; and that it will make restitution to the Trust Indenture Estate for any actual diminution of the assets of the Trust Estate resulting from such Lessor Liens attributable to it in its individual capacity;

(c) in the event the Owner Trustee shall have Actual Knowledge of an Event of Default, a Default or an Event of Loss, the Owner Trustee will give prompt written notice of such Event of Default, Default or Event of Loss to the Loan Trustee, each Note Holder, Lessee and the Owner Participant;

(d) the Owner Trustee will furnish to the Note Holders and the Loan Trustee, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates and other instruments furnished to the Owner Trustee under the Lease, including, without limitation, a copy of any Termination Notice and a copy of each report or notice received pursuant to Section 9 or 8.2 or Annex D, Paragraph E of the Lease to the extent that the same shall not have been furnished to the Note Holders or the Loan Trustee pursuant to the Lease;

(e) except with the consent of the Loan Trustee (acting pursuant to instructions given in accordance with Section 9.01 hereof) or as provided in Sections 2, 11 and 13 of the Participation Agreement, the Owner Trustee will not contract for, create, incur, assume or suffer to exist any Debt, and will not guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing, or otherwise), endorse or otherwise be or become contingently liable, directly or indirectly, in connection with the Debt of any other person; and

(f) the Owner Trustee will not enter into any business or other activity other than the business of owning the Aircraft, the leasing thereof to Lessee and the carrying out of the transactions contemplated hereby and by the Lease, the Participation Agreement and the Trust Agreement and the other Operative Agreements.

## SECTION 4.02. Event of Default

"Event of Default" means any of the following events (whatever the reason for such Event of Default and whether such event shall be voluntary or involuntary or come about or be effected by operation of Law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) any Lease Event of Default (provided that any such Lease Event of Default caused solely by a failure of Lessee to pay to the Owner Trustee or the Owner Participant when due any amount that is included in the definition of Excluded Payments shall not constitute an Event of Default unless notice is given by the Owner Trustee to the Loan Trustee that such failure shall constitute an Event of Default); or

(b) the failure of the Owner Trustee to pay when due any payment of Original Amount of, interest on, Make-Whole Amount, if any, or other amount due and payable under any Equipment Note or hereunder (other than as a result of a Lease Event of Default or a Lease Default) and such failure shall have continued unremedied for ten Business Days in the case of any payment of Original Amount or interest or Make-Whole Amount, if any, thereon and, in the case of any other amount, for ten Business Days after the Owner Trustee or the Owner Participant receives written demand from the Loan Trustee or any Note Holder; or

(c) any Lien required to be discharged by the Owner Trustee, in its individual capacity pursuant to Section 4.01(b) hereof or in its individual or trust capacity pursuant to Section 7.3.1 of the Participation Agreement, or by the Owner Participant pursuant to Section 7.2.1 of the Participation Agreement shall remain undischarged for a period of 30 days after the Owner Trustee or the Owner Participant, as the case may be, shall have received written notice from the Loan Trustee or any Note Holder of such Lien; or

(d) any representation or warranty made by the Owner Participant or the Owner Trustee herein, in the Participation Agreement or in any certificate furnished by

the Owner Participant or the Owner Trustee to the Loan Trustee or any Note Holder in connection with the transactions contemplated by the Operative Agreements shall prove to have been false or incorrect when made in any material respect and continues to be material to the Loan Trustee or the Note Holders; and if such misrepresentation is capable of being corrected and if such correction is being sought diligently, such misrepresentation shall not have been corrected within 60 days (or, without affecting Section 4.02(f) hereof, in the case of the representation made in Section 6.3.6 or 6.2.6 of the Participation Agreement as to citizenship of the Owner Trustee in its individual capacity or of the Owner Participant, respectively, as soon as is reasonably practicable but in any event within 60 days) following notice thereof from the Loan Trustee or any Note Holder to the Owner Trustee or the Owner Participant, as the case may be; or

(e) other than as provided in (c) above or (f) below, any failure by the Owner Trustee or Owner Participant to observe or perform any other covenant or obligation of the Owner Trustee or Owner Participant, as the case may be, for the benefit of the Loan Trustee or the Note Holders contained in the Participation Agreement, Section 4.2.1 of the Trust Agreement, the Equipment Notes or this Trust Indenture which is not remedied within a period of 60 days after notice thereof has been given to the Owner Trustee and the Owner Participant; or

(f) if at any time when the Aircraft is registered under the Laws of the United States, the Owner Participant shall not be a "citizen of the United States" within the meaning of Section 40102(a)(15) of Part A of Subtitle VII of Title 49, United States Code, and as the result thereof the registration of the Aircraft under the Federal Aviation Act, and regulations then applicable thereunder, shall cease to be effective; provided that no Event of Default shall be deemed to have occurred under this paragraph (f) unless such circumstances continue unremedied for more than 60 days after the Owner Participant has Actual Knowledge of the state of facts that resulted in such ineffectiveness and of such loss of citizenship; or

(g) at any time either (i) the commencement of an involuntary case or other proceeding in respect of the Owner Participant, the Owner Trustee, the Trust or the Trust Estate under the federal bankruptcy Laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar Law in the United States or seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Owner Participant, the Owner Trustee, the Trust or the Trust Estate or for all or substantially all of its property, or seeking the winding-up or liquidation of its affairs and the continuation of any such case or other proceeding undismitted and unstayed for a period of 60 consecutive days; or (ii) the commencement by the Owner Participant, the Owner Trustee, the Trust or the Trust Estate of a voluntary case or proceeding under the federal bankruptcy Laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar Law in the United States, or the consent by the Owner Participant, the Owner Trustee, the Trust or the Trust Estate to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Owner Participant, the Owner Trustee, the Trust or the Trust Estate or for all or substantially all of its property, or the making by the Owner Participant, the Owner Trustee, the Trust or the Trust Estate of any assignment for the benefit of creditors or the Owner Participant or the Owner Trustee shall take any action to authorize any of the foregoing; provided, however, that an event referred to in this Section 4.02(g) with respect to the Owner Participant shall not constitute an Event of Default if within 30 days of the commencement of the case or proceeding a final non-appealable order, judgment or decree shall be entered in such case or proceeding by a court or a trustee, custodian, receiver or liquidator, to the effect that, no part of the Trust Estate (except for the Owner Participant's beneficial interest therein) and no right, title or interest under the Trust Indenture Estate shall be included in, or be subject to, any declaration or adjudication of, or proceedings with respect to, the bankruptcy, insolvency or liquidation of the Owner Participant referred to in this Section 4.02(g).

## SECTION 4.03. Certain Rights

The Loan Trustee shall give the Note Holders, the Owner Trustee and the Owner Participant prompt written notice of any Event of Default of which the Loan Trustee has Actual Knowledge and, if any such Event of Default results from a Lease Event of Default that can be cured by the payment of money, shall give the Note Holders, the Owner Trustee and the Owner Participant not less than ten Business Days' prior written notice of the date (the "Enforcement Date") on or after which the Loan Trustee may commence and consummate the exercise of any remedy or remedies described in Section 4.04, 4.05 or 4.06 hereof, or the exercise of any remedy or remedies pursuant to the provisions of Section 15 of the Lease; provided, however, that in the event the Loan Trustee shall have validly terminated the Lease, the Loan Trustee shall not sell or lease, or otherwise afford the use of, the Aircraft or any portion thereof to the Lessee or any Affiliate thereof. Without limiting the generality of the foregoing, the Loan Trustee shall give the Owner Trustee and the Owner Participant at least ten Business Days' prior written notice of any termination of the Lease or of the exercise of any remedy or remedies pursuant to Section 15 of the Lease. If an Event of Default shall have occurred and be continuing, the Owner Trustee shall have the following rights hereunder, any of which may be exercised directly by the Owner Participant.

If as a result of the occurrence of an Event of Default in respect of the nonpayment by Lessee of Basic Rent due under the Lease, the Loan Trustee shall have insufficient funds to make any payment of Original Amount and interest on any Equipment Note on the day it becomes due and payable, the Owner Trustee may, but shall not be obligated to, pay the Loan Trustee prior to the Enforcement Date, in the manner provided in Section 2.04 hereof, for application in accordance with Section 3.01 hereof, an amount equal to the portion of the Original Amount and interest (including interest, if any, on any overdue payments of such portion of Original Amount and interest) then due and payable on the Equipment Notes, and, unless the Owner Trustee has cured Events of Default in respect of payments of Basic Rent on each of the three immediately preceding Basic Rent payment dates, or the Owner Trustee has cured six previous Events of Default in respect of payments of Basic Rent, such payment by the Owner Trustee shall, solely for purposes of this Trust Indenture be deemed to cure any Event of Default which would otherwise have arisen on

account of the nonpayment by Lessee of such installment of Basic Rent (but not any other Default or Event of Default which shall have occurred and be continuing).

If any Event of Default (other than in respect of the nonpayment of Basic Rent by the Lessee) which can be cured by the payment of money has occurred, the Owner Trustee may, but shall not be obligated to, cure such Event of Default by making such payment prior to the Enforcement Date as is necessary to accomplish the observance or performance of the defaulted covenant, condition or agreement to the party entitled to the same.

Except as hereinafter in this Section 4.03 provided, the Owner Trustee shall not, as a result of exercising the right to cure any such Event of Default, obtain any Lien on any of the Mortgaged Property or any Rent payable under the Lease for or on account of costs or expenses incurred in connection with the exercise of such right, nor shall any claim of the Owner Trustee against Lessee or any other party for the repayment of such costs or expenses impair the prior right and security interest of the Loan Trustee in and to the Mortgaged Property. Upon any payment by the Owner Trustee pursuant to the first or second preceding paragraphs of this Section 4.03, the Owner Trustee shall be subrogated to the rights of the Loan Trustee and the Note Holders in respect of the Basic Rent which was overdue at the time of such payment and interest payable by the Lessee on account of its being overdue and any Supplemental Rent in respect of the reimbursement of amounts paid by Owner Trustee pursuant to the immediately preceding paragraph (but in either case shall have no rights as a secured party hereunder), and thereafter, the Owner Trustee shall be entitled to receive such overdue Basic Rent or Supplemental Rent, as the case may be, and interest thereon upon receipt thereof by the Loan Trustee; provided, however, that (i) if the Original Amount and interest on the Equipment Notes shall have become due and payable pursuant to Section 4.04(b) hereof, such subrogation shall, until the Secured Obligations shall have been paid in full, be subordinate to the rights of the Loan Trustee, the Note Holders and the Indenture Indemnitees in respect of such payment of overdue Basic Rent, Supplemental Rent and such interest and (ii) the Owner Trustee shall not otherwise attempt to recover any such amount paid by it on behalf of the Lessee pursuant to this Section 4.03 except by demanding of the Lessee payment of such amount, or by commencing an action at law

against the Lessee and obtaining and enforcing a judgment against the Lessee for the payment of such amount or taking appropriate action in a pending action at law against the Lessee (provided, that at no time while an Event of Default shall have occurred and be continuing shall any such demand be made or shall any such action be commenced (or continued) and any amounts nevertheless received by the Owner Trustee in respect thereof shall be held in trust for the benefit of, and promptly paid to, the Loan Trustee for distribution as provided in Section 3.03 hereof).

Neither the Owner Trustee nor the Owner Participant shall have the right to cure any Lease Event of Default or Lease Default except as specified in this Section 4.03.



## SECTION 4.04. Remedies

(a) If an Event of Default shall have occurred and be continuing and so long as the same shall continue unremedied, then and in every such case the Loan Trustee may, subject to Section 4.03 and to the second and third paragraphs of this Section 4.04(a), exercise any or all of the rights and powers and pursue any and all of the remedies pursuant to this Article IV and shall have and may exercise all of the rights and remedies of a secured party under the Uniform Commercial Code and, in the event such Event of Default is also a Lease Event of Default, any and all of the remedies pursuant to Section 15 of the Lease and pursuant to any Permitted Sublease assignment and may take possession of all or any part of the properties covered or intended to be covered by the Lien created hereby or pursuant hereto and may exclude the Owner Participant, the Owner Trustee and Lessee and all persons claiming under any of them wholly or partly therefrom; provided, that the Loan Trustee shall give the Owner Trustee and the Owner Participant twenty days' prior written notice of its intention to sell the Aircraft; provided, however, that in the event the Loan Trustee shall have validly terminated the Lease, the Loan Trustee shall not sell or lease, or otherwise afford the use of, the Aircraft or any portion thereof to the Lessee or any Affiliate thereof. Unless an Event of Default not resulting from or relating to a Lease Event of Default has occurred and is continuing, the Owner Participant may bid at the sale and become the purchaser. Without limiting any of the foregoing, it is understood and agreed that the Loan Trustee may exercise any right of sale of the Aircraft available to it, even though it shall not have taken possession of the Aircraft and shall not have possession thereof at the time of such sale.

Anything in this Trust Indenture to the contrary notwithstanding, the Loan Trustee shall not be entitled to exercise any remedy hereunder as a result of an Event of Default which arises solely by reason of one or more events or circumstances which constitute a Lease Event of Default unless the Loan Trustee as security assignee of the Owner Trustee shall have exercised or concurrently be exercising one or more of the dispossessory remedies provided for in Section 15 of the Lease with respect to the Aircraft; provided, however, that such requirement to exercise one or more of such remedies under the Lease shall not apply in circumstances where the Loan Trustee is,

and has been, for a continuous period in excess of 60 days or such other period as may be specified in Section 1110(a)(1)(A) of the Bankruptcy Code (such 60-day or other period being the "New Section 1110 Period"), involuntarily stayed or prohibited by applicable law or court order from exercising such remedies under the Lease (a "Continuous Stay Period"); provided further, however, that the requirement to exercise one or more of such remedies under the Lease shall nonetheless be applicable during a Continuous Stay Period subsequent to the expiration of the New Section 1110 Period to the extent that the continuation of such Continuous Stay Period subsequent to the expiration of the New Section 1110 Period (A) results from an agreement by the trustee or the debtor-in-possession in such proceeding during the New Section 1110 Period with the approval of the relevant court to perform the Lease in accordance with Section 1110(a)(1)(A) of the Bankruptcy Code and continues to perform as required by Section 1110(a)(1)(A-B) of the Bankruptcy Code or (B) is an extension of the New Section 1110 Period with the consent of the Loan Trustee pursuant to Section 1110(b) of the Bankruptcy Code or (C) results from the Lessee's assumption during the New Section 1110 Period with the approval of the relevant court of the Lease pursuant to Section 365 of the Bankruptcy Code and Lessee's continuous performance of the Lease as so assumed or (D) is the consequence of the Loan Trustee's own failure to give any requisite notice to any person. In the event that the applicability of Section 1110 of the Bankruptcy Code to the Aircraft is being contested by Lessee in judicial proceedings, so long as the Loan Trustee fails to participate in such proceedings, the Owner Trustee shall have the right (without affecting in any way any rights or remedy of the Loan Trustee hereunder) to participate in such proceedings.

It is expressly understood and agreed that, subject only to the preceding paragraph, the inability, described in such paragraph, of the Loan Trustee to exercise any right or remedy under the Lease shall in no event and under no circumstances prevent the Loan Trustee from exercising any or all of its rights, powers and remedies under this Trust Indenture, including, without limitation, this Article IV.

(b) If an Event of Default shall have occurred and be continuing, then and in every such case the Loan Trustee may (and shall, upon receipt of a written demand therefor from a Majority in Interest of Note Holders), subject to Section 4.03 hereof, at

any time, by delivery of written notice or notices to the Owner Trustee and the Owner Participant, declare all the Equipment Notes to be due and payable, whereupon the unpaid Original Amount of all Equipment Notes then outstanding, together with accrued but unpaid interest thereon (without Make-Whole Amount) and other amounts due thereunder, shall immediately become due and payable without presentment, demand, protest or notice, all of which are hereby waived; provided that if an Event of Default referred to in clause (g) of Section 4.02 hereof shall have occurred or a Lease Event of Default under Section 14.5 of the Lease shall have occurred, then and in every such case the unpaid Original Amount then outstanding, together with accrued but unpaid interest and all other amounts due thereunder and hereunder shall immediately and without further act become due and payable without presentment, demand, protest or notice, all of which are hereby waived; provided further that in the event of a reorganization proceeding involving the Lessee instituted under Chapter 11 of the Bankruptcy Code, if no Lease Event of Default (including any Lease Event of Default set forth in Section 14.3 of the Lease) and no other Event of Default (other than the failure to pay the Original Amount of the Equipment Notes which by such declaration shall have become payable) exists at any time after the consummation of such proceeding, such declaration shall be automatically rescinded without any further action on the part of any Note Holder.

This Section 4.04(b), however, is subject to the condition that, if at any time after the Original Amount of the Equipment Notes shall have become so due and payable, and before any judgment or decree for the payment of the money so due, or any thereof, shall be entered, all overdue payments of interest upon the Equipment Notes and all other amounts payable under the Equipment Notes (except the Original Amount of the Equipment Notes which by such declaration shall have become payable) shall have been duly paid, and every other Default and Event of Default with respect to any covenant or provision of this Trust Indenture shall have been cured, then and in every such case a Majority in Interest of Note Holders may (but shall not be obligated to), by written instrument filed with the Loan Trustee, rescind and annul the Loan Trustee's declaration (or such automatic acceleration) and its consequences; but no such rescission or annulment shall extend to or affect any subsequent Default or Event of Default or impair any right consequent thereon.

Any acceleration pursuant to this Section 4.04(b) shall be automatically rescinded and any related declaration of an Event of Default annulled in the event that the Owner Trustee shall have cured, in accordance with Section 4.03 hereof, the Event of Default that resulted in such acceleration or declaration.

(c) The Note Holders shall be entitled, at any sale pursuant to Section 15 of the Lease or this Section 4.04, to credit against any purchase price bid at such sale by such holder all or any part of the unpaid obligations owing to such Note Holder and secured by the Lien of this Trust Indenture (only to the extent that such purchase price would have been paid to such Note Holder pursuant to Article III hereof if such purchase price were paid in cash and the foregoing provisions of this subsection (c) were not given effect).

(d) In the event of any sale of the Trust Indenture Estate, or any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Trust Indenture, the unpaid Original Amount of all Equipment Notes then outstanding, together with accrued interest thereon (without Make-Whole Amount), and other amounts due thereunder, shall immediately become due and payable without presentment, demand, protest or notice, all of which are hereby waived.

(e) Notwithstanding anything contained herein, so long as the Pass Through Trustee under any Pass Through Trust Agreement (or its designee) is a Note Holder, the Loan Trustee will not be authorized or empowered to acquire title to any Mortgaged Property or take any action with respect to any Mortgaged Property so acquired by it if such acquisition or action would cause any Trust to fail to qualify as a "grantor trust" for federal income tax purposes.

## SECTION 4.05. Return of Aircraft, Etc.

(a) If an Event of Default shall have occurred and be continuing, subject to Sections 4.03 and 4.04 hereof, at the request of the Loan Trustee, the Owner Trustee shall promptly execute and deliver to the Loan Trustee such instruments of title and other documents as the Loan Trustee may deem necessary or advisable to enable the Loan Trustee or an agent or representative designated by the Loan Trustee, at such time or times and place or places as the Loan Trustee may specify, to obtain possession of all or any part of the Mortgaged Property included in the Trust Indenture Estate to which the Loan Trustee shall at the time be entitled hereunder. If the Owner Trustee shall for any reason fail to execute and deliver such instruments and documents after such request by the Loan Trustee, the Loan Trustee may (i) obtain a judgment conferring on the Loan Trustee the right to immediate possession and requiring the Owner Trustee to execute and deliver such instruments and documents to the Loan Trustee, to the entry of which judgment the Owner Trustee hereby specifically consents to the fullest extent permitted by Law, and (ii) pursue all or part of such Mortgaged Property wherever it may be found and, in the event that a Lease Event of Default has occurred and is continuing, may enter any of the premises of Lessee wherever such Mortgaged Property may be or be supposed to be and search for such Mortgaged Property and take possession of and remove such Mortgaged Property. All expenses of obtaining such judgment or of pursuing, searching for and taking such property shall, until paid, be secured by the Lien of this Trust Indenture.

(b) Upon every such taking of possession, the Loan Trustee may, from time to time, at the expense of the Mortgaged Property, make all such expenditures for maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modifications or alterations to and of the Mortgaged Property, as it may deem proper. In each such case, the Loan Trustee shall have the right to maintain, use, operate, store, insure, lease, control, manage, dispose of, modify or alter the Mortgaged Property and to carry on the business and to exercise all rights and powers of the Owner Participant and the Owner Trustee relating to the Mortgaged Property, as the Loan Trustee shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, insurance, leasing, control, management, disposition,

modification or alteration of the Mortgaged Property or any part thereof as the Loan Trustee may determine, and the Loan Trustee shall be entitled to collect and receive directly all tolls, rents (including Rent), revenues, issues, income, products and profits of the Mortgaged Property and every part thereof, except Excluded Payments, without prejudice, however, to the right of the Loan Trustee under any provision of this Trust Indenture to collect and receive all cash held by, or required to be deposited with, the Loan Trustee hereunder. Such tolls, rents (including Rent), revenues, issues, income, products and profits shall be applied to pay the expenses of the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, improvement, modification or alteration of the Mortgaged Property and of conducting the business thereof, and to make all payments which the Loan Trustee may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Mortgaged Property or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Owner Trustee), and all other payments which the Loan Trustee may be required or authorized to make under any provision of this Trust Indenture, as well as just and reasonable compensation for the services of the Loan Trustee, and of all persons properly engaged and employed by the Loan Trustee with respect hereto.

#### SECTION 4.06. Remedies Cumulative

Each and every right, power and remedy given to the Loan Trustee specifically or otherwise in this Trust Indenture shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at Law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Loan Trustee, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Loan Trustee in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Owner Trustee or Lessee or to be an acquiescence therein.

#### SECTION 4.07. Discontinuance of Proceedings

In case the Loan Trustee shall have instituted any proceeding to enforce any right, power or remedy under this Trust Indenture by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Loan Trustee, then and in every such case the Owner Trustee, the Loan Trustee and Lessee shall, subject to any determination in such proceedings, be restored to their former positions and rights hereunder with respect to the Mortgaged Property, and all rights, remedies and powers of the Owner Trustee, the Loan Trustee or Lessee shall continue as if no such proceedings had been instituted.

#### SECTION 4.08. Waiver of Past Defaults

Upon written instruction from a Majority in Interest of Note Holders, the Loan Trustee shall waive any past Default hereunder and its consequences and upon any such waiver such Default shall cease to exist and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Trust Indenture, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon; provided, that in the absence of written instructions from all the Note Holders, the Loan Trustee shall not waive any Default (i) in the payment of the Original Amount, Make-Whole Amount, if any, and interest and other amounts due under any Equipment Note then outstanding, or (ii) in respect of a covenant or provision hereof which, under Article IX hereof, cannot be modified or amended without the consent of each Note Holder.

SECTION 4.09. Appointment of Receiver

The Loan Trustee shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Loan Trustee or any successor or nominee thereof) for all or any part of the Mortgaged Property, whether such receivership be incidental to a proposed sale of the Mortgaged Property or the taking of possession thereof or otherwise, and the Owner Trustee hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Mortgaged Property shall be entitled to exercise all the rights and powers of the Loan Trustee with respect to the Mortgaged Property.

SECTION 4.10. Loan Trustee Authorized to Execute Bills of Sale, Etc.

Subject to the provisions of this Trust Indenture, the Owner Trustee irrevocably appoints the Loan Trustee the true and lawful attorney-in-fact of the Owner Trustee (which appointment is coupled with an interest) in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the Lien of this Trust Indenture, whether pursuant to foreclosure or power of sale, assignments and other instruments as may be necessary or appropriate, with full power of substitution, the Owner Trustee hereby ratifying and confirming all that such attorney or any substitute shall do by virtue hereof in accordance with applicable law. Nevertheless, if so requested by the Loan Trustee or any purchaser, the Owner Trustee shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Loan Trustee or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.



SECTION 4.11. Rights of Note Holders to Receive Payment

Notwithstanding any other provision of this Trust Indenture, the right of any Note Holder to receive payment of principal of, and premium, if any, and interest on an Equipment Note on or after the respective due dates expressed in such Equipment Note, or to bring suit for the enforcement of any such payment on or after such respective dates in accordance with the terms hereof, shall not be impaired or affected without the consent of such Note Holder.

## ARTICLE V

## DUTIES OF THE LOAN TRUSTEE

## SECTION 5.01. Notice of Event of Default

If the Loan Trustee shall have Actual Knowledge of an Event of Default or of a Default arising from a failure to pay Rent, the Loan Trustee shall give prompt written notice thereof to the Owner Trustee, the Owner Participant, Lessee, and each Note Holder. Subject to the terms of Sections 2.13, 4.03, 4.04, 4.08, 5.02 and 5.03 hereof, the Loan Trustee shall take such action, or refrain from taking such action, with respect to such Event of Default or Default (including with respect to the exercise of any rights or remedies hereunder) as the Loan Trustee shall be instructed in writing by a Majority in Interest of Note Holders. Subject to the provisions of Sections 2.13, 4.03, 4.04 and 5.03, if the Loan Trustee shall not have received instructions as above provided within 20 days after mailing notice of such Event of Default to the Note Holders, the Loan Trustee may, subject to instructions thereafter received pursuant to the preceding provisions of this Section 5.01, take such action, or refrain from taking such action, but shall be under no duty to take or refrain from taking any action, with respect to such Event of Default or Default as it shall determine advisable in the best interests of the Note Holders; provided, however, that the Loan Trustee may not sell the Aircraft or any Engine without the consent of a Majority in Interest of Note Holders. If the Loan Trustee shall at any time declare the Lease to be in default pursuant to Section 15 thereof or shall elect to foreclose or otherwise enforce this Trust Indenture, the Loan Trustee shall forthwith notify the Owner Participant, the Note Holders, the Owner Trustee and Lessee. For all purposes of this Trust Indenture, in the absence of Actual Knowledge on the part of the Loan Trustee, the Owner Trustee or the Owner Participant, the Loan Trustee, the Owner Trustee or the Owner Participant, as the case may be, shall not be deemed to have knowledge of a Default or an Event of Default (except, in the case of the Loan Trustee, the failure of Lessee to pay any installment of Basic Rent within one Business Day after the same shall become due, if any portion of such installment was then required to be paid to the Loan Trustee, which failure shall constitute knowledge of a Default) unless notified in writing by Lessee, the Owner Trustee, the Owner Participant or one or more Note Holders.

SECTION 5.02. Action upon Instructions; Certain Rights and Limitations

(a) Subject to the terms of Sections 2.13, 4.03, 4.04(a) and (b), 4.08, 5.01 and 5.03 hereof, upon the written instructions at any time and from time to time of a Majority in Interest of Note Holders, the Loan Trustee shall, subject to the terms of this Section 5.02, take such of the following actions as may be specified in such instructions: (i) give such notice or direction or exercise such right, remedy or power hereunder as shall be specified in such instructions; (ii) give such notice or direction or exercise such right, remedy or power under the Lease, the Participation Agreement, the Purchase Agreement, the Purchase Agreement Assignment or any other part of the Trust Indenture Estate as shall be specified in such instructions; and (iii) approve as satisfactory to the Loan Trustee all matters required by the terms of the Lease to be satisfactory to the Owner Trustee, it being understood that without the written instructions of a Majority in Interest of Note Holders, the Loan Trustee shall not approve any such matter as satisfactory to the Loan Trustee; provided, that anything contained in this Trust Indenture, the Lease or the other Operative Agreements to the contrary notwithstanding, but subject to the next paragraph hereof:

(1) the Owner Trustee or the Owner Participant may, without the consent of the Loan Trustee, demand, collect, sue for or otherwise obtain all amounts included in Excluded Payments from Lessee and seek legal or equitable remedies to require Lessee to maintain the insurance coverage referred to in Section 11 of the Lease (or the comparable provisions of any assigned Permitted Sublease); provided, that the rights referred to in this clause (1) shall not be deemed to include the exercise of any remedies provided for in Section 15 of the Lease other than the right to proceed by appropriate court action, either at Law or in equity, to enforce payment by Lessee of such amounts included in Excluded Payments or performance by Lessee of such insurance covenant or to recover damages for the breach thereof or for specific performance of any other term of the Lease (or the comparable provisions of any assigned Permitted Sublease);

(2) (A) the Loan Trustee shall not, without the consent of the Owner Trustee, enter into, execute or deliver amendments or modifications in respect of any of the provisions of the Lease, any assigned Permitted Sublease or any Permitted Sublease assignment, and (B) unless a Mortgagee Event shall have occurred and be continuing, the Loan Trustee shall not, without the consent of the Owner Trustee, which consent shall not be withheld if no right or interest of the Owner Trustee or the Owner Participant shall be diminished or impaired thereby, (i) enter into, execute or deliver waivers or consents in respect of any of the provisions of the Lease, or (ii) approve any accountants, engineers, appraisers or counsel as satisfactory to render services for or issue opinions to the Owner Trustee pursuant to the Operative Agreements, provided that whether or not any Mortgagee Event has occurred and is continuing, the Owner Trustee's consent shall be required with respect to any waivers or consents in respect of any of the provisions of Section 5, 7 or 11 of the Lease, or of any other Section of the Lease to the extent such action shall affect (y) the amount or timing of, or the right to enforce payment of any Excluded Payment or (z) the amount or timing of any amounts payable by the Lessee under the Lease as originally executed (or as subsequently modified with the consent of the Owner Trustee) which, absent the occurrence and continuance of an Event of Default hereunder, would be distributable to the Owner Trustee under Article III hereof;

(3) whether or not a Default or Event of Default under the Trust Indenture has occurred and is continuing, the Owner Trustee and the Owner Participant shall have the right, together with the Loan Trustee, (i) to receive from Lessee or any Permitted Sublessee certificates and other documents and information which Lessee is required to give or furnish to the Owner Trustee or the Lessor pursuant to any Operative Agreement and (ii) to inspect in accordance with the Lease the Airframe and Engines and all Aircraft Documents;

(4) whether or not a Default or Event of Default under the Trust Indenture has occurred and is continuing, the Owner Trustee shall have the right to adjust upwards Rent, Stipulated Loss Values and Termination Values as provided in Section 3.2.1 of the Lease;

(5) so long as no Mortgagee Event has occurred and is continuing, the Owner Trustee shall have the right, to the exclusion of the Loan Trustee, to adjust Basic Rent, Stipulated Loss Values and Termination Values as provided in Section 3.2 of the Lease;

(6) whether or not a Default or Event of Default under the Trust Indenture has occurred and is continuing, the Owner Trustee may, without the consent of the Loan Trustee, (i) solicit and make bids with respect to the Aircraft under Section 9 of the Lease in respect of a termination of the Lease by Lessee pursuant to Section 9 thereof, (ii) determine Fair Market Sales Value and Fair Market Rental Value under Section 17 of the Lease for all purposes except following an Event of Default pursuant to Section 15 of the Lease, and (iii) make an election pursuant to and in accordance with the provisions of Sections 9.1(b), 9.2 and 9.3 of the Lease; and

(7) so long as no Mortgagee Event shall have occurred and be continuing, all other rights of the "Lessor" under the Lease or any assigned Permitted Sublease shall be exercised by the Owner Trustee to the exclusion of the Loan Trustee including, without limitation, the right to (i) exercise all rights with respect to Lessee's use and operation, modification or maintenance of the Aircraft and any Engine which the Lease specifically confers on the Lessor, and (ii) consent to and approve any assignment pursuant to Section 13 of the Lease; provided that the foregoing shall not (x) limit (A) any rights separately granted to the Loan Trustee under the Operative Agreements or (B) the right of the Loan Trustee to receive any funds to be delivered to the "Lessor" under the Lease (except with respect to Excluded Payments) and under the Purchase Agreement or (y) confer upon the Owner Trustee the right to adversely affect the validity or enforceability of the lien of this Indenture.

Notwithstanding anything to the contrary contained herein (including this Section 5.02), the Loan Trustee shall have the right, to the exclusion of the Owner Trustee and the Owner Participant, to (A) declare the Lease to be in default under Section 15 thereof (other than with respect to a Lease Event of

Default described in the proviso to Section 14.1 thereof) and (B) subject only to the provisions of Sections 4.03, 4.04(a) and 2.13 hereof, exercise the remedies set forth in such Section 15 (other than in connection with Excluded Payments and provided that each of the Owner Trustee, Owner Participant and Loan Trustee shall independently retain the rights set forth in clause (ii) of Section 15.1.5 of the Lease) at any time that a Lease Event of Default shall have occurred and be continuing. Further and for the avoidance of doubt, and anything to the contrary contained herein (including this Section 5.02), in no event may the Owner Trustee amend or otherwise modify the provisions of Section 3.2.1(e) of the Lease or of the final sentence of the definition of Stipulated Loss Value or Termination Value, in any such case, without the prior written consent of the Loan Trustee.

The Loan Trustee will execute and the Owner Trustee will file or cause to be filed such continuation statements with respect to financing statements relating to the security interest created hereunder in the Trust Indenture Estate as may be specified from time to time in written instructions of a Majority in Interest of Note Holders (which instructions shall be accompanied by the form of such continuation statement so to be filed). The Loan Trustee will furnish to each Note Holder (and, during the continuation of a Mortgage Event, to the Owner Trustee and Owner Participant), promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates and other instruments furnished to the Loan Trustee under the Lease or hereunder, including, without limitation, a copy of any Termination Notice (as defined in the Lease) and a copy of each report or notice received pursuant to Section 9 and Paragraph E of Annex D of the Lease, respectively, to the extent that the same shall not have been furnished to such holder pursuant hereto or to the Lease.

(b) If any Lease Event of Default shall have occurred and be continuing and the Owner Trustee shall not have cured fully such Lease Event of Default under and in accordance with Section 4.03 hereof, on request of a Majority in Interest of Note Holders, the Loan Trustee shall declare the Lease to be in default pursuant to Section 15 thereof and exercise those remedies specified by such Note Holders. The Loan Trustee agrees to provide to the Note Holders, the Owner Trustee, the Owner Participant and Lessee concurrently with such declaration by the Loan Trustee, notice of such declaration by the Loan Trustee.

**SECTION 5.03. Indemnification**

The Loan Trustee shall not be required to take any action or refrain from taking any action under Section 5.01 (other than the first sentence thereof), 5.02 or Article IV hereof unless the Loan Trustee shall have been indemnified to its reasonable satisfaction against any liability, cost or expense (including counsel fees) which may be incurred in connection therewith pursuant to a written agreement with one or more Note Holders. The Loan Trustee agrees that it shall look solely to the Note Holders for the satisfaction of any indemnity (except expenses for foreclosure of the type referred to in clause "First" of Section 3.03 hereof) owed to it pursuant to this Section 5.03. The Loan Trustee shall not be under any obligation to take any action under this Trust Indenture or any other Operative Agreement and nothing herein or therein shall require the Loan Trustee to expend or risk its own funds or otherwise incur the risk of any financial liability in the performance of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it (the written indemnity of any Note Holder who is a QIB, signed by an authorized officer thereof, in favor of, delivered to and in form reasonably satisfactory to Loan Trustee shall be accepted as reasonable assurance of adequate indemnity). The Loan Trustee shall not be required to take any action under Section 5.01 (other than the first sentence thereof) or 5.02 or Article IV hereof, nor shall any other provision of this Trust Indenture or any other Operative Agreement be deemed to impose a duty on the Loan Trustee to take any action, if the Loan Trustee shall have been advised by counsel that such action is contrary to the terms hereof or of the Lease or is otherwise contrary to Law.

**SECTION 5.04. No Duties Except as Specified in Trust Indenture or Instructions**

The Loan Trustee shall not have any duty or obligation to use, operate, store, lease, control, manage, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Indenture Estate, or to otherwise take or refrain from taking any action under, or in connection with, this Trust Indenture or any part of the Trust Indenture Estate, except as expressly provided by the terms of this Trust Indenture or as

expressly provided in written instructions from Note Holders as provided in this Trust Indenture; and no implied duties or obligations shall be read into this Trust Indenture against the Loan Trustee. The Loan Trustee agrees that it will in its individual capacity and at its own cost and expense (but without any right of indemnity in respect of any such cost or expense under Section 7.01 hereof), promptly take such action as may be necessary duly to discharge all liens and encumbrances on any part of the Trust Indenture Estate which result from claims against it in its individual capacity not related to the ownership of the Aircraft or the administration of the Trust Indenture Estate or any other transaction pursuant to this Trust Indenture or any document included in the Trust Indenture Estate.

SECTION 5.05. No Action Except Under Lease, Trust Indenture or Instructions

The Owner Trustee and the Loan Trustee agree that they will not use, operate, store, lease, control, manage, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Indenture Estate except (i) as required by the terms of the Lease or (ii) in accordance with the powers granted to, or the authority conferred upon, the Owner Trustee and the Loan Trustee pursuant to this Trust Indenture and in accordance with the express terms hereof.

SECTION 5.06. Replacement Airframes and Replacement Engines

At any time an Airframe or Engine is to be replaced under or pursuant to Section 10 of the Lease by a Replacement Airframe or Replacement Engine, if no Lease Event of Default is continuing, the Owner Trustee shall direct the Loan Trustee to execute and deliver to the Owner Trustee an appropriate instrument releasing such Airframe and/or Engine as appropriate from the Lien of this Trust Indenture and the Loan Trustee shall execute and deliver such instrument as aforesaid, but only upon compliance by Lessee with the applicable provisions of Section 10 of the Lease.



#### SECTION 5.07. Indenture Supplements for Replacements

If a Replacement Airframe or Replacement Engine is being substituted as contemplated by Section 10 of the Lease, the Owner Trustee and the Loan Trustee agree for the benefit of the Note Holders and Lessee, subject to fulfillment of the conditions precedent and compliance by Lessee with its obligations set forth in Section 10 of the Lease and the requirements of Section 5.06 hereof with respect to such Replacement Airframe or Replacement Engine, to execute and deliver a Lease Supplement and a Trust Indenture Supplement, as applicable, as contemplated by Section 10 of the Lease.

#### SECTION 5.08. Effect of Replacement

In the event of the substitution of an Airframe or of a Replacement Engine pursuant to Section 10 of the Lease, all provisions of this Trust Indenture relating to the Airframe or Engine or Engines being replaced shall be applicable to such Replacement Airframe or Replacement Engine or Engines with the same force and effect as if such Replacement Airframe or Replacement Engine or Engines were the same airframe or engine or engines, as the case may be, as the Airframe or Engine or Engines being replaced but for the Event of Loss with respect to the Airframe or Engine or Engines being replaced.

#### SECTION 5.09. Investment of Amounts Held by Loan Trustee

Any amounts held by the Loan Trustee as assignee of the Owner Trustee's rights to hold monies for security pursuant to Section 4.5 of the Lease shall be held in accordance with the terms of such Section and the Loan Trustee agrees, for the benefit of Lessee, to perform the duties of the Owner Trustee under such Section. Any amounts held by the Loan Trustee pursuant to the proviso to the first sentence of Section 3.01, pursuant to Section 3.02, or pursuant to any provision of any other Operative Agreement providing for amounts to be held by the Loan Trustee which are not distributed pursuant to the other provisions of Article III hereof shall be invested by the Loan Trustee from time to time in Cash Equivalents as directed by the Owner Trustee so long as the Loan Trustee may acquire the same using its best efforts. Unless otherwise expressly provided in this Trust Indenture, any income realized as a result of any such

investment, net of the Loan Trustee's reasonable fees and expenses in making such investment, shall be held and applied by the Loan Trustee in the same manner as the principal amount of such investment is to be applied and any losses, net of earnings and such reasonable fees and expenses, shall be charged against the principal amount invested. The Loan Trustee shall not be liable for any loss resulting from any investment required to be made by it under this Trust Indenture other than by reason of its willful misconduct or gross negligence, and any such investment may be sold (without regard to its maturity) by the Loan Trustee without instructions whenever such sale is necessary to make a distribution required by this Trust Indenture.

## ARTICLE VI

## THE OWNER TRUSTEE AND THE LOAN TRUSTEE

## SECTION 6.01. Acceptance of Trusts and Duties

The Loan Trustee accepts the duties hereby created and applicable to it and agrees to perform the same but only upon the terms of this Trust Indenture and agrees to receive and disburse all monies constituting part of the Trust Indenture Estate in accordance with the terms hereof. The Owner Trustee, in its individual capacity, and the Loan Trustee, in its individual capacity, shall not be answerable or accountable under any circumstances, except (i) for their own willful misconduct or gross negligence (other than for the handling of funds, for which the standard of accountability shall be willful misconduct or negligence), (ii) in the case of the Loan Trustee, as provided in the fourth sentence of Section 2.04(a) hereof and the last sentence of Section 5.04 hereof, and (iii) for liabilities that may result, in the case of the Owner Trustee, from the inaccuracy of any representation or warranty of the Owner Trustee expressly made in its individual capacity in the Participation Agreement or in Section 4.01(b) or 6.03 hereof (or in any certificate furnished to the Loan Trustee or any Note Holder in connection with the transactions contemplated by the Operative Agreements) or, in the case of the Loan Trustee (in its individual capacity), from the inaccuracy of any representation or warranty of the Loan Trustee (in its individual capacity) in the Participation Agreement or expressly made hereunder. Neither the Owner Trustee nor the Loan Trustee shall be liable for any action or inaction of the other or of the Owner Participant.

## SECTION 6.02. Absence of Duties

In the case of the Loan Trustee, except in accordance with written instructions furnished pursuant to Section 5.01 or 5.02 hereof, and except as provided in, and without limiting the generality of, Sections 5.03, 5.04 and 6.08 hereof and, in the case of the Owner Trustee, except as provided in Section 4.01(b) hereof, the Owner Trustee and the Loan Trustee shall have no duty (i) to see to any registration of the Aircraft or any recording or filing of the Lease or of this Trust Indenture or any other document, or to see to the maintenance of any such registration, recording or filing, (ii) to see to any insurance on the Aircraft or to effect or maintain any such insurance, whether or not Lessee shall be in default with respect thereto, (iii) to see to the payment or discharge of any lien or encumbrance of any kind against any part of the Trust Estate or the Trust Indenture Estate, (iv) to confirm, verify or inquire into the failure to receive any financial statements from Lessee, or (v) to inspect the Aircraft at any time or ascertain or inquire as to the performance or observance of any of Lessee's covenants under the Lease or any of the Permitted Sublessee's covenants under any assigned Permitted Sublease with respect to the Aircraft. The Owner Participant shall not have any duty or responsibility hereunder, including, without limitation, any of the duties mentioned in clauses (i) through (v) above; provided, that nothing contained in this sentence shall limit any obligations of the Owner Participant under the Participation Agreement or relieve the Owner Participant from any restriction under Section 4.03 hereof.

## SECTION 6.03. No Representations or Warranties as to Aircraft or Documents

NEITHER THE LOAN TRUSTEE IN ITS INDIVIDUAL OR TRUST CAPACITY NOR THE OWNER TRUSTEE IN ITS INDIVIDUAL CAPACITY OR AS OWNER TRUSTEE UNDER THE TRUST AGREEMENT, MAKES OR SHALL BE DEEMED TO HAVE MADE AND EACH HEREBY EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, AIRWORTHINESS, VALUE, COMPLIANCE WITH SPECIFICATIONS, CONDITION, DESIGN, QUALITY, DURABILITY, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY ENGINE, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, AS TO THE ABSENCE OF OBLIGATIONS

BASED ON STRICT LIABILITY IN TORT OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, except the Owner Trustee in its individual capacity warrants that (i) the Owner Trustee has received on the Delivery Date whatever title was conveyed to it, and (ii) the Aircraft is free and clear of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) attributable to the Owner Trustee in its individual capacity. Neither the Owner Trustee, in its individual capacity or as Owner Trustee under the Trust Agreement, nor the Loan Trustee, in its individual or trust capacities, makes or shall be deemed to have made any representation or warranty as to the validity, legality or enforceability of this Trust Indenture, the Trust Agreement, the Participation Agreement, the Equipment Notes, the Lease, the Purchase Agreement or the Purchase Agreement Assignment with the Consent and Agreement and the Engine Consent and Agreement attached thereto, or as to the correctness of any statement contained in any thereof, except for the representations and warranties of the Owner Trustee made in its individual capacity and the representations and warranties of the Loan Trustee in its individual capacity, in each case expressly made in this Trust Indenture or in the Participation Agreement. The Loan Participants, the Note Holders and the Owner Participant make no representation or warranty hereunder whatsoever.

SECTION 6.04. No Segregation of Monies; No Interest

Any monies paid to or retained by the Loan Trustee pursuant to any provision hereof and not then required to be distributed to the Note Holders, Lessee or the Owner Trustee as provided in Article III hereof need not be segregated in any manner except to the extent required by Law or Section 4.5 of the Lease and Section 5.09 hereof, and may be deposited under such general conditions as may be prescribed by Law, and the Loan Trustee shall not be liable for any interest thereon (except that the Loan Trustee shall invest all monies held as directed by Lessee so long as no Lease Event of Default or Lease Default has occurred and is continuing (or in the absence of such direction, by the Majority In Interest of Note Holders) in Cash Equivalents; provided, however, that any payments received, or applied hereunder, by the Loan Trustee shall be accounted for by the Loan Trustee so that any portion thereof paid or applied pursuant hereto shall be identifiable as to the source thereof.

## SECTION 6.05. Reliance; Agreements; Advice of Counsel

Neither the Owner Trustee nor the Loan Trustee shall incur any liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. The Owner Trustee and the Loan Trustee may accept a copy of a resolution of the Board of Directors (or Executive Committee thereof) of any party to the Participation Agreement, certified by the Secretary or an Assistant Secretary thereof as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted and that the same is in full force and effect. As to the aggregate unpaid Original Amount of Equipment Notes outstanding as of any date, the Owner Trustee may for all purposes hereof rely on a certificate signed by any Vice President or other authorized corporate trust officer of the Loan Trustee. As to any fact or matter relating to Lessee the manner of ascertainment of which is not specifically described herein, the Owner Trustee and the Loan Trustee may for all purposes hereof rely on a certificate, signed by a duly authorized officer of Lessee, as to such fact or matter, and such certificate shall constitute full protection to the Owner Trustee and the Loan Trustee for any action taken or omitted to be taken by them in good faith in reliance thereon. The Loan Trustee shall assume, and shall be fully protected in assuming, that the Owner Trustee is authorized by the Trust Agreement to enter into this Trust Indenture and to take all action to be taken by it pursuant to the provisions hereof, and shall not inquire into the authorization of the Owner Trustee with respect thereto. In the administration of the trusts hereunder, the Owner Trustee and the Loan Trustee each may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may, at the expense of the Trust Indenture Estate, advise with counsel, accountants and other skilled persons to be selected and retained by it, and the Owner Trustee and the Loan Trustee shall not be liable for anything done, suffered or omitted in good faith by them in accordance with the written advice or written opinion of any such counsel, accountants or other skilled persons.

#### SECTION 6.06. Capacity in Which Acting

The Owner Trustee acts hereunder solely as trustee as herein and in the Trust Agreement provided, and not in its individual capacity, except as otherwise expressly provided herein, in the Trust Agreement and in the Participation Agreement.

#### SECTION 6.07. Compensation

The Loan Trustee shall be entitled to reasonable compensation, including expenses and disbursements (including the reasonable fees and expenses of counsel), for all services rendered hereunder and shall, on and subsequent to an Event of Default hereunder, have a priority claim on the Trust Indenture Estate for the payment of such compensation, to the extent that such compensation shall not be paid by Lessee, and shall have the right, on and subsequent to an Event of Default hereunder, to use or apply any monies held by it hereunder in the Trust Indenture Estate toward such payments. The Loan Trustee agrees that it shall have no right against the Loan Participants, the Note Holders, the Owner Trustee or the Owner Participant for any fee as compensation for its services as trustee under this Trust Indenture.

#### SECTION 6.08. Instructions from Note Holders

In the administration of the trusts created hereunder, the Loan Trustee shall have the right to seek instructions from a Majority in Interest of Note Holders should any provision of this Trust Indenture appear to conflict with any other provision herein or should Loan Trustee's duties or obligations hereunder be unclear, and Loan Trustee shall incur no liability in refraining from acting until it receives such instructions. Loan Trustee shall be fully protected for acting in accordance with any instructions received under this Section 6.08.

## ARTICLE VII

## INDEMNIFICATION OF LOAN TRUSTEE BY OWNER TRUSTEE

## SECTION 7.01. Scope of Indemnification

The Owner Trustee, not in its individual capacity, but solely as Owner Trustee, hereby agrees, whether or not any of the transactions contemplated hereby shall be consummated, except as to matters covered by any indemnity furnished as contemplated by Section 5.03 hereof and except as otherwise provided in Section 2.03 and 2.04(b) hereof, to assume liability for, and does hereby indemnify, protect, save and keep harmless the Loan Trustee (in its individual and trust capacities), and its successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, taxes (excluding any taxes payable by the Loan Trustee on or measured by any compensation received by the Loan Trustee for its services under this Trust Indenture), claims, actions, suits, costs, expenses or disbursements (including legal fees and expenses) of any kind and nature whatsoever, which may be imposed on, incurred by or asserted against the Loan Trustee (whether or not also indemnified against by any other person under any other document) in any way relating to or arising out of this Trust Indenture or any other Operative Agreement to which it is a party or the enforcement of any of the terms of any thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, non-acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of the Aircraft or any Engine (including, without limitation, latent or other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Indenture Estate or the action or inaction of the Loan Trustee hereunder except only in the case of willful misconduct or gross negligence (or negligence in the case of handling funds) of the Loan Trustee in the performance of its duties hereunder or resulting from the inaccuracy of any representation or warranty of the Loan Trustee (in its individual capacity) referred to in Section 6.03 hereof, or as provided in Section 6.01 hereof or in the last sentence of Section 5.04 hereof, or as otherwise excluded by the terms of Section 9.1 or 9.3 of the Participation Agreement from Lessee's indemnities under such Sections. In addition, if necessary, the Loan Trustee shall be entitled to indemnification from the Trust Indenture Estate for any liability, obligation, loss, damage, penalty, claim, action, suit, cost, expense or disbursement indemnified against pursuant to this Section 7.01 to the extent not reimbursed by Lessee or others, but without releasing any of them from their respective agreements of reimbursement; and to secure



the same the Loan Trustee shall have a prior Lien on the Trust Indenture Estate. Without limiting the foregoing, the Loan Trustee agrees that, prior to seeking indemnification from the Trust Indenture Estate, it will demand, and diligently pursue in good faith (but with no duty to exhaust all legal remedies therefor), indemnification available to the Loan Trustee from Lessee under the Lease or the Participation Agreement.

#### ARTICLE VIII

##### SUCCESSOR AND SEPARATE TRUSTEES

###### SECTION 8.01. Notice of Successor Owner Trustee

In the case of any appointment of a successor to the Owner Trustee pursuant to the Trust Agreement including upon any merger, conversion, consolidation or sale of substantially all of the corporate trust business of the Owner Trustee pursuant to the Trust Agreement, the successor Owner Trustee shall give prompt written notice thereof to the Loan Trustee, Lessee and the Note Holders.

SECTION 8.02. Resignation of Loan Trustee; Appointment of Successor

(a) The Loan Trustee or any successor thereto may resign at any time without cause by giving at least 30 days' prior written notice to Lessee, the Owner Trustee, the Owner Participant and each Note Holder, such resignation to be effective upon the acceptance of the trusteeship by a successor Loan Trustee. In addition, a Majority in Interest of Note Holders may at any time (but only with the consent of the Lessee, which consent shall not be unreasonably withheld, except that such consent shall not be necessary if a Lease Event of Default is continuing) remove the Loan Trustee without cause by an instrument in writing delivered to the Owner Trustee, Lessee, the Owner Participant and the Loan Trustee, and the Loan Trustee shall promptly notify each Note Holder thereof in writing, such removal to be effective upon the acceptance of the trusteeship by a successor Loan Trustee. In the case of the resignation or removal of the Loan Trustee, a Majority in Interest of Note Holders may appoint a successor Loan Trustee by an instrument signed by such holders, which successor, so long as no Lease Event of Default shall have occurred and be continuing, shall be subject to Lessee's reasonable approval. If a successor Loan Trustee shall not have been appointed within 30 days after such notice of resignation or removal, the Loan Trustee, the Owner Trustee, the Owner Participant or any Note Holder may apply to any court of competent jurisdiction to appoint a successor Loan Trustee to act until such time, if any, as a successor shall have been appointed as above provided. The successor Loan Trustee so appointed by such court shall immediately and without further act be superseded by any successor Loan Trustee appointed as above provided.

(b) Any successor Loan Trustee, however appointed, shall execute and deliver to the Owner Trustee, the predecessor Loan Trustee and the Lessee an instrument accepting such appointment and assuming the obligations of the Loan Trustee under the Participation Agreement arising from and after the time of such appointment, and thereupon such successor Loan Trustee, without further act, shall become vested with all the estates, properties, rights, powers and duties of the predecessor Loan Trustee hereunder in the trust hereunder applicable to it with like effect as if originally named the Loan Trustee herein; but nevertheless upon the written request of such successor Loan

Trustee, such predecessor Loan Trustee shall execute and deliver an instrument transferring to such successor Loan Trustee, upon the trusts herein expressed applicable to it, all the estates, properties, rights and powers of such predecessor Loan Trustee, and such predecessor Loan Trustee shall duly assign, transfer, deliver and pay over to such successor Loan Trustee all monies or other property then held by such predecessor Loan Trustee hereunder.

(c) Any successor Loan Trustee, however appointed, shall be a bank or trust company having its principal place of business in the Borough of Manhattan, City and State of New York; Chicago, Illinois; Hartford, Connecticut; Wilmington, Delaware; or Boston, Massachusetts and having (or whose obligations under the Operative Agreements are guaranteed by an affiliated entity having) a combined capital and surplus of at least \$100,000,000, if there be such an institution willing, able and legally qualified to perform the duties of the Loan Trustee hereunder upon reasonable or customary terms.

(d) Any corporation into which the Loan Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Loan Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Loan Trustee may be transferred, shall, subject to the terms of paragraph (c) of this Section 8.02, be a successor Loan Trustee and the Loan Trustee under this Trust Indenture without further act.

## SECTION 8.03. Appointment of Additional and Separate Trustees

(a) Whenever (i) the Loan Trustee shall deem it necessary or desirable in order to conform to any Law of any jurisdiction in which all or any part of the Trust Indenture Estate shall be situated or to make any claim or bring any suit with respect to or in connection with the Trust Indenture Estate, this Trust Indenture, any other Indenture Agreement, the Equipment Notes or any of the transactions contemplated by the Participation Agreement, (ii) the Loan Trustee shall be advised by counsel satisfactory to it that it is so necessary or prudent in the interests of the Note Holders (and the Loan Trustee shall so advise the Owner Trustee and Lessee), or (iii) the Loan Trustee shall have been requested to do so by a Majority in Interest of Note Holders, then in any such case, the Loan Trustee and, upon the written request of the Loan Trustee, the Owner Trustee, shall execute and deliver an indenture supplemental hereto and such other instruments as may from time to time be necessary or advisable either (1) to constitute one or more bank or trust companies or one or more persons approved by the Loan Trustee, either to act jointly with the Loan Trustee as additional trustee or trustees of all or any part of the Trust Indenture Estate, or to act as separate trustee or trustees of all or any part of the Trust Indenture Estate, in each case with such rights, powers, duties and obligations consistent with this Trust Indenture as may be provided in such supplemental indenture or other instruments as the Loan Trustee or a Majority in Interest of Note Holders may deem necessary or advisable, or (2) to clarify, add to or subtract from the rights, powers, duties and obligations theretofore granted any such additional or separate trustee, subject in each case to the remaining provisions of this Section 8.03. If the Owner Trustee shall not have taken any action requested of it under this Section 8.03(a) that is permitted or required by its terms within 15 days after the receipt of a written request from the Loan Trustee so to do, or if an Event of Default shall have occurred and be continuing, the Loan Trustee may act under the foregoing provisions of this Section 8.03(a) without the concurrence of the Owner Trustee; and the Owner Trustee hereby irrevocably appoints (which appointment is coupled with an interest) the Loan Trustee, its agent and attorney-in-fact to act for it under the foregoing provisions of this Section 8.03(a) in either of such contingencies. The Loan Trustee may, in such capacity, execute, deliver and perform any such supplemental indenture, or any such instrument, as may be required for the appointment of any such additional or separate trustee or for the clarification of, addition to or subtraction

from the rights, powers, duties or obligations theretofore granted to any such additional or separate trustee. In case any additional or separate trustee appointed under this Section 8.03(a) shall die, become incapable of acting, resign or be moved, all the assets, property, rights, powers, trusts, duties and obligations of such additional or separate trustee shall revert to the Loan Trustee until a successor additional or separate trustee is appointed as provided in this Section 8.03(a).

(b) No additional or separate trustee shall be entitled to exercise any of the rights, powers, duties and obligations conferred upon the Loan Trustee in respect of the custody, investment and payment of monies and all monies received by any such additional or separate trustee from or constituting part of the Trust Indenture Estate or otherwise payable under any Operative Agreement to the Loan Trustee shall be promptly paid over by it to the Loan Trustee. All other rights, powers, duties and obligations conferred or imposed upon any additional or separate trustee shall be exercised or performed by the Loan Trustee and such additional or separate trustee jointly except to the extent that applicable Law of any jurisdiction in which any particular act is to be performed renders the Loan Trustee incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations (including the holding of title to all or part of the Trust Indenture Estate in any such jurisdiction) shall be exercised and performed by such additional or separate trustee. No additional or separate trustee shall take any discretionary action except on the instructions of the Loan Trustee or a Majority in Interest of Note Holders. No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, except that the Loan Trustee shall be liable for the consequences of its lack of reasonable care in selecting, and Loan Trustee's own actions in acting with, any additional or separate trustee. Each additional or separate trustee appointed pursuant to this Section 8.03 shall be subject to, and shall have the benefit of Articles IV through VIII and Article X hereof insofar as they apply to the Loan Trustee. The powers of any additional or separate trustee appointed pursuant to this Section 8.03 shall not in any case exceed those of the Loan Trustee hereunder.

(c) If at any time the Loan Trustee shall deem it no longer necessary or desirable in order to conform to any such Law

or take any such action or shall be advised by such counsel that it is no longer so necessary or desirable in the interest of the Note Holders, or in the event that the Loan Trustee shall have been requested to do so in writing by a Majority in Interest of Note Holders, the Loan Trustee and, upon the written request of the Loan Trustee, the Owner Trustee, shall execute and deliver an indenture supplemental hereto and all other instruments and agreements necessary or proper to remove any additional or separate trustee. The Loan Trustee may act on behalf of the Owner Trustee under this Section 8.03(c) when and to the extent it could so act under Section 8.03(a) hereof.

## ARTICLE IX

SUPPLEMENTS AND AMENDMENTS TO THIS TRUST INDENTURE  
AND OTHER DOCUMENTS

## SECTION 9.01. Instructions of Majority; Limitations

(a) Except as provided in Section 5.02 hereof, the Owner Trustee agrees it shall not enter into any amendment of or supplement to the Lease, the Purchase Agreement, the Purchase Agreement Assignment, the Consent and Agreement or the Engine Consent and Agreement, or execute and deliver any written waiver or modification of, or consent under, the terms of the Lease, the Purchase Agreement, the Purchase Agreement Assignment, the Consent and Agreement or the Engine Consent and Agreement, unless such supplement, amendment, waiver, modification or consent is consented to in writing by the Loan Trustee and a Majority in Interest of Note Holders. Anything to the contrary contained herein notwithstanding, without the necessity of the consent of any of the Note Holders or the Loan Trustee, (i) any Excluded Payments payable to the Owner Participant may be modified, amended, changed or waived in such manner as shall be agreed to by the Owner Participant and Lessee and (ii) the Owner Trustee and Lessee may enter into amendments of or additions to the Lease to modify Section 5 (except to the extent that such amendment would affect the rights or exercise of remedies under Section 15 of the Lease) or Section 17 of the Lease so long as such amendments, modifications and changes do not and would not affect the time of, or reduce the amount of, Rent payments (except to the extent expressly permitted by Section 5.02 hereof) until after the payment in full of all Secured Obligations or otherwise adversely affect the Note Holders.

(b) Without limiting the provisions of Section 9.01 hereof, the Loan Trustee agrees with the Note Holders that it shall not enter into any amendment, waiver or modification of, supplement or consent to this Trust Indenture, the Lease, the Purchase Agreement, the Purchase Agreement Assignment, the Consent and Agreement, the Engine Consent and Agreement or the Participation Agreement, or any other agreement included in the Trust Indenture Estate, unless such supplement, amendment, waiver, modification or consent is consented to in writing by a Majority in Interest of Note Holders, but upon the written request of a Majority in Interest of Note Holders, the Loan

Trustee shall from time to time enter into any such supplement or amendment, or execute and deliver any such waiver, modification or consent, as may be specified in such request and as may be (in the case of any such amendment, supplement or modification), to the extent such agreement is required, agreed to by the Owner Trustee and Lessee or, as may be appropriate, the Airframe Manufacturer or the Engine Manufacturer; provided, however, that, without the consent of each holder of an affected Equipment Note then outstanding and of each Liquidity Provider, no such amendment of or supplement to this Trust Indenture, the Lease, the Purchase Agreement, the Purchase Agreement Assignment, the Consent and Agreement, the Engine Consent and Agreement or the Participation Agreement or waiver or modification of the terms of, or consent under, any thereof, shall (i) modify any of the provisions of this Section 9.01, or of Article II or III or Section 4.02, 4.04(c), 4.04(d), 5.02 or 5.06 hereof, Section 13.3, 14 (except to add an Event of Default) or 16 of the Lease, Section 16.1 of the Participation Agreement, the definitions of "Event of Default," "Default," "Lease Event of Default," "Lease Default," "Majority in Interest of Note Holders," "Make-Whole Amount" or "Note Holder," or the percentage of Note Holders required to take or approve any action hereunder, (ii) reduce the amount, or change the time of payment or method of calculation of any amount, of Original Amount, Make-Whole Amount, if any, or interest with respect to any Equipment Note, or alter or modify the provisions of Article III hereof with respect to the order of priorities in which distribution thereunder shall be made as among the Note Holders, the Owner Trustee and Lessee, (iii) reduce, modify or amend any indemnities in favor of the Owner Trustee, the Loan Trustee or the Note Holders (except that the Owner Trustee (in its individual capacity) or the Loan Trustee, as the case may be, may consent to any waiver or reduction of an indemnity payable to it), (iv) consent to any change in the Trust Indenture or the Lease which would permit redemption of Equipment Notes earlier than permitted under Section 2.10 or 2.11 hereof or the purchase or exchange of the Equipment Notes other than as permitted by Section 2.13 hereof, (v) except as contemplated by the Lease or the Participation Agreement, reduce the amount or extend the time of payment of Basic Rent, Stipulated Loss Value, or Termination Value for the Aircraft in each case as set forth in the Lease, or modify, amend or supplement the Lease or consent to any assignment of the Lease, in either case releasing Lessee from its obligations in respect of the payment of Basic Rent, Stipulated



Loss Value or Termination Value for the Aircraft or altering the absolute and unconditional character of the obligations of Lessee to pay Rent as set forth in Sections 3 and 16 of the Lease or (vi) permit the creation of any Lien on the Trust Indenture Estate or any part thereof other than Permitted Liens or deprive any Note Holder of the benefit of the Lien of this Trust Indenture on the Trust Indenture Estate, except as provided in connection with the exercise of remedies under Article IV hereof.

(c) At any time after the date hereof, the Owner Trustee and the Loan Trustee may enter into one or more agreements supplemental hereto without the consent of any Note Holder for any of the following purposes: (i) (a) to cure any defect or inconsistency herein or in the Equipment Notes, or to make any change not inconsistent with the provisions hereof (provided that such change does not adversely affect the interests of any Note Holder in its capacity solely as Note Holder) or (b) to cure any ambiguity or correct any mistake; (ii) to evidence the succession of another party as the Owner Trustee in accordance with the terms of the Trust Agreement or to evidence the succession of a new trustee hereunder pursuant hereto, the removal of the trustee hereunder or the appointment of any co-trustee or co-trustees or any separate or additional trustee or trustees; (iii) to convey, transfer, assign, mortgage or pledge any property to or with the Loan Trustee or to make any other provisions with respect to matters or questions arising hereunder so long as such action shall not adversely affect the interests of the Note Holders in its capacity solely as Note Holder; (iv) to correct or amplify the description of any property at any time subject to the Lien of this Trust Indenture or better to assure, convey and confirm unto the Loan Trustee any property subject or required to be subject to the Lien of this Trust Indenture, the Airframe or Engines or any Replacement Airframe or Replacement Engine; (v) to add to the covenants of the Owner Trustee for the benefit of the Note Holders, or to surrender any rights or power herein conferred upon the Owner Trustee, the Owner Participant or the Lessee; (vi) to add to the rights of the Note Holders; and (vii) to include on the Equipment Notes any legend as may be required by Law.

SECTION 9.02. Trustees Protected

If, in the opinion of the institution acting as Owner Trustee under the Trust Agreement or the institution acting as Loan Trustee hereunder, any document required to be executed by it pursuant to the terms of Section 9.01 hereof affects any right, duty, immunity or indemnity with respect to such institution under this Trust Indenture or the Lease, such institution may in its discretion decline to execute such document.

SECTION 9.03. Documents Mailed to Note Holders

Promptly after the execution by the Owner Trustee or the Loan Trustee of any document entered into pursuant to Section 9.01 hereof, the Loan Trustee shall mail, by first class mail, postage prepaid, a copy thereof to Lessee and to each Note Holder at its address last set forth in the Equipment Note Register, but the failure of the Loan Trustee to mail such copies shall not impair or affect the validity of such document.

SECTION 9.04. No Request Necessary for Lease Supplement or Trust Indenture Supplement

No written request or consent of the Loan Trustee, the Note Holders or the Owner Participant pursuant to Section 9.01 hereof shall be required to enable the Owner Trustee to enter into any Lease Supplement specifically required by the terms of the Lease or to execute and deliver a Trust Indenture Supplement specifically required by the terms hereof.

## ARTICLE X

## MISCELLANEOUS

## SECTION 10.01. Termination of Trust Indenture

Upon (or at any time after) payment in full of the Original Amount of, Make-Whole Amount, if any, and interest on and all other amounts due under all Equipment Notes and provided that there shall then be no other Secured Obligations due to the Indenture Indemnitees, the Note Holders and the Loan Trustee hereunder or under the Participation Agreement or other Operative Agreement, the Owner Trustee shall direct the Loan Trustee to execute and deliver to or as directed in writing by the Owner Trustee an appropriate instrument releasing the Aircraft and the Engines from the Lien of this Trust Indenture and releasing the Lease, the Purchase Agreement, the Purchase Agreement Assignment with the Consent and Agreement and the Engine Consent and Agreement attached thereto from the assignment and pledge thereof hereunder and the Loan Trustee shall execute and deliver such instrument as aforesaid and give written notice thereof to Lessee; provided, however, that this Trust Indenture and the trusts created hereby shall earlier terminate and this Trust Indenture shall be of no further force or effect upon any sale or other final disposition by the Loan Trustee of all property constituting part of the Trust Indenture Estate and the final distribution by the Loan Trustee of all monies or other property or proceeds constituting part of the Trust Indenture Estate in accordance with the terms hereof. Except as aforesaid otherwise provided, this Trust Indenture and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof.

SECTION 10.02. No Legal Title to Trust Indenture Estate  
in Note Holders

No holder of an Equipment Note shall have legal title to any part of the Trust Indenture Estate. No transfer, by operation of law or otherwise, of any Equipment Note or other right, title and interest of any Note Holder in and to the Trust Indenture Estate or hereunder shall operate to terminate this Trust Indenture or entitle such holder or any successor or transferee of such holder to an accounting or to the transfer to it of any legal title to any part of the Trust Indenture Estate.

SECTION 10.03. Sale of Aircraft by Loan Trustee Is Binding

Any sale or other conveyance of the Trust Indenture Estate, or any part thereof (including any part thereof or interest therein), by the Loan Trustee made pursuant to the terms of this Trust Indenture shall bind the Note Holders and shall be effective to transfer or convey all right, title and interest of the Loan Trustee, the Owner Trustee, the Owner Participant and such holders in and to such Trust Indenture Estate or part thereof. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Loan Trustee.

SECTION 10.04. Trust Indenture for Benefit of Owner Trustee,  
Loan Trustee, Owner Participant, Note Holders  
and the Other Indenture Indemnitees

Nothing in this Trust Indenture, whether express or implied, shall be construed to give any person other than the Owner Trustee, the Loan Trustee, the Owner Participant, the Note Holders and the other Indenture Indemnitees, any legal or equitable right, remedy or claim under or in respect of this Trust Indenture.

## SECTION 10.05. Notices

Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents, waivers or documents provided or permitted by this Trust Indenture to be made, given, furnished or filed shall be in writing, personally delivered or mailed by certified mail, postage prepaid, or by facsimile or confirmed telex, and (i) if to the Owner Trustee, addressed to it at 79 South Main Street, Salt Lake City, Utah 84111 with a copy to the Owner Participant addressed as provided in clause (iii) below, (ii) if to Loan Trustee, addressed to it at its office at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attention: Corporate Trust Administration, facsimile number (302) 651-8882, (iii) if to any Participant, Lessee, any Note Holder or any other Indenture Indemnitee addressed to such party at such address as such party shall have furnished by notice to the Owner Trustee and the Loan Trustee, or, until an address is so furnished, addressed to the address of such party (if any) set forth on Schedule 1 to the Participation Agreement or in the Equipment Note Register. Whenever any notice in writing is required to be given by the Owner Trustee, any Participant or the Loan Trustee or any Note Holder to any of the other of them, such notice shall be deemed given and such requirement satisfied when such notice is received, or if such notice is mailed by certified mail, postage prepaid, three Business Days after being mailed, addressed as provided above. Any party hereto may change the address to which notices to such party will be sent by giving notice of such change to the other parties to this Trust Indenture.

## SECTION 10.06. Severability

Any provision of this Trust Indenture which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10.07. No Oral Modification or Continuing Waivers

No term or provision of this Trust Indenture or the Equipment Notes may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Owner Trustee and the Loan Trustee, in compliance with Section 9.01 hereof. Any waiver of the terms hereof or of any Equipment Note shall be effective only in the specific instance and for the specific purpose given.

SECTION 10.08. Successors and Assigns

All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, each of the parties hereto and the permitted successors and assigns of each, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by any Note Holder shall bind the successors and assigns of such holder. This Trust Indenture and the Trust Indenture Estate shall not be affected by any amendment or supplement to the Trust Agreement or by any other action taken under or in respect of the Trust Agreement, except that each reference in this Trust Indenture to the Trust Agreement shall mean the Trust Agreement as amended and supplemented from time to time to the extent permitted hereby, thereby and by the Participation Agreement. Each Note Holder by its acceptance of an Equipment Note agrees to be bound by this Trust Indenture and all provisions of the Participation Agreement applicable to a Loan Participant or a Note Holder.

SECTION 10.09. Headings

The headings of the various Articles and sections herein and in the table of contents hereto are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 10.10. Normal Commercial Relations

Anything contained in this Trust Indenture to the contrary notwithstanding, Owner Trustee, Loan Trustee, any Participant or any bank or other Affiliate of such Participant may conduct any banking or other financial transactions, and have banking or other commercial relationships, with Lessee or any Permitted Sublessee, fully to the same extent as if this Trust Indenture were not in effect, including without limitation the making of loans or other extensions of credit to Lessee for any purpose whatsoever, whether related to any of the transactions contemplated hereby or otherwise.

SECTION 10.11. Governing Law; Counterpart Form

THIS TRUST INDENTURE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS TRUST INDENTURE IS BEING DELIVERED IN THE STATE OF NEW YORK. This Trust Indenture may be executed by the parties hereto in separate counterparts (or upon separate signature pages bound together into one or more counterparts), each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 10.12. Voting By Note Holders

All votes of the Note Holders shall be governed by a vote of a Majority in Interest of Note Holders, except as otherwise provided herein.

## SECTION 10.13. Bankruptcy

It is the intention of the parties that the Owner Trustee, as lessor under the Lease (and the Loan Trustee as assignee of the Owner Trustee hereunder), shall be entitled to the benefits of Section 1110 with respect to the right to take possession of the Aircraft, Airframe, Engines and Parts as provided in the Lease in the event of a case under Chapter 11 of the Bankruptcy Code in which Lessee is a debtor, and in any instance where more than one construction is possible of the terms and conditions hereof or any other pertinent Operative Agreement, each such party agrees that a construction which would preserve such benefits shall control over any construction which would not preserve such benefits.



\* \* \*

IN WITNESS WHEREOF, the parties hereto have caused this Trust Indenture and Mortgage to be duly executed by their respective officers thereof duly authorized as of the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee, as Owner Trustee

By -----

Name:  
Title:

WILMINGTON TRUST COMPANY, not in its individual capacity, except as expressly provided herein, but solely as Loan Trustee

By -----

Name:  
Title:

EXHIBIT A  
TO  
TRUST INDENTURE AND MORTGAGE

TRUST INDENTURE AND MORTGAGE \_\_\_\_ SUPPLEMENT NO. 1

This TRUST INDENTURE AND MORTGAGE \_\_\_\_ SUPPLEMENT NO. 1, dated \_\_\_\_\_, \_\_\_\_\_ (herein called this "Trust Indenture Supplement") of FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity, but solely as Owner Trustee (herein called the "Owner Trustee") under that certain Trust Agreement \_\_\_\_ dated as of \_\_\_\_\_, 199\_ (the "Trust Agreement"), between the Owner Trustee and the Owner Participant named therein.

W I T N E S S E T H:

WHEREAS, the Trust Indenture and Mortgage \_\_\_\_, dated as of \_\_\_\_\_, 199\_ (as amended and supplemented to the date hereof, the "Trust Indenture") between the Owner Trustee and Wilmington Trust Company, as Loan Trustee (the "Loan Trustee"), provides for the execution and delivery of a supplement thereto substantially in the form hereof, which shall particularly describe the Aircraft, and shall specifically mortgage such Aircraft to the Loan Trustee; and

WHEREAS, each of the Trust Agreement and Trust Indenture relates to the Airframe and Engines described below, and a counterpart of the Trust Indenture is attached hereto and made a part hereof and this Trust Indenture Supplement, together with such counterpart of the Trust Indenture, is being filed for recordation on the date hereof with the FAA as one document;

NOW, THEREFORE, this Trust Indenture Supplement witnesseth that the Owner Trustee hereby confirms that the Lien of the Trust Indenture on the Trust Indenture Estate covers all of Owner Trustee's right, title and interest in and to the following described property:

AIRFRAME

One airframe identified as follows:

Manufacturer	Model	FAA Registration Number	Manufacturer's Serial Number
----- The Boeing Company	-----	-----	-----

together with all of the Owner Trustee's right, title and interest in and to all Parts of whatever nature, whether now owned or hereinafter acquired and which are from time to time incorporated or installed in or attached to said airframe.

#### AIRCRAFT ENGINES

Two aircraft engines, each such engine having 750 or more rated take-off horsepower or the equivalent thereof, identified as follows:

Manufacturer	Manufacturer's Model	Serial Number
-----	-----	-----

together with all of Owner Trustee's right, title and interest in and to all Parts of whatever nature, whether now owned or hereafter acquired and which are from time to time incorporated or installed in or attached to either of such engines.

Together with all of Owner Trustee's right, title and interest in and to (a) all Parts of whatever nature, which from time to time are included within the definition of "Airframe" or "Engine", whether now owned or hereafter acquired, including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Airframe and Engines (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts) and (b) all Aircraft Documents.

As further security for the obligations referred to above and secured by the Trust Indenture and hereby, the Owner Trustee has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby

grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto the Loan Trustee, its successors and assigns, for the security and benefit of the Loan Participants, the Note Holders and the Indenture Indemnitees, in the trust created by the Trust Indenture, all of the right, title and interest of the Owner Trustee in, to and under the Lease Supplement of even date herewith covering the property described above.

Notwithstanding any provision hereof, no Excluded Payment shall constitute security for any of the aforementioned obligations.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Loan Trustee, its successors and assigns, in trust for the equal and proportionate benefit and security of the Loan Participants, the Note Holders and the Indenture Indemnitees, except as provided in Section 2.14 and Article III of the Trust Indenture without any preference, distinction or priority of any one Equipment Note over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and subject to the terms and provisions set forth in the Trust Indenture.

This Trust Indenture Supplement shall be construed as supplemental to the Trust Indenture and shall form a part thereof. The Trust Indenture is each hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

AND, FURTHER, the Owner Trustee hereby acknowledges that the Aircraft referred to in this Trust Indenture Supplement and the aforesaid Lease Supplement has been delivered to the Owner Trustee and is included in the property of the Owner Trustee covered by all the terms and conditions of the Trust Agreement, subject to the pledge and mortgage thereof under the Trust Indenture.

\* \* \*

IN WITNESS WHEREOF, the Owner Trustee has caused this Trust Indenture Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

FIRST SECURITY BANK,  
NATIONAL ASSOCIATION, not in its  
individual capacity, but solely as  
Owner Trustee, Owner Trustee

By

-----

Name:

Title:

SCHEDULE I

	Original Amount	Interest Rate
	-----	-----
Series A . . .		
Series B . . .		
Series C . . .		
Series D . . .		

Equipment Note Amortization

SERIES A

Payment Date -----	Percentage of Original Amount to be Paid -----
-----------------------	--

SERIES B

Payment Date  
-----

Percentage of Original  
Amount to be Paid  
-----



SERIES C

Payment Date  
-----

Percentage of Original  
Amount to be Paid  
-----

SERIES D

Payment Date  
-----

Percentage of Original  
Amount to be Paid  
-----

EXHIBIT D-4 to  
Note Purchase Agreement

FORM OF SPECIAL TRUST AGREEMENT

=====

TRUST AGREEMENT \_\_\_\_

Dated as of \_\_\_\_\_

Between

[ \_\_\_\_\_ ]

and

FIRST SECURITY BANK, NATIONAL  
ASSOCIATION

One Boeing Model \_\_\_\_\_ Aircraft  
Bearing Manufacturer's Serial No. \_\_\_\_\_

=====

TRUST AGREEMENT SPECIAL

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## TRUST AGREEMENT \_\_\_\_\_

This TRUST AGREEMENT \_\_\_\_\_, dated as of \_\_\_\_\_, between [\_\_\_\_\_] a New York corporation ("Owner Participant"), and FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association (in its individual capacity, "First Security" and otherwise not in its individual capacity but solely as trustee hereunder, "Owner Trustee").

WITNESSETH:

SECTION 1. DEFINITIONS

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed and interpreted in the manner described, in Annex A to the Lease.

SECTION 2. DECLARATION OF TRUST

First Security hereby declares that it will hold the Trust Estate as Owner Trustee upon the trusts hereinafter set forth for the use and benefit of Owner Participant, subject, however, to the provisions of and the Lien created by the Trust Indenture and to the provisions of the Lease and the Participation Agreement.

SECTION 3. AUTHORIZATION; CONDITIONS PRECEDENT

3.1 AUTHORIZATION

In respect of the Aircraft, Owner Participant hereby authorizes and directs Owner Trustee to, and Owner Trustee agrees for the benefit of Owner Participant that it will, on and after the Delivery Date, subject (except with respect to Section 3.1(a)) to due compliance with the terms of Section 3.2:

(a) execute and deliver the Participation Agreement, the Trust Indenture, the Lease and the other Owner Trustee Agreements (in the respective forms in which they are delivered from time to time by Owner Participant to Owner Trustee);

(b) subject to the terms of this Trust Agreement, exercise (i) its rights and perform its duties under the Participation Agreement, (ii) the rights and perform the duties of Lessor under

TRUST AGREEMENT SPECIAL

the Lease and (iii) its rights and perform its duties under the Trust Indenture and the other Owner Trustee Agreements;

(c) execute, issue and deliver to Mortgagee for authentication and further delivery to Loan Participant the Loan Certificates in the amount and as provided in Section 2 of the Participation Agreement;

(d) purchase the Aircraft pursuant to the Purchase Agreement as assigned to Owner Trustee pursuant to the Purchase Agreement Assignment;

(e) accept from Airframe Manufacturer the delivery of the Aircraft Bill of Sale, the FAA Bill of Sale and the invoice with respect to such Aircraft and from Lessee the delivery of the BFE Bill of Sale and the invoice with respect to such BFE;

(f) effect the registration of the Aircraft with the FAA in the name of Owner Trustee by filing or causing to be filed with the FAA: (i) the FAA Bill of Sale; (ii) an Aircraft Registration Application in the name of Owner Trustee (including, without limitation, an affidavit from Owner Trustee in compliance with the provisions of Section 47.7(c)(2) of the FAA Regulations); and (iii) this Trust Agreement;

(g) execute and deliver the Financing Statements referred to in Section 5.1.2 (xxii) of the Participation Agreement, together with all other agreements, documents and instruments referred to in Section 5 of the Participation Agreement to which Owner Trustee is to be a party;

(h) make payment of Lessor's Cost for the Aircraft from the aggregate amount of the Commitments for the Aircraft of Owner Participant and Loan Participant, to the extent received by Owner Trustee, in the manner provided in the Participation Agreement;

(i) execute and deliver Lease Supplement No. 1 covering the Aircraft;

(j) execute and deliver a Trust Indenture Supplement covering the Aircraft; and

(k) execute and deliver all such other instruments, documents or certificates and take all such other actions in accordance with the direction of Owner Participant, as Owner Participant may deem necessary or advisable in connection with

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the transactions contemplated by this Trust Agreement and the other Operative Agreements.

### 3.2 CONDITIONS PRECEDENT

The rights and obligations of Owner Trustee to take the actions required by Section 3.1 shall be subject to the following conditions precedent:

(a) Owner Trustee shall have received the notice described in Section 5.1.1 of the Participation Agreement, when and as required thereby, or shall have waived such notice in accordance with Section 5.1.1 of the Participation Agreement;

(b) Each Participant shall have made the full amount of its Commitment specified in Section 2.1 of the Participation Agreement available to Owner Trustee, in immediately available funds, in accordance with Sections 2 and 4 of the Participation Agreement; and

(c) Owner Participant shall have notified Owner Trustee that the terms and conditions of Section 5 of the Participation Agreement, insofar as they relate to conditions precedent to performance by Owner Participant of its obligations thereunder, have been either fulfilled to the satisfaction of, or waived by, Owner Participant. Owner Participant shall, by instructing Owner Trustee to release the full amount of its Commitment then held by Owner Trustee as provided in Section 2 of the Participation Agreement, be deemed to have found satisfactory to it, or waived, all such conditions precedent.

## SECTION 4. RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE TRUST ESTATE

### 4.1 PAYMENTS FROM TRUST ESTATE ONLY

Except as provided in Section 7, all payments to be made by Owner Trustee under this Trust Agreement shall be made only from (a) in the case of funds made available in accordance with Section 4 of the Participation Agreement, the Commitments (except as otherwise provided in Section 15 of the Participation Agreement) and (b) in the case of all other payments, the income from and proceeds of the Trust Estate to the extent that Owner Trustee shall have received sufficient income or proceeds from the Trust Estate to make such payments. Owner Participant agrees that it will look solely (y) in the case of funds made available

TRUST AGREEMENT SPECIAL

in accordance with Section 4 of the Participation Agreement, to the Commitments and any income therefrom (except as otherwise provided in Section 15 of the Participation Agreement) and (z) in the case of all other payments, to the income from and proceeds of the Trust Estate to the extent available for distribution to Owner Participant as provided in this Trust Agreement. Except as provided in Section 7, Owner Participant agrees that First Security is neither personally liable to Owner Participant for any amounts payable nor subject to any other liability under this Trust Agreement.

#### 4.2 DISTRIBUTION OF PAYMENTS

##### 4.2.1 PAYMENTS TO MORTGAGEE

Until the Trust Indenture shall have been discharged pursuant to Section 10.01 thereof, all Rent, insurance proceeds and requisition or other payments of any kind included in the Trust Estate (other than Excluded Payments) payable to Owner Trustee shall be payable directly to Mortgagee (and, if any of the same are received by Owner Trustee, shall upon receipt be paid over to Mortgagee without deduction, set-off or adjustment of any kind) for distribution in accordance with the provisions of Article III of the Trust Indenture; provided, that any payments received by Owner Trustee from (a) Lessee with respect to Owner Trustee's fees and disbursements or (b) Owner Participant pursuant to Section 7 shall not be paid over to Mortgagee but shall be retained by Owner Trustee and applied toward the purpose for which such payments were made.

##### 4.2.2 PAYMENTS TO OWNER TRUSTEE, OTHER PARTIES

After the Trust Indenture shall have been discharged pursuant to Section 10.01 thereof, any payment of the type referred to in Section 4.2.1 (other than Excluded Payments) received by Owner Trustee, any payment received from Mortgagee (other than Excluded Payments) and any other amount received as part of the Trust Estate and for the application or distribution of which no provision is made in this Trust Agreement shall be distributed forthwith upon receipt by Owner Trustee in the following order of priority: first, so much of such payment as shall be required to reimburse Owner Trustee for any expenses not otherwise reimbursed as to which Owner Trustee is entitled to be so reimbursed pursuant to the provisions hereof shall be retained by Owner Trustee; second, so much of the remainder for which

TRUST AGREEMENT SPECIAL

provision as to the application thereof is contained in the Lease or any of the other Operative Agreements shall be applied and distributed in accordance with the terms of the Lease or such other Operative Agreement; and third, the balance, if any, shall be paid to Owner Participant.

4.2.3 CERTAIN DISTRIBUTIONS TO OWNER PARTICIPANT

All amounts from time to time distributable by Mortgagee to Owner Participant pursuant to the Trust Indenture shall, if paid to Owner Trustee, be distributed by Owner Trustee to Owner Participant in accordance with the provisions of Article III of the Trust Indenture; provided, that any payments received by Owner Trustee from (a) Lessee with respect to Owner Trustee's fees and disbursements or (b) Owner Participant pursuant to Section 7 shall not be paid over to Owner Participant but shall be retained by Owner Trustee and applied toward the purpose for which such payments were made.

4.2.4 EXCLUDED PAYMENTS

Any Excluded Payments received by Owner Trustee shall be paid by Owner Trustee to the Person to whom such Excluded Payments are payable under the provisions of the Participation Agreement, the Tax Indemnity Agreement or the Lease.

4.2.5 MULTIPLE OWNER PARTICIPANTS

If, as a result of a transfer by Owner Participant under Section 8.1, there is more than one Owner Participant under this Trust Agreement, each such Owner Participant shall hold in proportion to its respective beneficial interest in the Trust Estate an undivided beneficial interest in the entire Trust Estate and is entitled to receive ratably with any other Owner Participant payments distributable by Owner Trustee under this Trust Agreement. No Owner Participant shall have legal title to the Aircraft or any other portion of the Trust Estate.

4.3 METHOD OF PAYMENTS

Owner Trustee shall make distributions or cause distributions to be made to Owner Participant pursuant to this Section 4 by transferring the amount to be distributed by wire transfer in immediately available funds on the day received (or on the next succeeding Business Day if the funds to be so

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distributed shall not have been received by Owner Trustee by 12:30 P.M., New York City time, and which funds Owner Trustee shall not have been reasonably able to distribute to Owner Participant on the day received) to Owner Participant's account set forth in Schedule 1 to the Participation Agreement or to such other account or accounts of Owner Participant as Owner Participant may designate from time to time in writing to Owner Trustee; provided, that Owner Trustee shall use reasonable efforts to invest overnight, in investments that would be permitted under Section 4.5 of the Lease, all funds received by it at or later than 12:30 P.M., New York City time, and which funds Owner Trustee shall not have been reasonably able to distribute to Owner Participant on the day received).

SECTION 5. DUTIES OF OWNER TRUSTEE

5.1 NOTICE OF EVENT OF DEFAULT

(a) If Owner Trustee shall have knowledge of a Lease Default or a Lease Event of Default or an Indenture Default or an Indenture Event of Default, Owner Trustee shall give to Owner Participant, Mortgagee and Lessee prompt telephonic or telex notice thereof followed by prompt confirmation thereof by certified mail, postage prepaid, provided, that (i) in the case of an event which with the passage of time would constitute an Indenture Event of Default of the type referred to in paragraph (c) or (e) of Section 4.02 of the Trust Indenture, such notice shall in no event be furnished later than ten days after Owner Trustee shall first have knowledge of such event and (ii) in the case of a misrepresentation by Owner Trustee which with the passage of time would constitute an Indenture Event of Default of the type referred to in paragraph (d) of Section 4.02 of the Trust Indenture, such notice shall in no event be furnished later than ten days after Owner Trustee shall first have knowledge of such event.

(b) Subject to the terms of Section 5.3, Owner Trustee shall take such action or shall refrain from taking such action, not inconsistent with the provisions of the Trust Indenture, with respect to such Lease Default, Lease Event of Default, Indenture Default or Indenture Event of Default or other event as Owner Trustee shall be directed in writing by Owner Participant. For all purposes of this Trust Agreement, the Lease and the other Operative Agreements, in the absence of Actual Knowledge of Owner Trustee, Owner Trustee shall not be deemed to have knowledge of a

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Lease Default, Lease Event of Default, Indenture Default or Indenture Event of Default unless notified in writing by Mortgagee, Owner Participant or Lessee.

## 5.2 ACTION UPON INSTRUCTIONS

Subject to the terms of Sections 5.1 and 5.3, upon the written instructions at any time and from time to time of Owner Participant, Owner Trustee will take such of the following actions, not inconsistent with the provisions of the Lease and the Trust Indenture, as may be specified in such instructions: (a) give such notice or direction or exercise such right, remedy or power under this Trust Agreement or any of the other Owner Trustee Agreements or in respect of all or any part of the Trust Estate, or take such other action, as shall be specified in such instructions (including entering into such agreements and instruments as shall be necessary under Section 10); (b) take such action to preserve or protect the Trust Estate (including the discharge of Liens) as may be specified in such instructions; (c) approve as satisfactory to it all matters required by the terms of the Lease or the other Operative Agreements to be satisfactory to Owner Trustee, it being understood that without written instructions of Owner Participant, Owner Trustee shall not approve any such matter as satisfactory to it; (d) subject to the rights of Lessee under the Operative Agreements, after the expiration or earlier termination of the Lease, convey all of Owner Trustee's right, title and interest in and to the Aircraft for such amount, on such terms and to such purchaser or purchasers as shall be designated in such instructions, or retain, lease or otherwise dispose of, or from time to time take such other action with respect to, the Aircraft on such terms as shall be designated in such instructions; and (e) take or refrain from taking such other action or actions as may be specified in such instructions.

## 5.3 LIMITATIONS ON DUTIES

Owner Trustee shall not be required to take any action under Section 5.1 (other than the giving of the notices referred to therein) or 5.2 if Owner Trustee shall reasonably believe such action is not adequately indemnified by Owner Participant under Section 7, unless Lessee or Owner Participant agrees to furnish such additional indemnity as shall reasonably be required, in manner and form satisfactory to Owner Trustee, and, in addition to the extent not otherwise paid pursuant to the provisions of

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the Lease or of the Participation Agreement, to pay the reasonable compensation of Owner Trustee for the services performed or to be performed by it pursuant to such direction and any reasonable fees and disbursements of counsel or agents employed by Owner Trustee in connection therewith. Owner Trustee shall not be required to take any action under Section 5.1 or 5.2 (other than the giving of the notices referred to therein) if Owner Trustee shall have been advised by counsel that such action is contrary to the terms of any of the Owner Trustee Agreements or is otherwise contrary to Law and Owner Trustee has delivered to Owner Participant written notice of the basis for its refusal to act.

5.4 NO DUTIES EXCEPT AS SPECIFIED; NO ACTION EXCEPT AS SPECIFIED

5.4.1 NO DUTIES EXCEPT AS SPECIFIED

Owner Trustee shall not have any duty or obligation to manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Estate or to otherwise take or refrain from taking any action under, or in connection with, any of the Owner Trustee Agreements, except as expressly required by the terms of any of the Owner Trustee Agreements, or (to the extent not inconsistent with the provisions of the Trust Indenture) as expressly provided by the terms hereof or in a written instruction from Owner Participant received pursuant to the terms of Section 5.1 or 5.2, and no implied duties or obligations shall be read into this Trust Agreement against Owner Trustee. First Security agrees that it will, in its individual capacity and at its own cost or expense (but without any right of indemnity in respect of any such cost or expense hereunder or under the Participation Agreement), promptly take such action as may be necessary to duly discharge and satisfy in full all Lessor Liens attributable to it in its individual capacity which it is required to discharge pursuant to Section 7.3.1 of the Participation Agreement and otherwise comply with the terms of said Section binding upon it.

5.4.2 NO ACTION EXCEPT AS SPECIFIED

Owner Trustee shall have no power, right or authority to, and agrees that it will not, manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Estate except (a) as expressly required by the terms of any

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of the Owner Trustee Agreements, (b) as expressly provided by the terms hereof or (c) as expressly provided in written instructions from Owner Participant pursuant to Section 5.1 or 5.2.

#### 5.5 SATISFACTION OF CONDITIONS PRECEDENT

Anything in this Trust Agreement to the contrary notwithstanding, Owner Trustee shall, subject to the satisfaction of special counsel for Owner Trustee of the occurrence of all the applicable conditions precedent specified in Section 3.2, comply with the provisions of Section 3.1.

#### 5.6 FIXED INVESTMENT TRUST

Notwithstanding anything in this Trust Agreement to the contrary, Owner Trustee shall not be authorized and shall have no power to "vary the investment" of Owner Participant within the meaning of Treasury Regulations Section 301.7701-4(c)(1), it being understood that Owner Trustee shall have the power and authority to fulfill its obligations under Section 4.3 hereof and Section 4.5 of the Lease.

### SECTION 6. OWNER TRUSTEE

#### 6.1 ACCEPTANCE OF TRUSTS AND DUTIES

First Security accepts the trusts hereby created and agrees to perform the same as Owner Trustee but only upon the terms hereof and the Trust Indenture applicable to it. Owner Trustee also agrees to receive and disburse all monies received by it constituting part of the Trust Estate pursuant to the terms hereof. First Security shall not be answerable or accountable under any circumstances, except for (a) its own willful misconduct or gross negligence (including, without limitation, in connection with any activities of Owner Trustee in violation of Section 5.4.2), (b) its failure (in its individual capacity) to perform its obligations under Section 5.4.1, (c) its or Owner Trustee's failure to use ordinary care to receive or disburse funds or to comply with the first sentence of Section 6.8, (d) liabilities that may result from the inaccuracy of any representation or breach of warranty of it in its individual capacity (or from the failure by it in its individual capacity to perform any covenant) in this Trust Agreement, the Trust Indenture, the Lease or the Participation Agreement or elsewhere in any of the other Operative Agreements, (e) taxes, fees or other charges on, based on or measured by any fees, commissions

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or compensation received by First Security in connection with the transactions contemplated by this Trust Agreement and the other Operative Agreements to which it (in its individual capacity or as Owner Trustee) is a party, (f) for its or Owner Trustee's failure to use ordinary care in receiving or disbursing funds or in connection with its obligation to invest funds pursuant to Section 4.5 of the Lease or Section 4.3 hereof, (g) for any liability on the part of Owner Trustee arising out of its negligence or willful or negligent misconduct in connection with its obligations under Section 5.1 (other than the first sentence thereof), 6.8 or 9.2 hereof or Section 4.01 of the Trust Indenture. First Security shall have no obligation to advance its individual funds for any purpose, and Owner Trustee shall have no obligation to distribute to Owner Participant, Lessee or any third party any amounts to be paid to Owner Trustee until such amounts are collected by Owner Trustee.

## 6.2 ABSENCE OF CERTAIN DUTIES

(a) Except in accordance with written instructions furnished pursuant to Section 5.1 or 5.2 and except as provided in, and without limiting the generality of, Sections 3.1 and 5.4.1 and the last sentence of Section 9.1.2, and subject to Section 4.01 of the Trust Indenture, neither Owner Trustee nor First Security shall have any duty (i) to see to any recording or filing of any Operative Agreement or of any supplement to any thereof or to see to the maintenance of any such recording or filing or any other filing of reports with the FAA or other governmental agencies, except that of First Security to comply with the FAA reporting requirements set forth in 14 C.F.R. Section 47.45 and 14 C.F.R. Section 47.51, and Owner Trustee shall, to the extent that information for that purpose is timely supplied by Lessee pursuant to any of the Operative Agreements, complete and timely submit (and furnish Owner Participant with a copy of) any and all reports relating to the Aircraft that may from time to time be required by the FAA or any government or governmental authority having jurisdiction, (ii) to see to any insurance on the Aircraft or to effect or maintain any such insurance, whether or not Lessee shall be in default with respect thereto, other than to forward to Owner Participant copies of all reports and other written information which Owner Trustee receives from Lessee pursuant to Section 11 of the Lease, (iii) except as provided in Section 7.3.1 or 7.3.2 of the Participation Agreement, Section 4.01 of the Trust Indenture or Section 5.4 or 6.1 hereof, to see to the payment or discharge of any tax,

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assessment or other governmental charge or any lien or encumbrance of any kind owing with respect to or assessed or levied against any part of the Trust Indenture Estate or the Trust Estate, except as provided in Section 6.3.9 of the Participation Agreement or (iv) to inspect Lessee's books and records with respect to the Aircraft at any time permitted pursuant to the Lease.

(b) Notwithstanding clause (a), Owner Trustee will furnish to Mortgagee and Owner Participant, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and other instruments furnished to Owner Trustee under the Lease or any other Operative Agreement except to the extent to which a responsible officer of Owner Trustee reasonably believes (and confirms by telephone call with Owner Participant) that duplicates or copies thereof have already been furnished to Owner Participant by some other person.

6.3 NO REPRESENTATIONS OR WARRANTIES AS TO CERTAIN MATTERS

NEITHER FIRST SECURITY NOR OWNER TRUSTEE MAKES OR SHALL BE DEEMED TO HAVE MADE (a) ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, AIRWORTHINESS, VALUE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, THE ABSENCE OF ANY STRICT LIABILITY OBLIGATION OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF WHATSOEVER, except that First Security warrants to Owner Participant that on the Delivery Date Owner Trustee shall have received whatever title to the Aircraft that was conveyed to it and that the Aircraft shall, on the Delivery Date and during the Term, be free of Lessor Liens attributable to First Security or (b) any representation or warranty as to the validity, legality or enforceability of this Trust Agreement or any other Operative Agreement to which First Security, in its individual capacity or as Owner Trustee, is a party, or any other document or instrument, or as to the correctness of any statement contained in any thereof except to the extent that any such statement is expressly made herein or therein by such party as a representation by First Security, in its individual capacity or as Owner Trustee, as the case may be, and except that First Security hereby represents and warrants

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that it has all corporate power and authority to execute, deliver and perform this Trust Agreement and that this Trust Agreement has been, and (assuming due authorization, execution and delivery by Owner Participant of this Trust Agreement) the other Operative Agreements to which it or Owner Trustee is a party have been (or at the time of execution and delivery of any such instrument by it or Owner Trustee under this Trust Agreement or pursuant to the terms of the Participation Agreement that such an instrument will be) duly executed and delivered by one of its officers who is or will be, as the case may be, duly authorized to execute and deliver such instruments on behalf of itself or Owner Trustee, as the case may be, and that this Trust Agreement constitutes the legal, valid and binding obligation of First Security or Owner Trustee, as the case may be, enforceable against First Security or Owner Trustee, as the case may be, in accordance with its terms.

#### 6.4 NO SEGREGATION OF MONIES; INTEREST

Monies received by Owner Trustee under this Trust Agreement need not be segregated in any manner except to the extent required by Law, or except as provided in written instructions from Owner Participant, and shall be invested as provided in Section 4.3 hereof or Section 4.5 of the Lease.

#### 6.5 RELIANCE UPON CERTIFICATES, COUNSEL AND AGENTS

Owner Trustee shall incur no liability to anyone in acting in good faith in reliance upon and in accordance with any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it to be genuine and reasonably believed by it to be signed by the proper party or parties. Unless other evidence in respect thereof is specifically prescribed in this Trust Agreement, any request, direction, order or demand of Owner Participant or Lessee mentioned in this Trust Agreement or in any of the other Owner Trustee Agreements shall be sufficiently evidenced by written instruments signed by the Chairman of the Board, the President, any Vice President or any other officer and in the name of Owner Participant or Lessee, as the case may be. Owner Trustee may accept a copy of a resolution of the Board of Directors or Executive Committee of Lessee, certified by the Secretary or an Assistant Secretary of Lessee as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted by said Board of

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Directors or Executive Committee and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described in this Trust Agreement, Owner Trustee may, absent Actual Knowledge to the contrary, for all purposes rely on a certificate signed by the Chairman of the Board, the President, any Vice President or any other officer of Lessee, and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of Lessee, as to such fact or matter, and such certificate shall constitute full protection to Owner Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon and in accordance therewith. In the administration of trusts under this Trust Agreement, Owner Trustee may execute any of the trusts or powers and perform its powers and duties under this Trust Agreement directly or through agents or attorneys and may, at the expense of the Trust Estate, consult with counsel, accountants and other skilled persons to be selected and employed by it. Owner Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons.

#### 6.6 NOT ACTING IN INDIVIDUAL CAPACITY

In acting under this Trust Agreement, First Security acts solely as Owner Trustee and not in its individual capacity except as otherwise expressly provided in this Trust Agreement or in the other Operative Agreements to which it is a party; and, except as may be otherwise expressly provided in this Trust Agreement, the Lease, the Participation Agreement and the Trust Indenture, all persons, other than the Owner Participant as provided in this Trust Agreement or the Trust Indenture, having any claim against Owner Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof except to the extent provided in Section 6.1 or otherwise as Owner Trustee shall expressly agree otherwise in writing.

#### 6.7 FEES; COMPENSATION

Lessee shall pay the Transaction Expenses of Owner Trustee. Neither Owner Participant nor the Trust Estate shall have any liability for any such fees and expenses; provided, that the foregoing shall not limit the obligations of Owner Participant under Sections 5.3 and 7; provided, that Owner Trustee shall have a Lien upon the Trust Estate for any such fee not paid by Lessee

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as contemplated by Section 9.2 of the Participation Agreement and such Lien shall entitle Owner Trustee to priority as to payment thereof over payment to any other Person under this Trust Agreement; provided, that such Lien shall be subject and subordinate in all events to the Lien of the Trust Indenture; and provided, further, that Owner Trustee shall have no right to exercise, and shall not exercise, any rights or remedies Owner Trustee may have with respect to such Lien unless and until the Secured Obligations have been paid and performed in full.

#### 6.8 TAX RETURNS

Owner Trustee shall be responsible for the keeping of all appropriate books and records relating to the receipt and disbursement of all monies under this Trust Agreement or any agreement contemplated hereby. Owner Participant shall be responsible for causing to be prepared and filed all income tax returns required to be filed by Owner Participant. Owner Trustee shall be responsible for causing to be prepared, at the request of Owner Participant and at the expense of Lessee, all income tax returns required to be filed with respect to the trust created hereby and shall execute and file such returns; provided, that Owner Trustee shall send promptly a completed copy of such return to Owner Participant not more than sixty nor less than fifteen days prior to the due date of the return, provided, that Owner Trustee shall have timely received all necessary information to complete and deliver to Owner Participant such return. Owner Participant, upon request, will furnish Owner Trustee with all such information as may be reasonably required from Owner Participant in connection with the preparation of such income tax returns. Owner Trustee shall keep copies of all returns delivered to or filed by it.

#### SECTION 7. INDEMNIFICATION OF FIRST SECURITY BY OWNER PARTICIPANT

Owner Participant hereby agrees, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and hereby indemnifies, protects, saves and keeps harmless, First Security and its successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, taxes (excluding any Taxes which are not required to be indemnified by Lessee pursuant to Section 9.1 or 9.3 of the Participation Agreement and excluding any taxes payable by First Security on or measured by any compensation

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received by First Security for its services under this Trust Agreement), claims, actions, suits, costs, expenses or disbursements (including, without limitation, reasonable legal fees and expenses, but excluding internal costs and expenses such as salaries and overhead, and including, without limitation, any liability of an owner, any strict liability and any liability without fault) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against First Security (whether or not also indemnified against by Lessee under the Lease or under the Participation Agreement or also indemnified against by any other Person; provided, that Owner Participant shall be subrogated to the rights of Owner Trustee against Lessee or any other indemnitor) in any way relating to or arising out of this Trust Agreement or any of the other Operative Agreements or the enforcement of any of the terms of any thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, nonacceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of the Aircraft (including, without limitation, latent and other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Estate or the action or inaction of Owner Trustee, under this Trust Agreement, except (a) in the case of gross negligence or willful misconduct on the part of First Security, in its individual capacity or as Owner Trustee, in the performance or nonperformance of its duties under this Trust Agreement or under any of the other Owner Trustee Agreements or (b) those Claims resulting from the inaccuracy of any representation or warranty of First Security (or from the failure of First Security to perform any of its covenants) in Section 6.3 hereof, in Section 6.03 of the Trust Indenture, in Section 4 of the Lease, in Section 6.3 of the Participation Agreement or elsewhere in any of the other Operative Agreements or (c) as may result from a breach by First Security of its covenant in the last sentence of Section 5.4.1 or (d) in the case of the failure to use ordinary care on the part of First Security, in its individual capacity or as Owner Trustee, in the receipt or disbursement of funds or in connection with its obligation to invest funds pursuant to Section 4.5 of the Lease or Section 4.3 hereof or in compliance with the provisions of the first sentence of Section 6.8 hereof or (e) any liability on the part of Owner Trustee arising out of its negligence or willful or negligent misconduct in connection with its obligations under Section 5.1, 6.8 or 9.2 hereof or Section 4.01 of the Trust Indenture, or (f) those claims arising

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under any circumstances or upon any terms where Lessee would not have been required to indemnify First Security pursuant to Section 9.1 or 9.3 of the Participation Agreement; provided, that before asserting its right to indemnification, if any, pursuant to this Section 7, First Security shall first demand its corresponding right to indemnification pursuant to Section 9 of the Participation Agreement (but need not exhaust any or all remedies available thereunder). The indemnities contained in this Section 7 extend to First Security only in its individual capacity and shall not be construed as indemnities of the Trust Indenture Estate or the Trust Estate (except to the extent, if any, that First Security has been reimbursed by the Trust Indenture Estate or the Trust Estate for amounts covered by the indemnities contained in this Section 7). The indemnities contained in this Section 7 shall survive the termination of this Trust Agreement. In addition, if necessary, First Security shall be entitled to indemnification from the Trust Estate, subject to the Lien of the Trust Indenture, for any liability, obligation, loss, damage, penalty, tax, claim, action, suit, cost, expense or disbursement indemnified against pursuant to this Section 7 to the extent not reimbursed by Lessee, Owner Participant or others, but without releasing any of them from their respective agreements of reimbursement; and, to secure the same First Security shall have a lien on the Trust Estate, subject to the lien of the Trust Indenture and subject further to the provisions of Section 6.7, which shall be prior to any interest therein of Owner Participant. The payor of any indemnity under this Section 7 shall be subrogated to any right of the person indemnified in respect of the matter as to which such indemnity was paid.

SECTION 8. TRANSFER OF OWNER PARTICIPANT'S INTEREST

8.1 TRANSFER OF INTEREST

All provisions of Section 10 of the Participation Agreement applicable to a transfer by the Owner Participant shall (with the same force and effect as if set forth in full in this Section 8.1) be applicable to any assignment, conveyance or other transfer by Owner Participant of any of its right, title or interest in and to the Participation Agreement, the Trust Estate or this Trust Agreement. If there is more than one Owner Participant, no assignment, conveyance or other transfer by an Owner Participant of any of its right, title or interest in and to this Trust Agreement or the Trust Estate shall be valid unless

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each other Owner Participant's prior written consent (which consent may be withheld in the sole discretion of such other Owner Participant) is given to such assignment, conveyance or other transfer.

## 8.2 ACTIONS OF OWNER PARTICIPANTS

If at any time prior to the termination of this Trust Agreement there is more than one Owner Participant, then, subject to Section 11.5, during such time, if any action is required to be taken by all Owner Participants and whenever any direction, authorization, approval, consent, instruction or other action is permitted to be given or taken by Owner Participant, it shall be given or taken only upon unanimous agreement of all Owner Participants; provided, that the termination of this Trust Agreement pursuant to Section 11.2 may be effected upon the election of any Owner Participant.

## SECTION 9. SUCCESSOR OWNER TRUSTEES; CO-TRUSTEES

### 9.1 RESIGNATION OF OWNER TRUSTEE; APPOINTMENT OF SUCCESSOR

#### 9.1.1 RESIGNATION OR REMOVAL

Owner Trustee or any successor Owner Trustee (a) shall resign if required to do so pursuant to Section 14.3 of the Participation Agreement or upon obtaining Actual Knowledge of any facts that would cast doubt upon its continuing status as a Citizen of the United States and (b) may resign at any time without cause by giving at least 60 days' prior written notice to Owner Participant, Mortgagee and Lessee, such resignation to be effective upon the assumption of the trusts hereunder by the successor Owner Trustee under Section 9.1.2. In addition, Owner Participant may at any time remove Owner Trustee, with or without cause by a notice in writing delivered to Owner Trustee, Mortgagee and Lessee, such removal to be effective upon the assumption of the trusts hereunder by the successor Owner Trustee under Section 9.1.2, provided, that, in the case of a removal without cause, unless a Lease Event of Default shall have occurred and be continuing, such removal shall be subject to the consent of Lessee (which consent shall not be unreasonably withheld). In the case of the resignation or removal of Owner Trustee, Owner Participant may appoint a successor Owner Trustee by an instrument signed by Owner Participant, with, unless a Lease Event of Default shall have occurred and be continuing, the

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consent of Lessee (which consent shall not be unreasonably withheld). If a successor Owner Trustee shall not have been appointed within 30 days after such notice of resignation or removal, Owner Trustee, any Owner Participant, Lessee or Mortgagee may apply to any court of competent jurisdiction to appoint a successor Owner Trustee to act until such time, if any, as a successor shall have been appointed as above provided. Any successor Owner Trustee so appointed by such court shall immediately and without further act be superseded by any successor Owner Trustee appointed as above provided within one year from the date of the appointment by such court.

9.1.2 EXECUTION AND DELIVERY OF DOCUMENTS,  
ETC.

Any successor Owner Trustee, however appointed, shall execute and deliver to the predecessor Owner Trustee, with a copy to Owner Participant, Lessee and Mortgagee, an instrument accepting such appointment and assuming the obligations of Owner Trustee, in its individual capacity and as Owner Trustee, under the Owner Trustee Agreements, and thereupon such successor Owner Trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Owner Trustee in the trusts under this Trust Agreement with like effect as if originally named Owner Trustee in this Trust Agreement; but nevertheless, upon the written request of such successor Owner Trustee, such predecessor Owner Trustee shall execute and deliver an instrument transferring to such successor Owner Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of such predecessor Owner Trustee, and such predecessor Owner Trustee shall duly assign, transfer, deliver and pay over to such successor Owner Trustee all monies or other property then held by such predecessor Owner Trustee upon the trusts herein expressed. Upon the appointment of any successor Owner Trustee under this Section 9.1, the predecessor Owner Trustee will execute such documents as are provided to it by such successor Owner Trustee and will take such further actions as are requested of it by such successor Owner Trustee as are required to cause registration of the Aircraft included in the Trust Estate to be transferred upon the records of the FAA, or other governmental authority having jurisdiction, into the name of the successor Owner Trustee.

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### 9.1.3 QUALIFICATIONS

Any successor Owner Trustee, however appointed, shall be a Citizen of the United States and shall also be a bank or trust company organized under the Laws of the United States or any state thereof having a combined capital and surplus of at least \$100,000,000, if there be such an institution willing, able and legally qualified to perform the duties of Owner Trustee under this Trust Agreement upon reasonable or customary terms. No such successor Owner Trustee shall be located in a jurisdiction which creates material adverse consequences for Lessee (unless such material adverse consequences would be created by substantially all jurisdictions where major banking or trust institutions are located).

### 9.1.4 MERGER, ETC.

Any corporation into which First Security may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which First Security shall be a party, or any corporation to which substantially all the corporate trust business of First Security may be transferred, shall, subject to the terms of Section 9.1.3, be Owner Trustee under this Trust Agreement without further act, provided, that such corporation shall not also be the Mortgagee.

### 9.2 CO-TRUSTEES AND SEPARATE TRUSTEES

(a) If at any time it shall be necessary or prudent in order to conform to any Law of any jurisdiction in which all or any part of the Trust Estate is located, or Owner Trustee being advised by counsel shall determine that it is so necessary or prudent in the interest of Owner Participant or Owner Trustee, or Owner Trustee shall have been directed to do so by Owner Participant, Owner Trustee and Owner Participant shall execute and deliver an agreement supplemental hereto and all other instruments and agreements necessary or proper to constitute another bank or trust company or one or more persons (any or all of which shall be a Citizen of the United States) approved by Owner Trustee and Owner Participant, either to act as co-trustee, jointly with Owner Trustee, or to act as separate trustee under this Trust Agreement (any such co-trustee or separate trustee being herein sometimes referred to as an "additional trustee"). In the event Owner Participant shall not have joined in the

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execution of such agreements' supplemental hereto within ten days after the receipt of a written request from Owner Trustee so to do, or in case a Lease Event of Default or Indenture Event of Default shall occur and be continuing, Owner Trustee may act under the foregoing provisions of this Section 9.2 without the concurrence of Owner Participant; and Owner Participant hereby appoints Owner Trustee its agent and attorney-in-fact to act for it under the foregoing provisions of this Section 9.2 in either of such contingencies.

(b) Every additional trustee under this Trust Agreement shall, to the extent permitted by Law, be appointed and act, and Owner Trustee and its successors shall act, subject to the following provisions and conditions:

(i) All powers, duties, obligations and rights conferred upon Owner Trustee in respect of the custody, control and management of monies, the Aircraft or documents authorized to be delivered under this Trust Agreement or under the Participation Agreement shall be exercised solely by Owner Trustee;

(ii) All other rights, powers, duties and obligations conferred or imposed upon Owner Trustee shall be conferred or imposed upon and exercised or performed by Owner Trustee and such additional trustee jointly, except to the extent that under any Law of any jurisdiction in which any particular act or acts are to be performed (including the holding of title to the Trust Estate) Owner Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such additional trustee;

(iii) No power given to, or which it is provided hereby may be exercised by, any such additional trustee shall be exercised under this Trust Agreement by such additional trustee, except jointly with, or with the consent in writing of, Owner Trustee;

(iv) No trustee under this Trust Agreement shall be personally liable by reason of any action or omission of any other trustee under this Trust Agreement;

(v) Owner Participant, at any time, by an instrument in writing may remove any such additional trustee. In the event that Owner Participant shall not have joined in the

TRUST AGREEMENT SPECIAL

execution of any such instrument within ten days after the receipt of a written request from Owner Trustee so to do, Owner Trustee shall have the power to remove any such additional trustee without the concurrence of Owner Participant; and Owner Participant hereby appoints Owner Trustee its agent and attorney-in-fact to act for it in such connection in such contingency; and

(vi) No appointment of, or action by, any additional trustee will relieve Owner Trustee of any of its obligations under, or otherwise affect any of the terms of, the Trust Indenture or affect the interests of Mortgagee or the Note Holders in the Trust Indenture Estate.

(c) In case any separate trustee under this Section 9.2 shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights and duties of such separate trustee shall, so far as permitted by Law, vest in and be exercised by Owner Trustee, without the appointment of a successor to such separate trustee.

SECTION 10. SUPPLEMENTS AND AMENDMENTS TO TRUST AGREEMENT AND OTHER DOCUMENTS

10.1 SUPPLEMENTS AND AMENDMENTS AND DELIVERY THEREOF

10.1.1 SUPPLEMENTS AND AMENDMENTS

Subject to Section 7.2.2 of the Participation Agreement, this Trust Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by Owner Trustee and Owner Participant. Subject to Section 10.2, Section 9.01 of the Trust Indenture and Section 7.6.8 of the Participation Agreement, Owner Trustee will execute any amendment, supplement or other modification of this Trust Agreement or of any other Owner Trustee Agreement which it is requested in writing to execute by Owner Participant, except that Owner Trustee shall not execute any such amendment, supplement or other modification which, by the express provisions of any of the above documents, requires the consent of any other party unless such consent shall have been obtained; and provided, that, without the prior written consent of Owner Participant, (a) no such supplement, amendment or modification shall (i) modify any of the provisions of Section 4 or this Section 10.1, (ii) reduce, modify or amend any indemnities in favor of Owner Participant as set forth in Section 9 of the Participation Agreement or in the

TRUST AGREEMENT SPECIAL

Tax Indemnity Agreement, (iii) reduce the amount or extend the time of payment of Basic Rent, Supplemental Rent, Stipulated Loss Value or Termination Value as set forth in the Lease (except in accordance with Section 3 of the Lease) or (iv) modify any of the rights of Owner Participant under the Trust Indenture and (b) no such supplement, amendment or modification shall require Owner Participant to invest or advance funds or shall entail any additional personal liability or the surrender of any indemnification, claim or individual right on the part of Owner Participant with respect to any agreement or obligation.

10.1.2 DELIVERY OF AMENDMENTS AND  
SUPPLEMENTS TO CERTAIN PARTIES

A signed copy of each amendment or supplement referred to in Section 10.1.1 to which Lessee is not a party shall be delivered promptly by Owner Trustee to Lessee, and a signed copy of each amendment or supplement referred to in Section 10.1.1 shall be delivered promptly by Owner Trustee to Mortgagee.

10.2 DISCRETION AS TO EXECUTION OF DOCUMENTS

Prior to executing any document required to be executed by it pursuant to the terms of Section 10.1, Owner Trustee shall be entitled to receive an opinion of its counsel to the effect that the execution of such document is authorized under this Trust Agreement. If in the opinion of Owner Trustee any such document adversely affects any right, duty, immunity or indemnity in favor of Owner Trustee under this Trust Agreement or under any other Owner Trustee Agreement, Owner Trustee may in its discretion decline to execute such document unless Owner Trustee is furnished with indemnification from Lessee or any other party upon terms and in amounts reasonably satisfactory to Owner Trustee to protect the Trust Estate and the Owner Trustee against any and all liabilities, costs and expenses arising out of the execution of such documents.

10.3 ABSENCE OF REQUIREMENTS AS TO FORM

It shall not be necessary for any written request furnished pursuant to Section 10.1 to specify the particular form of the proposed documents to be executed pursuant to such Section 10.1, but it shall be sufficient if such request shall indicate the substance thereof.

TRUST AGREEMENT SPECIAL

#### 10.4 DISTRIBUTION OF DOCUMENTS

Promptly after the execution by Owner Trustee of any document entered into pursuant to Section 10.1, Owner Trustee shall mail, by certified mail, postage prepaid, a conformed copy thereof to Owner Participant, but the failure of Owner Trustee to mail such conformed copy shall not impair or affect the validity of such document.

#### 10.5 NO REQUEST NEEDED AS TO LEASE SUPPLEMENT AND TRUST INDENTURE SUPPLEMENT

No written request pursuant to Section 10.1 shall be required to enable Owner Trustee to enter into, pursuant to Section 3.1 and the Lease or the Trust Indenture, as the case may be, the Lease Supplement with Lessee and the Trust Indenture Supplement.

### SECTION 11. MISCELLANEOUS

#### 11.1 TERMINATION OF TRUST AGREEMENT

This Trust Agreement and the trusts created hereby shall be of no further force or effect upon the earlier of (a) both the final discharge of the Trust Indenture pursuant to Section 10.01 thereof and the sale or other final disposition by Owner Trustee of all property constituting part of the Trust Estate and the final distribution by Owner Trustee of all monies or other property or proceeds constituting part of the Trust Estate in accordance with Section 4, provided, that at such time Lessee shall have fully complied with all of the terms of the Lease and the Participation Agreement or (b) 21 years less one day after the death of the last survivor of all of the descendants of the grandparents of David C. Rockefeller living on the date of the earliest execution of this Trust Agreement by any party hereto, but if this Trust Agreement and the trusts created hereby shall be or become authorized under applicable Law to be valid for a period commencing on the 21st anniversary of the death of such last survivor (or, without limiting the generality of the foregoing, if legislation shall become effective providing for the validity of this Trust Agreement and the trusts created hereby for a period in gross exceeding the period for which this Trust Agreement and the trusts created hereby are hereinabove stated to extend and be valid), then this Trust Agreement and the trusts created hereby shall not terminate under this clause (b) but shall extend to and continue in effect, but only

TRUST AGREEMENT SPECIAL

if such nontermination and extension shall then be valid under applicable Law, until the day preceding such date as the same shall, under applicable Law, cease to be valid; otherwise this Trust Agreement and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof. Except as expressly set forth in Section 11.2, this Trust Agreement and the trusts created hereby may not be revoked by Owner Participant.

#### 11.2 TERMINATION AT OPTION OF THE OWNER PARTICIPANT

Notwithstanding Section 11.1 hereof, this Agreement and trust created hereby shall terminate and the Trust Estate shall be distributed to the Owner Participant, and this Agreement shall be of no further force and effect, upon the election of the Owner Participant by notice to the Owner Trustee, if such notice shall be accompanied by the written agreement (in form and substance satisfactory to the Owner Trustee) of the Owner Participant assuming all obligations of the Owner Trustee under or contemplated by the Operative Agreements or incurred by it as trustee hereunder and releasing the Owner Trustee therefrom; provided, however, that such notice may be given only after the time the Lien of the Trust Indenture is discharged under Section 10.01 of the Trust Indenture and after the expiration or termination of the Term of the Lease.

#### 11.3 OWNER PARTICIPANT HAS NO LEGAL TITLE IN TRUST ESTATE

No Owner Participant shall have legal title to any part of the Trust Estate. No transfer, by operation of Law or otherwise, of any right, title and interest of Owner Participant in and to the Trust Estate under this Trust Agreement shall operate to terminate this Trust Agreement or the trusts under this Trust Agreement or entitle any successors or transferees of Owner Participant to an accounting or to the transfer of legal title to any part of the Trust Estate.

#### 11.4 ASSIGNMENT, SALE, ETC. OF AIRCRAFT

Any assignment, sale, transfer or other conveyance of the Aircraft by Owner Trustee made pursuant to the terms of this Trust Agreement or of the Lease or the Participation Agreement shall bind Owner Participant and shall be effective to transfer or convey all right, title and interest of Owner Trustee and Owner Participant in and to the Aircraft. No purchaser or other

TRUST AGREEMENT SPECIAL

grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such assignment, sale, transfer or conveyance or as to the application of any sale or other proceeds with respect thereto by Owner Trustee.

11.5 TRUST AGREEMENT FOR BENEFIT OF CERTAIN PARTIES ONLY

Except for the terms of Section 10 of the Participation Agreement incorporated in Section 8 and except as otherwise provided in Sections 5.1, 6.7, 9, 10.1 and 11.1, nothing in this Trust Agreement, whether express or implied, shall be construed to give any person other than Owner Trustee and Owner Participant any legal or equitable right, remedy or claim under or in respect of this Trust Agreement; and this Trust Agreement shall be held to be for the sole and exclusive benefit of Owner Trustee and Owner Participant.

11.6 CITIZENSHIP OF OWNER PARTICIPANT

If at any time there shall be more than one Owner Participant, then any Owner Participant who shall cease to be a Citizen of the United States shall have no voting or similar rights under this Trust Agreement and shall have no right to direct, influence or limit the exercise of, or to prevent the direction or influence of, or place any limitation on the exercise of, Owner Trustee's authority or to remove Owner Trustee.

11.7 NOTICES

Unless otherwise expressly permitted by the terms of this Trust Agreement, all notices, requests, demands, authorizations, directions, consents, waivers and other communications required or permitted to be made, given, furnished or filed under this Trust Agreement shall be in writing, shall refer specifically to this Trust Agreement and shall be personally delivered, sent by telecopy, telex or other means of electronic facsimile or telecommunication transmission, sent by registered mail or certified mail, return receipt requested, postage prepaid, or sent by overnight courier service, in each case to the respective telex, telecopy or other number or address set forth for such party in Schedule 1 to the Participation Agreement, or to such other telex, telecopy or other number or address as each party hereto may hereafter specify by notice to the other parties hereto. Each such notice, request, demand, authorization,

TRUST AGREEMENT SPECIAL

direction, consent, waiver or other communication shall be effective when received or, if made, given, furnished or filed (a) by telecopy or other means of electronic facsimile or telecommunication transmission, when confirmed, or (b) by registered or certified mail, three Business Days after being deposited, properly addressed, in the U.S. mail.

#### 11.8 SEVERABILITY

If any provision of this Trust Agreement shall be held invalid, illegal or unenforceable in any respect in any jurisdiction, then, to the extent permitted by Law, (a) all other provisions hereof shall remain in full force and effect in such jurisdiction and (b) such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction. If, however, any Law pursuant to which such provisions are held invalid, illegal or unenforceable may be waived, such Law is hereby waived by the parties hereto to the full extent permitted, to the end that this Trust Agreement shall be deemed to be a valid and binding agreement in all respects, enforceable in accordance with its terms.

#### 11.9 WAIVERS, ETC.

No term or provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing entered into in compliance with the terms of Section 10; and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

#### 11.10 COUNTERPARTS

This Trust Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument.

#### 11.11 BINDING EFFECT, ETC.

All covenants and agreements contained in this Trust Agreement shall be binding upon, and inure to the benefit of, Owner Trustee and its successors and assigns, and Owner Participant and its successors and, to the extent permitted by Section 8, assigns. Any request, notice, direction, consent,

TRUST AGREEMENT SPECIAL



waiver or other instrument or action by Owner Participant shall bind its successors and assigns.

11.12 HEADINGS; REFERENCES

The headings and the table of contents used in this Trust Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof and shall not in any way affect the construction of, or be taken into consideration in interpreting, this Trust Agreement.

11.13 GOVERNING LAW

THIS TRUST AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY THE LAWS OF THE STATE OF UTAH , INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS.

[This space intentionally left blank.]

TRUST AGREEMENT SPECIAL

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

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By

-----

Name:

Title:

FIRST SECURITY BANK, NATIONAL ASSOCIATION

By

-----

Name:

Title:

TRUST AGREEMENT SPECIAL

Hughes Hubbard & Reed LLP  
One Battery Park Plaza  
New York, New York 10004

May 23, 1997

Continental Airlines, Inc.  
2929 Allen Parkway  
Houston, Texas 77019

Re: Continental Airlines, Inc. - Registration Statement on Form S-4

Ladies and Gentlemen:

We have acted as your counsel in connection with the above-referenced Registration Statement on Form S-4 (the "Registration Statement") filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Act"), in respect of the registration under the Act of the Pass Through Certificates, Series 1997-1 (the "New Certificates"), to be offered in exchange for all outstanding Pass Through Certificates, Series 1997-1 (the "Old Certificates"). Each of the New Certificates represents a fractional undivided interest in one of the four Continental Airlines 1997-1 Pass Through Trusts (the "Trusts") formed pursuant to four separate pass through trust agreements (the "Pass Through Trust Agreements") between Continental Airlines, Inc. (the "Company") and Wilmington Trust Company, as pass through trustee (the "Trustee") under each Trust.

In connection with this opinion letter, we have examined: the Registration Statement, including the Prospectus which forms a part of the Registration Statement, the Pass Through Trust Agreements, the forms of Old Certificate and New Certificate, each filed as an exhibit to the Registration Statement, and originals, or copies certified or otherwise identified to our satisfaction, of such other documents, records, instruments and certificates of public officials as we have deemed necessary or appropriate to enable us to render this opinion. In addition, we have assumed: (i) that all signatures are genuine, (ii) that all documents submitted to us as originals are genuine, (iii) that all copies submitted to us conform to the originals, (iv) that each Pass Through Trust Agreement has been duly authorized, executed and delivered by the applicable Trustee and is the legal, valid, binding and enforceable agreement of the applicable Trustee and (v) that the Old Certificates were duly and validly executed, authenticated and delivered by the Trustees pursuant to the terms of the Pass Through Trust Agreements.

We are members of the bar of the State of New York, and the opinion set forth below is restricted to matters controlled by federal laws, the laws of the State of New York and the laws of the state of Delaware. As to aspects of the laws of the State of Delaware relevant to

our opinion other than the General Corporation Law, we have relied on the opinion, dated March 21, 1997, of Richards, Layton & Finger.

Based on the foregoing, it is our opinion that, when (1) the applicable provisions of the Act and such "Blue Sky" or other state securities laws as may be applicable shall have been complied with and (ii) the New Certificates, in the forms filed as exhibits to the Registration Statement, have been duly executed and authenticated in accordance with the Pass Through Trust Agreements, and duly issued and delivered by the Trusts in exchange for an equal principal amount of Old Certificates pursuant to the terms of the Exchange Offer, the New Certificates will be legal, valid, binding and enforceable obligations of the applicable Trust, subject to (i) limitations imposed by bankruptcy, reorganization, moratorium, insolvency, fraudulent conveyance, fraudulent transfer, preferential transfer and other laws of general application relating to or affecting the enforceability of creditors' rights and to general principles of equity, including, without limitation, laches and estoppel as equitable defenses, concepts of materiality, reasonableness, good faith and fair dealing, and considerations of impracticability or impossibility or performance and defenses based upon unconscionability (regardless of whether such enforceability is considered or applied in a proceeding in equity or at law) and (b) the qualification that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to this firm under the heading "Legal Matters" in the Prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we are "experts" within the meaning of the Act or the rules and regulations of the Securities and Exchange Commission issued thereunder with respect to any part of the Registration Statement, including this exhibit.

Very truly yours,

/s/ Hughes Hubbard & Reed LLP

CONTINENTAL AIRLINES, INC.  
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES  
 (IN MILLIONS)

	1995	1994	4/28/93 THROUGH 12/31/93	1/1/93 THROUGH 4/27/93	1992
	-----	-----	-----	-----	-----
Earnings:					
Earnings (Loss) Before Income Taxes, Minority Interest and Extraordinary Items	\$ 310	\$ (651)	\$ (52)	\$ (977)	\$ (125)
Plus:					
Interest Expense(a)	213	241	165	52	153
Capitalized Interest	(6)	(17)	(8)	(2)	(6)
Amort of Capitalized Interest Portion of Rent Expense Representative of Interest Expense(a)	2	1	0	0	0
	360	337	216	117	324
	-----	-----	-----	-----	-----
Adjusted Earnings(Loss)	879	(89)	321	(810)	346
	-----	-----	-----	-----	-----
Fixed Charges:					
Interest Expense(a)	213	241	165	52	153
Portion of Rent Expense Representative of Interest Expense(a)	360	337	216	117	324
	-----	-----	-----	-----	-----
Total Fixed Charges	573	578	381	169	477
	-----	-----	-----	-----	-----
Coverage Adequacy (Deficiency)	\$ 306	\$ 667	\$ 60	\$ (979)	\$ (131)
	=====	=====	=====	=====	=====
Coverage Ratio	1.53	n/a	n/a	n/a	n/a
	=====	=====	=====	=====	=====

CONTINENTAL AIRLINES, INC.  
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES  
 (IN MILLIONS)

	Twelve Months Ending 12/31/96 -----	Three Months Ending 3/31/97 -----	Three Months Ending 3/31/96 -----
Earnings:			
Earnings (Loss) Before Income Taxes, Minority Interest and Extraordinary Items	\$ 428	\$ 124	\$ 95
Plus:			
Interest Expense	165	42	47
Capitalized Interest(a)	(5)	(6)	(1)
Amort of Capitalized Interest	3	1	1
Portion of Rent Expense Representative of Interest Expense	359	94	89
Adjusted Earnings (Loss)	----- 950 -----	----- 255 -----	----- 231 -----
Fixed Charges:			
Interest Expense	165	42	47
Portion of Rent Expense Representative of Interest Expense	359	94	89
Total Fixed Charges	----- 524 -----	----- 136 -----	----- 138 -----
Coverage Adequacy (Deficiency)	\$ 426 =====	\$ 119 =====	\$ 95 =====
Coverage Ratio	1.81 =====	1.88 =====	1.70 =====

## CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-4) and related Prospectus of Continental Airlines, Inc. for the registration of Pass Through Certificates, Series 1997-1, and to the incorporation by reference therein of our reports dated February 10, 1997, with respect to the consolidated financial statements and schedules of Continental Airlines, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 1996 filed with the Securities and Exchange Commission.

/s/ ERNST & YOUNG LLP

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Houston, Texas  
May 20, 1997

AIRCRAFT INFORMATION SERVICES, INC.  
23232 Peralta Drive, Suite 115  
Laguna Hills, CA 92653

May 23, 1997

CONTINENTAL AIRLINES, INC.  
2929 Allen Parkway, Suite 2010  
Houston, TX 77019

Re: Registration Statement on Form S-4 of Continental  
Airlines, Inc.

Ladies and Gentlemen:

We consent to the use of our report and to the reference to our name in the text under the headings "Prospectus Summary--Equipment Notes and the Aircraft," "Risk Factors--Risk Factors Relating to the Certificates and the Offering--Appraisals and Realizable Value of Aircraft," "Description of the Aircraft and the Appraisals" and "Experts" in the above-captioned Registration Statement and to the summary contained in the text under such headings of the report prepared by us with respect to the Aircraft referred to therein.

Sincerely,

AIRCRAFT INFORMATION SERVICES, INC.

/s/ Fred F. Bearden

-----  
Fred E. Bearden  
President



BK Associates, Inc.  
1295 Northern Boulevard  
Manhasset, New York 11030  
(516) 365-6272 Fax (516) 365-6287

May 23, 1997

CONTINENTAL AIRLINES, INC.  
2929 Allen Parkway, Suite 2010  
Houston, TX 77019

Re: Registration Statement on Form S-4 of Continental  
Airlines, Inc.

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Sincerely,

BK ASSOCIATES, INC.

/s/ John F. Keitz

-----  
John F. Keitz  
President  
ISTAT Senior Certified Appraiser

MORTEN BEYER AND ASSOCIATES  
8180 Greensboro Drive, Suite 1000  
McLean, VA 22102

May 23, 1997

CONTINENTAL AIRLINES, INC.  
2929 Allen Parkway, Suite 2010  
Houston, TX 77019

Re: Registration Statement on Form S-4 of Continental  
Airlines, Inc.

Ladies and Gentlemen:

We consent to the use of our report and to the reference to our name in the text under the headings "Prospectus Summary--Equipment Notes and the Aircraft," "Risk Factors-- Risk Factors Relating to the Certificates and the Offering--Appraisals and Realizable Value of Aircraft," "Description of the Aircraft and the Appraisals" and "Experts" in the above-captioned Registration Statement and to the summary contained in the text under such headings of the reports prepared by us with respect to the Aircraft referred to therein.

Sincerely,

MORTON BEYER AND ASSOCIATES

/s/ Clinton B. McCutcheon

-----  
Clinton B. McCutcheon  
Executive Vice President

## POWER OF ATTORNEY

The undersigned director and/or officer of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them as the undersigned's true and lawful attorneys-in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's Pass Through Certificates, Series 1997-1 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/ GORDON M. BETHUNE

-----  
(Signature)

Printed Name: GORDON M. BETHUNE  
-----

Dated and effective as of May 8, 1997

## POWER OF ATTORNEY

The undersigned director and/or officer of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them as the undersigned's true and lawful attorneys-in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's Pass Through Certificates, Series 1997-1 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/ LAWRENCE W. KELLNER

-----  
(Signature)

Printed Name: LAWRENCE W. KELLNER  
-----

Dated and effective as of May 8, 1997

## POWER OF ATTORNEY

The undersigned director and/or officer of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them as the undersigned's true and lawful attorneys-in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's Pass Through Certificates, Series 1997-1 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/ MICHAEL P. BONDS

-----  
(Signature)

Printed Name: MICHAEL P. BONDS  
-----

Dated and effective as of May 8, 1997

## POWER OF ATTORNEY

The undersigned director and/or officer of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them as the undersigned's true and lawful attorneys-in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's Pass Through Certificates, Series 1997-1 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/ THOMAS J. BARRACK, JR.

-----  
(Signature)

Printed Name: THOMAS J. BARRACK, JR.  
-----

Dated and effective as of May 8, 1997

## POWER OF ATTORNEY

The undersigned director and/or officer of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them as the undersigned's true and lawful attorneys-in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's Pass Through Certificates, Series 1997-1 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/ LLOYD M. BENSTEN, JR.

-----  
(Signature)

Printed Name: LLOYD M. BENSTEN, JR.  
-----

Dated and effective as of May 8, 1997

## POWER OF ATTORNEY

The undersigned director and/or officer of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them as the undersigned's true and lawful attorneys-in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's Pass Through Certificates, Series 1997-1 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/ DAVID BONDERMAN

-----  
(Signature)

Printed Name: DAVID BONDERMAN

-----  
Dated and effective as of May 8, 1997



## POWER OF ATTORNEY

The undersigned director and/or officer of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them as the undersigned's true and lawful attorneys-in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's Pass Through Certificates, Series 1997-1 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/ GREGORY D. BRENNEMAN

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(Signature)

Printed Name: GREGORY D. BRENNEMAN  
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Dated and effective as of May 8, 1997

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/s/ PATRICK FOLEY

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(Signature)

Printed Name: PATRICK FOLEY

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Dated and effective as of May 8, 1997

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/s/ DOUGLAS H. McCORKINDALE

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(Signature)

Printed Name: DOUGLAS H. McCORKINDALE

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Dated and effective as of May 8, 1997

POWER OF ATTORNEY

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/s/ GEORGE G. C. PARKER  
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 (Signature)

Printed Name: GEORGE G. C. PARKER  
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Dated and effective as of May 8, 1997

## POWER OF ATTORNEY

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/s/ RICHARD W. POGUE

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(Signature)

Printed Name: RICHARD W. POGUE

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Dated and effective as of May 8, 1997

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The undersigned director and/or officer of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them as the undersigned's true and lawful attorneys-in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's Pass Through Certificates, Series 1997-1 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/ WILLIAM S. PRICE III

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(Signature)

Printed Name: WILLIAM S. PRICE III  
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Dated and effective as of May 8, 1997

## POWER OF ATTORNEY

The undersigned director and/or officer of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them as the undersigned's true and lawful attorneys-in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's Pass Through Certificates, Series 1997-1 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/ DONALD L. STURM

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(Signature)

Printed Name: DONALD L. STURM

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Dated and effective as of May 8, 1997

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/s/ KAREN HASTIE WILLIAMS

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(Signature)

Printed Name: KAREN HASTIE WILLIAMS

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Dated and effective as of May 8, 1997



## POWER OF ATTORNEY

The undersigned director and/or officer of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them as the undersigned's true and lawful attorneys-in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's Pass Through Certificates, Series 1997-1 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/ CHARLES A. YAMARONE

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(Signature)

Printed Name: CHARLES A. YAMARONE  
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Dated and effective as of May 8, 1997

Registration No.  
=====SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939  
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEECHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO  
SECTION 305(B)(2) [ ]WILMINGTON TRUST COMPANY  
(Exact name of trustee as specified in its charter)Delaware  
(State of incorporation) 51-0055023  
(I.R.S. employer identification no.)Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890  
(Address of principal executive offices)Cynthia L. Corliss  
Vice President and Trust Counsel  
Wilmington Trust Company  
Rodney Square North  
Wilmington, Delaware 19890  
(302) 651-8516  
(Name, address and telephone number of agent for service)

CONTINENTAL AIRLINES, INC.

(Exact name of obligor as specified in its charter)

Delaware  
(State of incorporation  
or formation) 74-2099724  
(I.R.S. employer identification no.)2929 Allen Parkway, Suite 2010  
Houston, Texas 77019  
(Address of principal executive offices) (Zip Code)Pass Through Certificates, Series 1997-1A  
(Title of the indenture securities)  
=====

ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it is subject.

Federal Deposit Insurance Co.      State Bank Commissioner  
 Five Penn Center                      Dover, Delaware  
 Suite #2901  
 Philadelphia, PA

- (b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

If the obligor is an affiliate of the trustee, describe each affiliation:

Based upon an examination of the books and records of the trustee and upon information furnished by the obligor, the obligor is not an affiliate of the trustee.

ITEM 3. LIST OF EXHIBITS.

List below all exhibits filed as part of this Statement of Eligibility and Qualification.

- A. Copy of the Charter of Wilmington Trust Company, which includes the certificate of authority of Wilmington Trust Company to commence business and the authorization of Wilmington Trust Company to exercise corporate trust powers.
- B. Copy of By-Laws of Wilmington Trust Company.
- C. Consent of Wilmington Trust Company required by Section 321(b) of Trust Indenture Act.
- D. Copy of most recent Report of Condition of Wilmington Trust Company.

Pursuant to the requirements of the Trust Indenture Act of 1939, the trustee, Wilmington Trust Company, a corporation organized and existing under the laws of Delaware, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Wilmington and State of Delaware on the 8th day of May, 1997.

[SEAL]

WILMINGTON TRUST COMPANY

Attest: /s/ W. Chris Sponenberg

By: /s/ Emmett R. Harmon

-----  
Assistant Secretary

-----  
Title: Vice President

EXHIBIT A  
AMENDED CHARTER  
WILMINGTON TRUST COMPANY  
WILMINGTON, DELAWARE  
AS EXISTING ON MAY 9, 1987

## AMENDED CHARTER

OR

## ACT OF INCORPORATION

OF

## WILMINGTON TRUST COMPANY

WILMINGTON TRUST COMPANY, originally incorporated by an Act of the General Assembly of the State of Delaware, entitled "An Act to Incorporate the Delaware Guarantee and Trust Company", approved March 2, A.D. 1901, and the name of which company was changed to "WILMINGTON TRUST COMPANY" by an amendment filed in the Office of the Secretary of State on March 18, A.D. 1903, and the Charter or Act of Incorporation of which company has been from time to time amended and changed by merger agreements pursuant to the corporation law for state banks and trust companies of the State of Delaware, does hereby alter and amend its Charter or Act of Incorporation so that the same as so altered and amended shall in its entirety read as follows:

FIRST: - The name of this corporation is WILMINGTON TRUST COMPANY.

SECOND: - The location of its principal office in the State of Delaware is at Rodney Square North, in the City of Wilmington, County of New Castle; the name of its resident agent is WILMINGTON TRUST COMPANY whose address is Rodney Square North, in said City. In addition to such principal office, the said corporation maintains and operates branch offices in the City of Newark, New Castle County, Delaware, the Town of Newport, New Castle County, Delaware, at Claymont, New Castle County, Delaware, at Greenville, New Castle County Delaware, and at Milford Cross Roads, New Castle County, Delaware, and shall be empowered to open, maintain and operate branch offices at Ninth and Shipley Streets, 418 Delaware Avenue, 2120 Market Street, and 3605 Market Street, all in the City of Wilmington, New Castle County, Delaware, and such other branch offices or places of business as may be authorized from time to time by the agency or agencies of the government of the State of Delaware empowered to confer such authority.

THIRD: - (a) The nature of the business and the objects and purposes proposed to be transacted, promoted or carried on by this Corporation are to do any or all of the things herein mentioned as fully and to the same extent as natural persons might or could do and in any part of the world, viz.:

(1) To sue and be sued, complain and defend in any Court of law or equity and to make and use a common seal, and alter the seal at pleasure, to hold, purchase, convey, mortgage or otherwise deal in real and personal estate and property, and to appoint such officers and agents as the business of the

Corporation shall require, to make by-laws not inconsistent with the Constitution or laws of the United States or of this State, to discount bills, notes or other evidences of debt, to receive deposits of money, or securities for money, to buy gold and silver bullion and foreign coins, to buy and sell bills of exchange, and generally to use, exercise and enjoy all the powers, rights, privileges and franchises incident to a corporation which are proper or necessary for the transaction of the business of the Corporation hereby created.

(2) To insure titles to real and personal property, or any estate or interests therein, and to guarantee the holder of such property, real or personal, against any claim or claims, adverse to his interest therein, and to prepare and give certificates of title for any lands or premises in the State of Delaware, or elsewhere.

(3) To act as factor, agent, broker or attorney in the receipt, collection, custody, investment and management of funds, and the purchase, sale, management and disposal of property of all descriptions, and to prepare and execute all papers which may be necessary or proper in such business.

(4) To prepare and draw agreements, contracts, deeds, leases, conveyances, mortgages, bonds and legal papers of every description, and to carry on the business of conveyancing in all its branches.

(5) To receive upon deposit for safekeeping money, jewelry, plate, deeds, bonds and any and all other personal property of every sort and kind, from executors, administrators, guardians, public officers, courts, receivers, assignees, trustees, and from all fiduciaries, and from all other persons and individuals, and from all corporations whether state, municipal, corporate or private, and to rent boxes, safes, vaults and other receptacles for such property.

(6) To act as agent or otherwise for the purpose of registering, issuing, certificating, countersigning, transferring or underwriting the stock, bonds or other obligations of any corporation, association, state or municipality, and may receive and manage any sinking fund therefor on such terms as may be agreed upon between the two parties, and in like manner may act as Treasurer of any corporation or municipality.

(7) To act as Trustee under any deed of trust, mortgage, bond or other instrument issued by any state, municipality, body politic, corporation, association or person, either alone or in conjunction with any other person or persons, corporation or corporations.

(8) To guarantee the validity, performance or effect of any contract or agreement, and the fidelity of persons holding places of responsibility or trust; to become surety for any person, or persons, for the faithful performance of any trust, office, duty, contract or agreement, either by itself or in conjunction with any other person, or persons, corporation, or corporations, or in like manner become surety upon any bond, recognizance, obligation, judgment, suit, order, or decree to be entered in any court of record within the State of Delaware or elsewhere, or which may now or hereafter be required by any law, judge, officer or court in the State of Delaware or elsewhere.

(9) To act by any and every method of appointment as trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity in the receiving, holding, managing, and disposing of any and all estates and property, real, personal or mixed, and to be appointed as such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian or bailee by any persons, corporations, court, officer, or authority, in the State of Delaware or elsewhere; and whenever this Corporation is so appointed by any person, corporation, court, officer or authority such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity, it shall not be required to give bond with surety, but its capital stock shall be taken and held as security for the performance of the duties devolving upon it by such appointment.

(10) And for its care, management and trouble, and the exercise of any of its powers hereby given, or for the performance of any of the duties which it may undertake or be called upon to perform, or for the assumption of any responsibility the said Corporation may be entitled to receive a proper compensation.

(11) To purchase, receive, hold and own bonds, mortgages, debentures, shares of capital stock, and other securities, obligations, contracts and evidences of indebtedness, of any private, public or municipal corporation within and without the State of Delaware, or of the Government of the United States, or of any state, territory, colony, or possession thereof, or of any foreign government or country; to receive, collect, receipt for, and dispose of interest, dividends and income upon and from any of the bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property held and owned by it, and to exercise in respect of all such bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property, any and all the rights, powers and privileges of individual

owners thereof, including the right to vote thereon; to invest and deal in and with any of the moneys of the Corporation upon such securities and in such manner as it may think fit and proper, and from time to time to vary or realize such investments; to issue bonds and secure the same by pledges or deeds of trust or mortgages of or upon the whole or any part of the property held or owned by the Corporation, and to sell and pledge such bonds, as and when the Board of Directors shall determine, and in the promotion of its said corporate business of investment and to the extent authorized by law, to lease, purchase, hold, sell, assign, transfer, pledge, mortgage and convey real and personal property of any name and nature and any estate or interest therein.

(b) In furtherance of, and not in limitation, of the powers conferred by the laws of the State of Delaware, it is hereby expressly provided that the said Corporation shall also have the following powers:

- (1) To do any or all of the things herein set forth, to the same extent as natural persons might or could do, and in any part of the world.
- (2) To acquire the good will, rights, property and franchises and to undertake the whole or any part of the assets and liabilities of any person, firm, association or corporation, and to pay for the same in cash, stock of this Corporation, bonds or otherwise; to hold or in any manner to dispose of the whole or any part of the property so purchased; to conduct in any lawful manner the whole or any part of any business so acquired, and to exercise all the powers necessary or convenient in and about the conduct and management of such business.
- (3) To take, hold, own, deal in, mortgage or otherwise lien, and to lease, sell, exchange, transfer, or in any manner whatever dispose of property, real, personal or mixed, wherever situated.
- (4) To enter into, make, perform and carry out contracts of every kind with any person, firm, association or corporation, and, without limit as to amount, to draw, make, accept, endorse, discount, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures, and other negotiable or transferable instruments.
- (5) To have one or more offices, to carry on all or any of its operations and businesses, without restriction to the same extent as natural persons might or could do, to purchase or otherwise acquire, to hold, own, to mortgage, sell, convey or otherwise dispose of, real and personal property, of every class and description, in any State, District, Territory or Colony of the United States, and in any foreign country or place.



(6) It is the intention that the objects, purposes and powers specified and clauses contained in this paragraph shall (except where otherwise expressed in said paragraph) be nowise limited or restricted by reference to or inference from the terms of any other clause of this or any other paragraph in this charter, but that the objects, purposes and powers specified in each of the clauses of this paragraph shall be regarded as independent objects, purposes and powers.

FOURTH: - (a) The total number of shares of all classes of stock which the Corporation shall have authority to issue is forty-one million (41,000,000) shares, consisting of:

(1) One million (1,000,000) shares of Preferred stock, par value \$10.00 per share (hereinafter referred to as "Preferred Stock"); and

(2) Forty million (40,000,000) shares of Common Stock, par value \$1.00 per share (hereinafter referred to as "Common Stock").

(b) Shares of Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the Board of Directors each of said series to be distinctly designated. All shares of any one series of Preferred Stock shall be alike in every particular, except that there may be different dates from which dividends, if any, thereon shall be cumulative, if made cumulative. The voting powers and the preferences and relative, participating, optional and other special rights of each such series, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding; and, subject to the provisions of subparagraph 1 of Paragraph (c) of this Article FOURTH, the Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of a particular series of Preferred Stock, the voting powers and the designations, preferences and relative, optional and other special rights, and the qualifications, limitations and restrictions of such series, including, but without limiting the generality of the foregoing, the following:

(1) The distinctive designation of, and the number of shares of Preferred Stock which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(2) The rate and times at which, and the terms and conditions on which, dividends, if any, on Preferred Stock of such series shall be paid, the extent of the preference or relation, if any, of such dividends to the dividends payable on any other class or classes, or series of the same or other class of

stock and whether such dividends shall be cumulative or non-cumulative;

(3) The right, if any, of the holders of Preferred Stock of such series to convert the same into or exchange the same for, shares of any other class or classes or of any series of the same or any other class or classes of stock of the Corporation and the terms and conditions of such conversion or exchange;

(4) Whether or not Preferred Stock of such series shall be subject to redemption, and the redemption price or prices and the time or times at which, and the terms and conditions on which, Preferred Stock of such series may be redeemed.

(5) The rights, if any, of the holders of Preferred Stock of such series upon the voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding-up, of the Corporation.

(6) The terms of the sinking fund or redemption or purchase account, if any, to be provided for the Preferred Stock of such series; and

(7) The voting powers, if any, of the holders of such series of Preferred Stock which may, without limiting the generality of the foregoing include the right, voting as a series or by itself or together with other series of Preferred Stock or all series of Preferred Stock as a class, to elect one or more directors of the Corporation if there shall have been a default in the payment of dividends on any one or more series of Preferred Stock or under such circumstances and on such conditions as the Board of Directors may determine.

(c) (1) After the requirements with respect to preferential dividends on the Preferred Stock (fixed in accordance with the provisions of section (b) of this Article FOURTH), if any, shall have been met and after the Corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of section (b) of this Article FOURTH), and subject further to any conditions which may be fixed in accordance with the provisions of section (b) of this Article FOURTH, then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amount, if any, (fixed in accordance with the provisions of section (b) of this Article FOURTH), to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding-up, of the Corporation, the holders of the Common Stock shall be entitled to

receive all of the remaining assets of the Corporation, tangible and intangible, of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

(3) Except as may otherwise be required by law or by the provisions of such resolution or resolutions as may be adopted by the Board of Directors pursuant to section (b) of this Article FOURTH, each holder of Common Stock shall have one vote in respect of each share of Common Stock held on all matters voted upon by the stockholders.

(d) No holder of any of the shares of any class or series of stock or of options, warrants or other rights to purchase shares of any class or series of stock or of other securities of the Corporation shall have any preemptive right to purchase or subscribe for any unissued stock of any class or series or any additional shares of any class or series to be issued by reason of any increase of the authorized capital stock of the Corporation of any class or series, or bonds, certificates of indebtedness, debentures or other securities convertible into or exchangeable for stock of the Corporation of any class or series, or carrying any right to purchase stock of any class or series, but any such unissued stock, additional authorized issue of shares of any class or series of stock or securities convertible into or exchangeable for stock, or carrying any right to purchase stock, may be issued and disposed of pursuant to resolution of the Board of Directors to such persons, firms, corporations or associations, whether such holders or others, and upon such terms as may be deemed advisable by the Board of Directors in the exercise of its sole discretion.

(e) The relative powers, preferences and rights of each series of Preferred Stock in relation to the relative powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the resolution or resolutions adopted pursuant to authority granted in section (b) of this Article FOURTH and the consent, by class or series vote or otherwise, of the holders of such of the series of Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether or not the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them; provided, however, that the Board of Directors may provide in the resolution or resolutions as to any series of Preferred Stock adopted pursuant to section (b) of this Article FOURTH that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

(f) Subject to the provisions of section (e), shares of any series of Preferred Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(g) Shares of Common Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors. (h) The authorized amount of shares of Common Stock and of Preferred Stock may, without a class or series vote, be increased or decreased from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon.

FIFTH: - (a) The business and affairs of the Corporation shall be conducted and managed by a Board of Directors. The number of directors constituting the entire Board shall be not less than five nor more than twenty-five as fixed from time to time by vote of a majority of the whole Board, provided, however, that the number of directors shall not be reduced so as to shorten the term of any director at the time in office, and provided further, that the number of directors constituting the whole Board shall be twenty-four until otherwise fixed by a majority of the whole Board.

(b) The Board of Directors shall be divided into three classes, as nearly equal in number as the then total number of directors constituting the whole Board permits, with the term of office of one class expiring each year. At the annual meeting of stockholders in 1982, directors of the first class shall be elected to hold office for a term expiring at the next succeeding annual meeting, directors of the second class shall be elected to hold office for a term expiring at the second succeeding annual meeting and directors of the third class shall be elected to hold office for a term expiring at the third succeeding annual meeting. Any vacancies in the Board of Directors for any reason, and any newly created directorships resulting from any increase in the directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next annual election of directors. At such election, the stockholders shall elect a successor to such director to hold office until the next election of the class for which such director shall have been chosen and until his successor shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director.

(c) Notwithstanding any other provisions of this Charter or Act of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, this Charter or Act of Incorporation or the ByLaws of the Corporation), any director or the entire Board of Directors of the

Corporation may be removed at any time without cause, but only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders called for that purpose.

(d) Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors. Such nominations shall be made by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation not less than 14 days nor more than 50 days prior to any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 days' notice of the meeting is given to stockholders, such written notice shall be delivered or mailed, as prescribed, to the Secretary of the Corporation not later than the close of the seventh day following the day on which notice of the meeting was mailed to stockholders. Notice of nominations which are proposed by the Board of Directors shall be given by the Chairman on behalf of the Board.

(e) Each notice under subsection (d) shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of such nominee and (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee.

(f) The Chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

(g) No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

SIXTH: - The Directors shall choose such officers, agent and servants as may be provided in the By-Laws as they may from time to time find necessary or proper.

SEVENTH: - The Corporation hereby created is hereby given the same powers, rights and privileges as may be conferred upon corporations organized under the Act entitled "An Act Providing a General Corporation Law", approved March 10, 1899, as from time to time amended.

EIGHTH: - This Act shall be deemed and taken to be a private Act.

NINTH: - This Corporation is to have perpetual existence.

TENTH: - The Board of Directors, by resolution passed by a majority of the whole Board, may designate any of their number to constitute an Executive Committee, which Committee, to the extent provided in said resolution, or in the By-Laws of the Company, shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it.

ELEVENTH: - The private property of the stockholders shall not be liable for the payment of corporate debts to any extent whatever.

TWELFTH: - The Corporation may transact business in any part of the world.

THIRTEENTH: - The Board of Directors of the Corporation is expressly authorized to make, alter or repeal the By-Laws of the Corporation by a vote of the majority of the entire Board. The stockholders may make, alter or repeal any By-Law whether or not adopted by them, provided however, that any such additional By-Laws, alterations or repeal may be adopted only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class).

FOURTEENTH: - Meetings of the Directors may be held outside of the State of Delaware at such places as may be from time to time designated by the Board, and the Directors may keep the books of the Company outside of the State of Delaware at such places as may be from time to time designated by them.

FIFTEENTH: - (a) In addition to any affirmative vote required by law, and except as otherwise expressly provided in sections (b) and (c) of this Article FIFTEENTH:

(A) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with or into (i) any Interested Stockholder (as hereinafter defined) or (ii) any other corporation (whether or not itself an Interested Stockholder), which, after such merger or consolidation, would be an Affiliate (as hereinafter defined) of an Interested Stockholder, or

(B) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of related transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the Corporation or any Subsidiary having an aggregate fair market value of \$1,000,000 or more, or

(C) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of related transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of \$1,000,000 or more, or

(D) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation, or

(E) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any similar transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder, or any Affiliate of any Interested Stockholder,

shall require the affirmative vote of the holders of at least two-thirds of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, considered for the purpose of this Article FIFTEENTH as one class ("Voting Shares"). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that some lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(2) The term "business combination" as used in this Article FIFTEENTH shall mean any transaction which is referred to any one or more of clauses (A) through (E) of paragraph 1 of the section (a).

(b) The provisions of section (a) of this Article FIFTEENTH shall not be applicable to any particular business combination and such business combination shall require only such affirmative vote as is required by law and any other provisions of the Charter or Act of Incorporation or By-Laws if such business combination has been approved by a majority of the whole Board.

(c) For the purposes of this Article FIFTEENTH:

(1) A "person" shall mean any individual firm, corporation or other entity.

(2) "Interested Stockholder" shall mean, in respect of any business combination, any person (other than the Corporation or any Subsidiary) who or which as of the record date for the determination of stockholders entitled to notice of and to vote on

such business combination, or immediately prior to the consummation of any such transaction:

(A) is the beneficial owner, directly or indirectly, of more than 10% of the Voting Shares, or

(B) is an Affiliate of the Corporation and at any time within two years prior thereto was the beneficial owner, directly or indirectly, of not less than 10% of the then outstanding voting Shares, or

(C) is an assignee of or has otherwise succeeded in any share of capital stock of the Corporation which were at any time within two years prior thereto beneficially owned by any Interested Stockholder, and such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(3) A person shall be the "beneficial owner" of any Voting Shares:

(A) which such person or any of its Affiliates and Associates (as hereafter defined) beneficially own, directly or indirectly, or

(B) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding, or

(C) which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of the Corporation.

(4) The outstanding Voting Shares shall include shares deemed owned through application of paragraph (3) above but shall not include any other Voting Shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options or otherwise.

(5) "Affiliate" and "Associate" shall have the respective meanings given those terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981.



(6) "Subsidiary" shall mean any corporation of which a majority of any class of equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect in December 31, 1981) is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Investment Stockholder set forth in paragraph (2) of this section (c), the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(d) majority of the directors shall have the power and duty to determine for the purposes of this Article FIFTEENTH on the basis of information known to them, (1) the number of Voting Shares beneficially owned by any person (2) whether a person is an Affiliate or Associate of another, (3) whether a person has an agreement, arrangement or understanding with another as to the matters referred to in paragraph (3) of section (c), or (4) whether the assets subject to any business combination or the consideration received for the issuance or transfer of securities by the Corporation, or any Subsidiary has an aggregate fair market value of \$1,00,000 or more.

(e) Nothing contained in this Article FIFTEENTH shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

SIXTEENTH: Notwithstanding any other provision of this Charter or Act of Incorporation or the By-Laws of the Corporation (and in addition to any other vote that may be required by law, this Charter or Act of Incorporation by the By-Laws), the affirmative vote of the holders of at least two-thirds of the outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter or repeal any provision of Articles FIFTH, THIRTEENTH, FIFTEENTH or SIXTEENTH of this Charter or Act of Incorporation.

SEVENTEENTH: (a) a Director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Laws as the same exists or may hereafter be amended.

(b) Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a Director of the Corporation existing hereunder with respect to any act or omission occurring prior to the time of such repeal or modification."

EXHIBIT B

BY-LAWS

WILMINGTON TRUST COMPANY

WILMINGTON, DELAWARE

AS EXISTING ON JANUARY 16, 1997

## BY-LAWS OF WILMINGTON TRUST COMPANY

ARTICLE I  
STOCKHOLDERS' MEETINGS

Section 1. The Annual Meeting of Stockholders shall be held on the third Thursday in April each year at the principal office at the Company or at such other date, time, or place as may be designated by resolution by the Board of Directors.

Section 2. Special meetings of all stockholders may be called at any time by the Board of Directors, the Chairman of the Board or the President.

Section 3. Notice of all meetings of the stockholders shall be given by mailing to each stockholder at least ten (10) days before said meeting, at his last known address, a written or printed notice fixing the time and place of such meeting.

Section 4. A majority in the amount of the capital stock of the Company issued and outstanding on the record date, as herein determined, shall constitute a quorum at all meetings of stockholders for the transaction of any business, but the holders of a small number of shares may adjourn, from time to time, without further notice, until a quorum is secured. At each annual or special meeting of stockholders, each stockholder shall be entitled to one vote, either in person or by proxy, for each share of stock registered in the stockholder's name on the books of the Company on the record date for any such meeting as determined herein.

ARTICLE II  
DIRECTORS

Section 1. The number and classification of the Board of Directors shall be as set forth in the Charter of the Bank.

Section 2. No person who has attained the age of seventy-two (72) years shall be nominated for election to the Board of Directors of the Company, provided, however, that this limitation shall not apply to any person who was serving as director of the Company on September 16, 1971.

Section 3. The class of Directors so elected shall hold office for three years or until their successors are elected and qualified.

Section 4. The affairs and business of the Company shall be managed and conducted by the Board of Directors.

Section 5. The Board of Directors shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its

members, or at the call of the Chairman of the Board of Directors or the President.

Section 6. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board of Directors or by the President, and shall be called upon the written request of a majority of the directors.

Section 7. A majority of the directors elected and qualified shall be necessary to constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 8. Written notice shall be sent by mail to each director of any special meeting of the Board of Directors, and of any change in the time or place of any regular meeting, stating the time and place of such meeting, which shall be mailed not less than two days before the time of holding such meeting.

Section 9. In the event of the death, resignation, removal, inability to act, or disqualification of any director, the Board of Directors, although less than a quorum, shall have the right to elect the successor who shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred, and until such director's successor shall have been duly elected and qualified.

Section 10. The Board of Directors at its first meeting after its election by the stockholders shall appoint an Executive Committee, a Trust Committee, an Audit Committee and a Compensation Committee, and shall elect from its own members a Chairman of the Board of Directors and a President who may be the same person. The Board of Directors shall also elect at such meeting a Secretary and a Treasurer, who may be the same person, may appoint at any time such other committees and elect or appoint such other officers as it may deem advisable. The Board of Directors may also elect at such meeting one or more Associate Directors.

Section 11. The Board of Directors may at any time remove, with or without cause, any member of any Committee appointed by it or any associate director or officer elected by it and may appoint or elect his successor.

Section 12. The Board of Directors may designate an officer to be in charge of such of the departments or division of the Company as it may deem advisable.

### ARTICLE III COMMITTEES

#### Section I. Executive Committee

(A) The Executive Committee shall be composed of not more than nine members who shall be selected by the Board of Directors from its own members and who shall hold office during the pleasure of the Board.

(B) The Executive Committee shall have all the powers of the Board of Directors when it is not in session to transact all business for and in behalf of the Company that may be brought before it.

(C) The Executive Committee shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Executive Committee or at the call of the Chairman of the Board of Directors. The majority of its members shall be necessary to constitute a quorum for the transaction of business. Special meetings of the Executive Committee may be held at any time when a quorum is present.

(D) Minutes of each meeting of the Executive Committee shall be kept and submitted to the Board of Directors at its next meeting.

(E) The Executive Committee shall advise and superintend all investments that may be made of the funds of the Company, and shall direct the disposal of the same, in accordance with such rules and regulations as the Board of Directors from time to time make.

(F) In the event of a state of disaster of sufficient severity to prevent the conduct and management of the affairs and business of the Company by its directors and officers as contemplated by these By-Laws any two available members of the Executive Committee as constituted immediately prior to such disaster shall constitute a quorum of that Committee for the full conduct and management of the affairs and business of the Company in accordance with the provisions of Article III of these By-Laws; and if less than three members of the Trust Committee is constituted immediately prior to such disaster shall be available for the transaction of its business, such Executive Committee shall also be empowered to exercise all of the powers reserved to the Trust Committee under Article III Section 2 hereof. In the event of the unavailability, at such time, of a minimum of two members of such Executive Committee, any three available directors shall constitute the Executive Committee for the full conduct and management of the affairs and business of the Company in accordance with the foregoing provisions of this Section. This By-Law shall be subject to implementation by Resolutions of the Board of Directors presently existing or hereafter passed from time to time for that purpose, and any provisions of these By-Laws (other than this Section) and any resolutions which are contrary to the provisions of this Section or to the provisions of any such implementary Resolutions shall be suspended during such a disaster period until it shall be determined by any interim Executive Committee acting under this section that it shall be to the advantage of the Company to resume the conduct and management of its affairs and business under all of the other provisions of these By-Laws.

## Section 2. Trust Committee

(A) The Trust Committee shall be composed of not more than thirteen members who shall be selected by the Board of Directors, a majority of whom shall be members of the Board of Directors and who shall hold office during the pleasure of the Board.

(B) The Trust Committee shall have general supervision over the Trust Department and the investment of trust funds, in all matters, however, being subject to the approval of the Board of Directors.

(C) The Trust Committee shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members or at the call of its chairman. A majority of its members shall be necessary to constitute a quorum for the transaction of business.

(D) Minutes of each meeting of the Trust Committee shall be kept and promptly submitted to the Board of Directors.

(E) The Trust Committee shall have the power to appoint Committees and/or designate officers or employees of the Company to whom supervision over the investment of trust funds may be delegated when the Trust Committee is not in session.

## Section 3. Audit Committee

(A) The Audit Committee shall be composed of five members who shall be selected by the Board of Directors from its own members, none of whom shall be an officer of the Company, and shall hold office at the pleasure of the Board.

(B) The Audit Committee shall have general supervision over the Audit Division in all matters however subject to the approval of the Board of Directors; it shall consider all matters brought to its attention by the officer in charge of the Audit Division, review all reports of examination of the Company made by any governmental agency or such independent auditor employed for that purpose, and make such recommendations to the Board of Directors with respect thereto or with respect to any other matters pertaining to auditing the Company as it shall deem desirable.

(C) The Audit Committee shall meet whenever and wherever the majority of its members shall deem it to be proper for the transaction of its business, and a majority of its Committee shall constitute a quorum.

#### Section 4. Compensation Committee

(A) The Compensation Committee shall be composed of not more than five (5) members who shall be selected by the Board of Directors from its own members who are not officers of the Company and who shall hold office during the pleasure of the Board.

(B) The Compensation Committee shall in general advise upon all matters of policy concerning the Company brought to its attention by the management and from time to time review the management of the Company, major organizational matters, including salaries and employee benefits and specifically shall administer the Executive Incentive Compensation Plan.

(C) Meetings of the Compensation Committee may be called at any time by the Chairman of the Compensation Committee, the Chairman of the Board of Directors, or the President of the Company.

#### Section 5. Associate Directors

(A) Any person who has served as a director may be elected by the Board of Directors as an associate director, to serve during the pleasure of the Board.

(B) An associate director shall be entitled to attend all directors meetings and participate in the discussion of all matters brought to the Board, with the exception that he would have no right to vote. An associate director will be eligible for appointment to Committees of the Company, with the exception of the Executive Committee, Audit Committee and Compensation Committee, which must be comprised solely of active directors.

#### Section 6. Absence or Disqualification of Any Member of a Committee

(A) In the absence or disqualification of any member of any Committee created under Article III of the By-Laws of this Company, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absence or disqualified member.

### ARTICLE IV OFFICERS

Section 1. The Chairman of the Board of Directors shall preside at all meetings of the Board and shall have such further authority and powers and shall perform such duties as the Board of Directors may from time to time confer and direct. He shall also exercise such powers and perform such duties as may from time to time be agreed upon between himself and the President of the Company.

Section 2. The Vice Chairman of the Board. The Vice Chairman of the Board of Directors shall preside at all meetings of the Board of Directors at which the Chairman of the Board shall not be present and shall have such further authority and powers and shall perform such duties as the Board of Directors or the Chairman of the Board may from time to time confer and direct.

Section 3. The President shall have the powers and duties pertaining to the office of the President conferred or imposed upon him by statute or assigned to him by the Board of Directors in the absence of the Chairman of the Board the President shall have the powers and duties of the Chairman of the Board.

Section 4. The Chairman of the Board of Directors or the President as designated by the Board of Directors, shall carry into effect all legal directions of the Executive Committee and of the Board of Directors, and shall at all times exercise general supervision over the interest, affairs and operations of the Company and perform all duties incident to his office.

Section 5. There may be one or more Vice Presidents, however denominated by the Board of Directors, who may at any time perform all the duties of the Chairman of the Board of Directors and/or the President and such other powers and duties as may from time to time be assigned to them by the Board of Directors, the Executive Committee, the Chairman of the Board or the President and by the officer in charge of the department or division to which they are assigned.

Section 6. The Secretary shall attend to the giving of notice of meetings of the stockholders and the Board of Directors, as well as the Committees thereof, to the keeping of accurate minutes of all such meetings and to recording the same in the minute books of the Company. In addition to the other notice requirements of these By-Laws and as may be practicable under the circumstances, all such notices shall be in writing and mailed well in advance of the scheduled date of any other meeting. He shall have custody of the corporate seal and shall affix the same to any documents requiring such corporate seal and to attest the same.

Section 7. The Treasurer shall have general supervision over all assets and liabilities of the Company. He shall be custodian of and responsible for all monies, funds and valuables of the Company and for the keeping of proper records of the evidence of property or indebtedness and of all the transactions of the Company. He shall have general supervision of the expenditures of the Company and shall report to the Board of Directors at each regular meeting of the condition of the Company, and perform such other duties as may be assigned to him from time to time by the Board of Directors of the Executive Committee.

Section 8. There may be a Controller who shall exercise general supervision over the internal operations of the Company, including accounting, and shall render to the Board of Directors at appropriate times a report relating to the general condition and internal operations of the Company.



There may be one or more subordinate accounting or controller officers however denominated, who may perform the duties of the Controller and such duties as may be prescribed by the Controller.

Section 9. The officer designated by the Board of Directors to be in charge of the Audit Division of the Company with such title as the Board of Directors shall prescribe, shall report to and be directly responsible only to the Board of Directors.

There shall be an Auditor and there may be one or more Audit Officers, however denominated, who may perform all the duties of the Auditor and such duties as may be prescribed by the officer in charge of the Audit Division.

Section 10. There may be one or more officers, subordinate in rank to all Vice Presidents with such functional titles as shall be determined from time to time by the Board of Directors, who shall ex officio hold the office Assistant Secretary of this Company and who may perform such duties as may be prescribed by the officer in charge of the department or division to whom they are assigned.

Section 11. The powers and duties of all other officers of the Company shall be those usually pertaining to their respective offices, subject to the direction of the Board of Directors, the Executive Committee, Chairman of the Board of Directors or the President and the officer in charge of the department or division to which they are assigned.

#### ARTICLE V STOCK AND STOCK CERTIFICATES

Section 1. Shares of stock shall be transferrable on the books of the Company and a transfer book shall be kept in which all transfers of stock shall be recorded.

Section 2. Certificate of stock shall bear the signature of the President or any Vice President, however denominated by the Board of Directors and countersigned by the Secretary or Treasurer or an Assistant Secretary, and the seal of the corporation shall be engraved thereon. Each certificate shall recite that the stock represented thereby is transferrable only upon the books of the Company by the holder thereof or his attorney, upon surrender of the certificate properly endorsed. Any certificate of stock surrendered to the Company shall be cancelled at the time of transfer, and before a new certificate or certificates shall be issued in lieu thereof. Duplicate certificates of stock shall be issued only upon giving such security as may be satisfactory to the Board of Directors or the Executive Committee.

Section 3. The Board of Directors of the Company is authorized to fix in advance a record date for the determination of the stockholders entitled to notice of, and to vote at, any meeting of stockholders and any adjournment thereof, or entitled to receive payment of

any dividend, or to any allotment or rights, or to exercise any rights in respect of any change, conversion or exchange of capital stock, or in connection with obtaining the consent of stockholders for any purpose, which record date shall not be more than 60 nor less than 10 days proceeding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent.

ARTICLE VI  
SEAL

Section 1. The corporate seal of the Company shall be in the following form:

Between two concentric circles the words "Wilmington Trust Company" within the inner circle the words "Wilmington, Delaware."

ARTICLE VII  
FISCAL YEAR

Section 1. The fiscal year of the Company shall be the calendar year.

ARTICLE VIII  
EXECUTION OF INSTRUMENTS OF THE COMPANY

Section 1. The Chairman of the Board, the President or any Vice President, however denominated by the Board of Directors, shall have full power and authority to enter into, make, sign, execute, acknowledge and/or deliver and the Secretary or any Assistant Secretary shall have full power and authority to attest and affix the corporate seal of the Company to any and all deeds, conveyances, assignments, releases, contracts, agreements, bonds, notes, mortgages and all other instruments incident to the business of this Company or in acting as executor, administrator, guardian, trustee, agent or in any other fiduciary or representative capacity by any and every method of appointment or by whatever person, corporation, court officer or authority in the State of Delaware, or elsewhere, without any specific authority, ratification, approval or confirmation by the Board of Directors or the Executive Committee, and any and all such instruments shall have the same force and validity as though expressly authorized by the Board of Directors and/or the Executive Committee.

ARTICLE IX  
COMPENSATION OF DIRECTORS AND MEMBERS OF COMMITTEES

Section 1. Directors and associate directors of the Company, other than salaried officers of the Company, shall be paid such reasonable honoraria or fees for attending meetings of the Board of Directors as the Board of Directors may from time to time determine. Directors and associate directors who serve as members of committees, other than salaried employees of the Company, shall be paid such reasonable honoraria or fees for services as members of committees as the Board of Directors shall from time to time determine and directors and associate directors may be employed by the Company for such special services as the Board of Directors may from time to time determine and shall be paid for such special services so performed reasonable compensation as may be determined by the Board of Directors.

ARTICLE X  
INDEMNIFICATION

Section 1. (A) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person. The Corporation shall indemnify a person in connection with a proceeding initiated by such person only if the proceeding was authorized by the Board of Directors of the Corporation.

(B) The Corporation shall pay the expenses incurred in defending any proceeding in advance of its final disposition, provided, however, that the payment of expenses incurred by a Director officer in his capacity as a Director or officer in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Director or officer to repay all amounts advanced if it should be ultimately determined that the Director or officer is not entitled to be indemnified under this Article or otherwise.

(C) If a claim for indemnification or payment of expenses, under this Article X is not paid in full within ninety days after a written claim therefor has been received by the Corporation the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification of payment of expenses under applicable law.

(D) The rights conferred on any person by this Article X shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Charter or Act of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested Directors or otherwise.

(E) Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE XI  
AMENDMENTS TO THE BY-LAWS

Section 1. These By-Laws may be altered, amended or repealed, in whole or in part, and any new By-Law or By-Laws adopted at any regular or special meeting of the Board of Directors by a vote of the majority of all the members of the Board of Directors then in office.

EXHIBIT C

SECTION 321(B) CONSENT

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, as amended, Wilmington Trust Company hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: May 8, 1997

By: /s/ Emmett R. Harmon

-----  
Name: Emmett R. Harmon  
Title: Vice President

## EXHIBIT D

## NOTICE

This form is intended to assist state nonmember banks and savings banks with state publication requirements. It has not been approved by any state banking authorities. Refer to your appropriate state banking authorities for your state publication requirements.

## R E P O R T   O F   C O N D I T I O N

Consolidating domestic subsidiaries of the

-----  
WILMINGTON TRUST COMPANY

of

WILMINGTON  
-----

Name of Bank

City

in the State of DELAWARE , at the close of business on December 31, 1996.  
-----

## ASSETS

Thousands of dollars

Cash and balances due from depository institutions:

Noninterest-bearing balances and currency and coins.....213,895

Interest-bearing balances..... 0

Held-to-maturity securities..... 465,818

Available-for-sale securities.....752,297

Federal funds sold.....95,000

Securities purchased under agreements to resell..... 39,190

Loans and lease financing receivables:

Loans and leases, net of unearned income. . . . . 3,634,003

LESS: Allowance for loan and lease losses. . . . . 51,847

LESS: Allocated transfer risk reserve. . . . . 0

Loans and leases, net of unearned income, allowance, and reserve.....3,582,156

Assets held in trading accounts.....0

Premises and fixed assets (including capitalized leases).....89,129

Other real estate owned..... 3,520

Investments in unconsolidated subsidiaries and associated companies..... 52

Customers' liability to this bank on acceptances outstanding.....0

Intangible assets.....4,593

Other assets.....114,300

Total assets.....5,359,950

CONTINUED ON NEXT PAGE

## LIABILITIES

Deposits:	
In domestic offices.....	3,749,697
Noninterest-bearing . . . . .	852,790
Interest-bearing. . . . .	2,896,907
Federal funds purchased.....	77,825
Securities sold under agreements to repurchase.....	192,295
Demand notes issued to the U.S. Treasury.....	53,526
Trading liabilities.....	0
Other borrowed money:.....	////////
With original maturity of one year or less.....	714,000
With original maturity of more than one year.....	43,000
Mortgage indebtedness and obligations under capitalized leases.....	0
Bank's liability on acceptances executed and outstanding.....	0
Subordinated notes and debentures.....	0
Other liabilities.....	98,756
Total liabilities .....	4,929,099
Limited-life preferred stock and related surplus.....	0

## EQUITY CAPITAL

Perpetual preferred stock and related surplus.....	0
Common Stock.....	500
Surplus.....	62,118
Undivided profits and capital reserves.....	367,371
Net unrealized holding gains (losses) on available-for-sale securities.....	862
Total equity capital.....	430,851
Total liabilities, limited-life preferred stock, and equity capital.....	5,359,950

Registration No.

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939  
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO  
SECTION 305(B)(2) [ ]

WILMINGTON TRUST COMPANY  
(Exact name of trustee as specified in its charter)

Delaware  
(State of incorporation)

51-0055023  
(I.R.S. employer identification no.)

Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890  
(Address of principal executive offices)

Cynthia L. Corliss  
Vice President and Trust Counsel  
Wilmington Trust Company  
Rodney Square North  
Wilmington, Delaware 19890  
(302) 651-8516  
(Name, address and telephone number of agent for service)

CONTINENTAL AIRLINES, INC.

(Exact name of obligor as specified in its charter)

Delaware  
(State of incorporation  
or formation)

74-2099724  
(I.R.S. employer identification no.)

2929 Allen Parkway, Suite 2010  
Houston, Texas  
(Address of principal executive offices)

77019  
(Zip Code)

Pass Through Certificates, Series 1997-1B  
(Title of the indenture securities)

=====



ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it is subject.  
  
Federal Deposit Insurance Co.      State Bank Commissioner  
Five Penn Center                      Dover, Delaware  
Suite #2901  
Philadelphia, PA
- (b) Whether it is authorized to exercise corporate trust powers.  
  
The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

If the obligor is an affiliate of the trustee, describe each affiliation:

Based upon an examination of the books and records of the trustee and upon information furnished by the obligor, the obligor is not an affiliate of the trustee.

ITEM 3. LIST OF EXHIBITS.

List below all exhibits filed as part of this Statement of Eligibility and Qualification.

- A. Copy of the Charter of Wilmington Trust Company, which includes the certificate of authority of Wilmington Trust Company to commence business and the authorization of Wilmington Trust Company to exercise corporate trust powers.
- B. Copy of By-Laws of Wilmington Trust Company.
- C. Consent of Wilmington Trust Company required by Section 321(b) of Trust Indenture Act.
- D. Copy of most recent Report of Condition of Wilmington Trust Company.

Pursuant to the requirements of the Trust Indenture Act of 1939, the trustee, Wilmington Trust Company, a corporation organized and existing under the laws of Delaware, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Wilmington and State of Delaware on the 8th day of May, 1997.

[SEAL]

WILMINGTON TRUST COMPANY

Attest:/s/ W. Chris Sponenberg  
-----  
Assistant Secretary

By:/s/ Emmett R. Harmon  
-----  
Title: Vice President

EXHIBIT A  
AMENDED CHARTER  
WILMINGTON TRUST COMPANY  
WILMINGTON, DELAWARE  
AS EXISTING ON MAY 9, 1987

## AMENDED CHARTER

OR

## ACT OF INCORPORATION

OF

## WILMINGTON TRUST COMPANY

WILMINGTON TRUST COMPANY, originally incorporated by an Act of the General Assembly of the State of Delaware, entitled "An Act to Incorporate the Delaware Guarantee and Trust Company", approved March 2, A.D. 1901, and the name of which company was changed to "WILMINGTON TRUST COMPANY" by an amendment filed in the Office of the Secretary of State on March 18, A.D. 1903, and the Charter or Act of Incorporation of which company has been from time to time amended and changed by merger agreements pursuant to the corporation law for state banks and trust companies of the State of Delaware, does hereby alter and amend its Charter or Act of Incorporation so that the same as so altered and amended shall in its entirety read as follows:

FIRST: - The name of this corporation is WILMINGTON TRUST COMPANY.

SECOND: - The location of its principal office in the State of Delaware is at Rodney Square North, in the City of Wilmington, County of New Castle; the name of its resident agent is WILMINGTON TRUST COMPANY whose address is Rodney Square North, in said City. In addition to such principal office, the said corporation maintains and operates branch offices in the City of Newark, New Castle County, Delaware, the Town of Newport, New Castle County, Delaware, at Claymont, New Castle County, Delaware, at Greenville, New Castle County Delaware, and at Milford Cross Roads, New Castle County, Delaware, and shall be empowered to open, maintain and operate branch offices at Ninth and Shipley Streets, 418 Delaware Avenue, 2120 Market Street, and 3605 Market Street, all in the City of Wilmington, New Castle County, Delaware, and such other branch offices or places of business as may be authorized from time to time by the agency or agencies of the government of the State of Delaware empowered to confer such authority.

THIRD: - (a) The nature of the business and the objects and purposes proposed to be transacted, promoted or carried on by this Corporation are to do any or all of the things herein mentioned as fully and to the same extent as natural persons might or could do and in any part of the world, viz.:

(1) To sue and be sued, complain and defend in any Court of law or equity and to make and use a common seal, and alter the seal at pleasure, to hold, purchase, convey, mortgage or otherwise deal in real and personal estate and property, and to appoint such officers and agents as the business of the Corporation shall require, to make by-laws not inconsistent with the

Constitution or laws of the United States or of this State, to discount bills, notes or other evidences of debt, to receive deposits of money, or securities for money, to buy gold and silver bullion and foreign coins, to buy and sell bills of exchange, and generally to use, exercise and enjoy all the powers, rights, privileges and franchises incident to a corporation which are proper or necessary for the transaction of the business of the Corporation hereby created.

(2) To insure titles to real and personal property, or any estate or interests therein, and to guarantee the holder of such property, real or personal, against any claim or claims, adverse to his interest therein, and to prepare and give certificates of title for any lands or premises in the State of Delaware, or elsewhere.

(3) To act as factor, agent, broker or attorney in the receipt, collection, custody, investment and management of funds, and the purchase, sale, management and disposal of property of all descriptions, and to prepare and execute all papers which may be necessary or proper in such business.

(4) To prepare and draw agreements, contracts, deeds, leases, conveyances, mortgages, bonds and legal papers of every description, and to carry on the business of conveyancing in all its branches.

(5) To receive upon deposit for safekeeping money, jewelry, plate, deeds, bonds and any and all other personal property of every sort and kind, from executors, administrators, guardians, public officers, courts, receivers, assignees, trustees, and from all fiduciaries, and from all other persons and individuals, and from all corporations whether state, municipal, corporate or private, and to rent boxes, safes, vaults and other receptacles for such property.

(6) To act as agent or otherwise for the purpose of registering, issuing, certificating, countersigning, transferring or underwriting the stock, bonds or other obligations of any corporation, association, state or municipality, and may receive and manage any sinking fund therefor on such terms as may be agreed upon between the two parties, and in like manner may act as Treasurer of any corporation or municipality.

(7) To act as Trustee under any deed of trust, mortgage, bond or other instrument issued by any state, municipality, body politic, corporation, association or person, either alone or in conjunction with any other person or persons, corporation or corporations.

(8) To guarantee the validity, performance or effect of any contract or agreement, and the fidelity of persons holding places of responsibility or trust;

to become surety for any person, or persons, for the faithful performance of any trust, office, duty, contract or agreement, either by itself or in conjunction with any other person, or persons, corporation, or corporations, or in like manner become surety upon any bond, recognizance, obligation, judgment, suit, order, or decree to be entered in any court of record within the State of Delaware or elsewhere, or which may now or hereafter be required by any law, judge, officer or court in the State of Delaware or elsewhere.

(9) To act by any and every method of appointment as trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity in the receiving, holding, managing, and disposing of any and all estates and property, real, personal or mixed, and to be appointed as such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian or bailee by any persons, corporations, court, officer, or authority, in the State of Delaware or elsewhere; and whenever this Corporation is so appointed by any person, corporation, court, officer or authority such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity, it shall not be required to give bond with surety, but its capital stock shall be taken and held as security for the performance of the duties devolving upon it by such appointment.

(10) And for its care, management and trouble, and the exercise of any of its powers hereby given, or for the performance of any of the duties which it may undertake or be called upon to perform, or for the assumption of any responsibility the said Corporation may be entitled to receive a proper compensation.

(11) To purchase, receive, hold and own bonds, mortgages, debentures, shares of capital stock, and other securities, obligations, contracts and evidences of indebtedness, of any private, public or municipal corporation within and without the State of Delaware, or of the Government of the United States, or of any state, territory, colony, or possession thereof, or of any foreign government or country; to receive, collect, receipt for, and dispose of interest, dividends and income upon and from any of the bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property held and owned by it, and to exercise in respect of all such bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property, any and all the rights, powers and privileges of individual owners thereof, including the right to vote thereon; to invest and deal in and with any of the moneys of the Corporation upon such securities and in such manner as it may think fit and proper, and from time to time to vary or realize

such investments; to issue bonds and secure the same by pledges or deeds of trust or mortgages of or upon the whole or any part of the property held or owned by the Corporation, and to sell and pledge such bonds, as and when the Board of Directors shall determine, and in the promotion of its said corporate business of investment and to the extent authorized by law, to lease, purchase, hold, sell, assign, transfer, pledge, mortgage and convey real and personal property of any name and nature and any estate or interest therein.

(b) In furtherance of, and not in limitation, of the powers conferred by the laws of the State of Delaware, it is hereby expressly provided that the said Corporation shall also have the following powers:

(1) To do any or all of the things herein set forth, to the same extent as natural persons might or could do, and in any part of the world.

(2) To acquire the good will, rights, property and franchises and to undertake the whole or any part of the assets and liabilities of any person, firm, association or corporation, and to pay for the same in cash, stock of this Corporation, bonds or otherwise; to hold or in any manner to dispose of the whole or any part of the property so purchased; to conduct in any lawful manner the whole or any part of any business so acquired, and to exercise all the powers necessary or convenient in and about the conduct and management of such business.

(3) To take, hold, own, deal in, mortgage or otherwise lien, and to lease, sell, exchange, transfer, or in any manner whatever dispose of property, real, personal or mixed, wherever situated.

(4) To enter into, make, perform and carry out contracts of every kind with any person, firm, association or corporation, and, without limit as to amount, to draw, make, accept, endorse, discount, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures, and other negotiable or transferable instruments.

(5) To have one or more offices, to carry on all or any of its operations and businesses, without restriction to the same extent as natural persons might or could do, to purchase or otherwise acquire, to hold, own, to mortgage, sell, convey or otherwise dispose of, real and personal property, of every class and description, in any State, District, Territory or Colony of the United States, and in any foreign country or place.

(6) It is the intention that the objects, purposes and powers specified and clauses contained in this paragraph shall (except where otherwise expressed in said paragraph) be nowise limited or restricted by reference to or inference

from the terms of any other clause of this or any other paragraph in this charter, but that the objects, purposes and powers specified in each of the clauses of this paragraph shall be regarded as independent objects, purposes and powers.

FOURTH: - (a) The total number of shares of all classes of stock which the Corporation shall have authority to issue is forty-one million (41,000,000) shares, consisting of:

(1) One million (1,000,000) shares of Preferred stock, par value \$10.00 per share (hereinafter referred to as "Preferred Stock"); and

(2) Forty million (40,000,000) shares of Common Stock, par value \$1.00 per share (hereinafter referred to as "Common Stock").

(b) Shares of Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the Board of Directors each of said series to be distinctly designated. All shares of any one series of Preferred Stock shall be alike in every particular, except that there may be different dates from which dividends, if any, thereon shall be cumulative, if made cumulative. The voting powers and the preferences and relative, participating, optional and other special rights of each such series, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding; and, subject to the provisions of subparagraph 1 of Paragraph (c) of this Article FOURTH, the Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of a particular series of Preferred Stock, the voting powers and the designations, preferences and relative, optional and other special rights, and the qualifications, limitations and restrictions of such series, including, but without limiting the generality of the foregoing, the following:

(1) The distinctive designation of, and the number of shares of Preferred Stock which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(2) The rate and times at which, and the terms and conditions on which, dividends, if any, on Preferred Stock of such series shall be paid, the extent of the preference or relation, if any, of such dividends to the dividends payable on any other class or classes, or series of the same or other class of stock and whether such dividends shall be cumulative or non-cumulative;

(3) The right, if any, of the holders of Preferred Stock of such series to convert the same into or exchange the same for, shares of any other class or classes or of any series of the same or any other class or classes of stock of the Corporation and the terms and conditions of such conversion or exchange;

(4) Whether or not Preferred Stock of such series shall be subject to redemption, and the redemption price or prices and the time or times at which, and the terms and conditions on which, Preferred Stock of such series may be redeemed.

(5) The rights, if any, of the holders of Preferred Stock of such series upon the voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding-up, of the Corporation.

(6) The terms of the sinking fund or redemption or purchase account, if any, to be provided for the Preferred Stock of such series; and

(7) The voting powers, if any, of the holders of such series of Preferred Stock which may, without limiting the generality of the foregoing include the right, voting as a series or by itself or together with other series of Preferred Stock or all series of Preferred Stock as a class, to elect one or more directors of the Corporation if there shall have been a default in the payment of dividends on any one or more series of Preferred Stock or under such circumstances and on such conditions as the Board of Directors may determine.

(c) (1) After the requirements with respect to preferential dividends on the Preferred Stock (fixed in accordance with the provisions of section (b) of this Article FOURTH), if any, shall have been met and after the Corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of section (b) of this Article FOURTH), and subject further to any conditions which may be fixed in accordance with the provisions of section (b) of this Article FOURTH, then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amount, if any, (fixed in accordance with the provisions of section (b) of this Article FOURTH), to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding-up, of the Corporation, the holders of the Common Stock shall be entitled to receive all of the remaining assets of the Corporation, tangible and intangible, of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.



(3) Except as may otherwise be required by law or by the provisions of such resolution or resolutions as may be adopted by the Board of Directors pursuant to section (b) of this Article FOURTH, each holder of Common Stock shall have one vote in respect of each share of Common Stock held on all matters voted upon by the stockholders.

(d) No holder of any of the shares of any class or series of stock or of options, warrants or other rights to purchase shares of any class or series of stock or of other securities of the Corporation shall have any preemptive right to purchase or subscribe for any unissued stock of any class or series or any additional shares of any class or series to be issued by reason of any increase of the authorized capital stock of the Corporation of any class or series, or bonds, certificates of indebtedness, debentures or other securities convertible into or exchangeable for stock of the Corporation of any class or series, or carrying any right to purchase stock of any class or series, but any such unissued stock, additional authorized issue of shares of any class or series of stock or securities convertible into or exchangeable for stock, or carrying any right to purchase stock, may be issued and disposed of pursuant to resolution of the Board of Directors to such persons, firms, corporations or associations, whether such holders or others, and upon such terms as may be deemed advisable by the Board of Directors in the exercise of its sole discretion.

(e) The relative powers, preferences and rights of each series of Preferred Stock in relation to the relative powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the resolution or resolutions adopted pursuant to authority granted in section (b) of this Article FOURTH and the consent, by class or series vote or otherwise, of the holders of such of the series of Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether or not the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them; provided, however, that the Board of Directors may provide in the resolution or resolutions as to any series of Preferred Stock adopted pursuant to section (b) of this Article FOURTH that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

(f) Subject to the provisions of section (e), shares of any series of Preferred Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(g) Shares of Common Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(h) The authorized amount of shares of Common Stock and of Preferred Stock may, without a class or series vote, be increased or decreased from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon.

FIFTH: - (a) The business and affairs of the Corporation shall be conducted and managed by a Board of Directors. The number of directors constituting the entire Board shall be not less than five nor more than twenty-five as fixed from time to time by vote of a majority of the whole Board, provided, however, that the number of directors shall not be reduced so as to shorten the term of any director at the time in office, and provided further, that the number of directors constituting the whole Board shall be twenty-four until otherwise fixed by a majority of the whole Board.

(b) The Board of Directors shall be divided into three classes, as nearly equal in number as the then total number of directors constituting the whole Board permits, with the term of office of one class expiring each year. At the annual meeting of stockholders in 1982, directors of the first class shall be elected to hold office for a term expiring at the next succeeding annual meeting, directors of the second class shall be elected to hold office for a term expiring at the second succeeding annual meeting and directors of the third class shall be elected to hold office for a term expiring at the third succeeding annual meeting. Any vacancies in the Board of Directors for any reason, and any newly created directorships resulting from any increase in the directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next annual election of directors. At such election, the stockholders shall elect a successor to such director to hold office until the next election of the class for which such director shall have been chosen and until his successor shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director.

(c) Notwithstanding any other provisions of this Charter or Act of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, this Charter or Act of Incorporation or the ByLaws of the Corporation), any director or the entire Board of Directors of the Corporation may be removed at any time without cause, but only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders called for that purpose.

(d) Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors. Such nominations shall be made by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation not less than 14 days nor

more than 50 days prior to any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 days' notice of the meeting is given to stockholders, such written notice shall be delivered or mailed, as prescribed, to the Secretary of the Corporation not later than the close of the seventh day following the day on which notice of the meeting was mailed to stockholders. Notice of nominations which are proposed by the Board of Directors shall be given by the Chairman on behalf of the Board.

(e) Each notice under subsection (d) shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of such nominee and (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee.

(f) The Chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

(g) No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

SIXTH: - The Directors shall choose such officers, agent and servants as may be provided in the By-Laws as they may from time to time find necessary or proper.

SEVENTH: - The Corporation hereby created is hereby given the same powers, rights and privileges as may be conferred upon corporations organized under the Act entitled "An Act Providing a General Corporation Law", approved March 10, 1899, as from time to time amended.

EIGHTH: - This Act shall be deemed and taken to be a private Act.

NINTH: - This Corporation is to have perpetual existence.

TENTH: - The Board of Directors, by resolution passed by a majority of the whole Board, may designate any of their number to constitute an Executive Committee, which Committee, to the extent provided in said resolution, or in the By-Laws of the Company, shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it.

ELEVENTH: - The private property of the stockholders shall not be liable for the payment of corporate debts to any extent whatever.

TWELFTH: - The Corporation may transact business in any part of the world.

THIRTEENTH: - The Board of Directors of the Corporation is expressly authorized to make, alter or repeal the By-Laws of the Corporation by a vote of the majority of the entire Board. The stockholders may make, alter or repeal any By-Law whether or not adopted by them, provided however, that any such additional By-Laws, alterations or repeal may be adopted only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class).

FOURTEENTH: - Meetings of the Directors may be held outside of the State of Delaware at such places as may be from time to time designated by the Board, and the Directors may keep the books of the Company outside of the State of Delaware at such places as may be from time to time designated by them.

FIFTEENTH: - (a) In addition to any affirmative vote required by law, and except as otherwise expressly provided in sections (b) and (c) of this Article FIFTEENTH:

(A) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with or into (i) any Interested Stockholder (as hereinafter defined) or (ii) any other corporation (whether or not itself an Interested Stockholder), which, after such merger or consolidation, would be an Affiliate (as hereinafter defined) of an Interested Stockholder, or

(B) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of related transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the Corporation or any Subsidiary having an aggregate fair market value of \$1,000,000 or more, or

(C) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of related transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of \$1,000,000 or more, or

(D) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation, or

(E) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any similar transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder, or any Affiliate of any Interested Stockholder,

shall require the affirmative vote of the holders of at least two-thirds of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, considered for the purpose of this Article FIFTEENTH as one class ("Voting Shares"). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that some lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(2) The term "business combination" as used in this Article FIFTEENTH shall mean any transaction which is referred to any one or more of clauses (A) through (E) of paragraph 1 of the section (a).

(b) The provisions of section (a) of this Article FIFTEENTH shall not be applicable to any particular business combination and such business combination shall require only such affirmative vote as is required by law and any other provisions of the Charter or Act of Incorporation or By-Laws if such business combination has been approved by a majority of the whole Board.

(c) For the purposes of this Article FIFTEENTH:

(1) A "person" shall mean any individual firm, corporation or other entity.

(2) "Interested Stockholder" shall mean, in respect of any business combination, any person (other than the Corporation or any Subsidiary) who or which as of the record date for the determination of stockholders entitled to notice of and to vote on such business combination, or immediately prior to the consummation of any such transaction:

(A) is the beneficial owner, directly or indirectly, of more than 10% of the Voting Shares, or

(B) is an Affiliate of the Corporation and at any time within two years prior thereto was the beneficial owner, directly or indirectly, of not less than 10% of the then outstanding voting Shares, or

(C) is an assignee of or has otherwise succeeded in any share of capital stock of the Corporation which were at any time within two years prior thereto

beneficially owned by any Interested Stockholder, and such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(3) A person shall be the "beneficial owner" of any Voting Shares:

(A) which such person or any of its Affiliates and Associates (as hereafter defined) beneficially own, directly or indirectly, or

(B) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding, or

(C) which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of the Corporation.

(4) The outstanding Voting Shares shall include shares deemed owned through application of paragraph (3) above but shall not include any other Voting Shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options or otherwise.

(5) "Affiliate" and "Associate" shall have the respective meanings given those terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981.

(6) "Subsidiary" shall mean any corporation of which a majority of any class of equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect in December 31, 1981) is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Investment Stockholder set forth in paragraph (2) of this section (c), the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(d) majority of the directors shall have the power and duty to determine for the purposes of this Article FIFTEENTH on the basis of information known to them, (1) the number of Voting Shares beneficially owned by any person (2) whether a person is an Affiliate or Associate of another, (3) whether a person

has an agreement, arrangement or understanding with another as to the matters referred to in paragraph (3) of section (c), or (4) whether the assets subject to any business combination or the consideration received for the issuance or transfer of securities by the Corporation, or any Subsidiary has an aggregate fair market value of \$1,00,000 or more.

(e) Nothing contained in this Article FIFTEENTH shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

SIXTEENTH: Notwithstanding any other provision of this Charter or Act of Incorporation or the By-Laws of the Corporation (and in addition to any other vote that may be required by law, this Charter or Act of Incorporation by the By-Laws), the affirmative vote of the holders of at least two-thirds of the outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter or repeal any provision of Articles FIFTH, THIRTEENTH, FIFTEENTH or SIXTEENTH of this Charter or Act of Incorporation.

SEVENTEENTH: (a) a Director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Laws as the same exists or may hereafter be amended.

(b) Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a Director of the Corporation existing hereunder with respect to any act or omission occurring prior to the time of such repeal or modification."

EXHIBIT B

BY-LAWS

WILMINGTON TRUST COMPANY

WILMINGTON, DELAWARE

AS EXISTING ON JANUARY 16, 1997



## BY-LAWS OF WILMINGTON TRUST COMPANY

ARTICLE I  
STOCKHOLDERS' MEETINGS

Section 1. The Annual Meeting of Stockholders shall be held on the third Thursday in April each year at the principal office at the Company or at such other date, time, or place as may be designated by resolution by the Board of Directors.

Section 2. Special meetings of all stockholders may be called at any time by the Board of Directors, the Chairman of the Board or the President.

Section 3. Notice of all meetings of the stockholders shall be given by mailing to each stockholder at least ten (10) days before said meeting, at his last known address, a written or printed notice fixing the time and place of such meeting.

Section 4. A majority in the amount of the capital stock of the Company issued and outstanding on the record date, as herein determined, shall constitute a quorum at all meetings of stockholders for the transaction of any business, but the holders of a small number of shares may adjourn, from time to time, without further notice, until a quorum is secured. At each annual or special meeting of stockholders, each stockholder shall be entitled to one vote, either in person or by proxy, for each share of stock registered in the stockholder's name on the books of the Company on the record date for any such meeting as determined herein.

ARTICLE II  
DIRECTORS

Section 1. The number and classification of the Board of Directors shall be as set forth in the Charter of the Bank.

Section 2. No person who has attained the age of seventy-two (72) years shall be nominated for election to the Board of Directors of the Company, provided, however, that this limitation shall not apply to any person who was serving as director of the Company on September 16, 1971.

Section 3. The class of Directors so elected shall hold office for three years or until their successors are elected and qualified.

Section 4. The affairs and business of the Company shall be managed and conducted by the Board of Directors.

Section 5. The Board of Directors shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Board of Directors or the President.

Section 6. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board of Directors or by the President, and shall be called upon the written request of a majority of the directors.

Section 7. A majority of the directors elected and qualified shall be necessary to constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 8. Written notice shall be sent by mail to each director of any special meeting of the Board of Directors, and of any change in the time or place of any regular meeting, stating the time and place of such meeting, which shall be mailed not less than two days before the time of holding such meeting.

Section 9. In the event of the death, resignation, removal, inability to act, or disqualification of any director, the Board of Directors, although less than a quorum, shall have the right to elect the successor who shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred, and until such director's successor shall have been duly elected and qualified.

Section 10. The Board of Directors at its first meeting after its election by the stockholders shall appoint an Executive Committee, a Trust Committee, an Audit Committee and a Compensation Committee, and shall elect from its own members a Chairman of the Board of Directors and a President who may be the same person. The Board of Directors shall also elect at such meeting a Secretary and a Treasurer, who may be the same person, may appoint at any time such other committees and elect or appoint such other officers as it may deem advisable. The Board of Directors may also elect at such meeting one or more Associate Directors.

Section 11. The Board of Directors may at any time remove, with or without cause, any member of any Committee appointed by it or any associate director or officer elected by it and may appoint or elect his successor.

Section 12. The Board of Directors may designate an officer to be in charge of such of the departments or division of the Company as it may deem advisable.

### ARTICLE III COMMITTEES

#### Section I. Executive Committee

(A) The Executive Committee shall be composed of not more than nine members who shall be selected by the Board of Directors from its own members and who shall hold office during the pleasure of the Board.

(B) The Executive Committee shall have all the powers of the Board of Directors when it is not in session to transact all business for and in behalf of the Company that may be brought before it.

(C) The Executive Committee shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Executive Committee or at the call of the Chairman of the Board of Directors. The majority of its members shall be necessary to constitute a quorum for the transaction of business. Special meetings of the Executive Committee may be held at any time when a quorum is present.

(D) Minutes of each meeting of the Executive Committee shall be kept and submitted to the Board of Directors at its next meeting.

(E) The Executive Committee shall advise and superintend all investments that may be made of the funds of the Company, and shall direct the disposal of the same, in accordance with such rules and regulations as the Board of Directors from time to time make.

(F) In the event of a state of disaster of sufficient severity to prevent the conduct and management of the affairs and business of the Company by its directors and officers as contemplated by these By-Laws any two available members of the Executive Committee as constituted immediately prior to such disaster shall constitute a quorum of that Committee for the full conduct and management of the affairs and business of the Company in accordance with the provisions of Article III of these By-Laws; and if less than three members of the Trust Committee is constituted immediately prior to such disaster shall be available for the transaction of its business, such Executive Committee shall also be empowered to exercise all of the powers reserved to the Trust Committee under Article III Section 2 hereof. In the event of the unavailability, at such time, of a minimum of two members of such Executive Committee, any three available directors shall constitute the Executive Committee for the full conduct and management of the affairs and business of the Company in accordance with the foregoing provisions of this Section. This By-Law shall be subject to implementation by Resolutions of the Board of Directors presently existing or hereafter passed from time to time for that purpose, and any provisions of these By-Laws (other than this Section) and any resolutions which are contrary to the provisions of this Section or to the provisions of any such implementary Resolutions shall be suspended during such a disaster period until it shall be determined by any interim Executive Committee acting under this section that it shall be to the advantage of the Company to resume the conduct and management of its affairs and business under all of the other provisions of these By-Laws.

## Section 2. Trust Committee

(A) The Trust Committee shall be composed of not more than thirteen members who shall be selected by the Board of Directors, a majority of whom shall be members of the Board of Directors and who shall hold office during the pleasure of the Board.

(B) The Trust Committee shall have general supervision over the Trust Department and the investment of trust funds, in all matters, however, being subject to the approval of the Board of Directors.

(C) The Trust Committee shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members or at the call of its chairman. A majority of its members shall be necessary to constitute a quorum for the transaction of business.

(D) Minutes of each meeting of the Trust Committee shall be kept and promptly submitted to the Board of Directors.

(E) The Trust Committee shall have the power to appoint Committees and/or designate officers or employees of the Company to whom supervision over the investment of trust funds may be delegated when the Trust Committee is not in session.

## Section 3. Audit Committee

(A) The Audit Committee shall be composed of five members who shall be selected by the Board of Directors from its own members, none of whom shall be an officer of the Company, and shall hold office at the pleasure of the Board.

(B) The Audit Committee shall have general supervision over the Audit Division in all matters however subject to the approval of the Board of Directors; it shall consider all matters brought to its attention by the officer in charge of the Audit Division, review all reports of examination of the Company made by any governmental agency or such independent auditor employed for that purpose, and make such recommendations to the Board of Directors with respect thereto or with respect to any other matters pertaining to auditing the Company as it shall deem desirable.

(C) The Audit Committee shall meet whenever and wherever the majority of its members shall deem it to be proper for the transaction of its business, and a majority of its Committee shall constitute a quorum.

#### Section 4. Compensation Committee

(A) The Compensation Committee shall be composed of not more than five (5) members who shall be selected by the Board of Directors from its own members who are not officers of the Company and who shall hold office during the pleasure of the Board.

(B) The Compensation Committee shall in general advise upon all matters of policy concerning the Company brought to its attention by the management and from time to time review the management of the Company, major organizational matters, including salaries and employee benefits and specifically shall administer the Executive Incentive Compensation Plan.

(C) Meetings of the Compensation Committee may be called at any time by the Chairman of the Compensation Committee, the Chairman of the Board of Directors, or the President of the Company.

#### Section 5. Associate Directors

(A) Any person who has served as a director may be elected by the Board of Directors as an associate director, to serve during the pleasure of the Board.

(B) An associate director shall be entitled to attend all directors meetings and participate in the discussion of all matters brought to the Board, with the exception that he would have no right to vote. An associate director will be eligible for appointment to Committees of the Company, with the exception of the Executive Committee, Audit Committee and Compensation Committee, which must be comprised solely of active directors.

#### Section 6. Absence or Disqualification of Any Member of a Committee

(A) In the absence or disqualification of any member of any Committee created under Article III of the By-Laws of this Company, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absence or disqualified member.

### ARTICLE IV OFFICERS

Section 1. The Chairman of the Board of Directors shall preside at all meetings of the Board and shall have such further authority and powers and shall perform such duties as the Board of Directors may from time to time confer and direct. He shall also exercise such powers and perform such duties as may from time to time be agreed upon between himself and the President of the Company.

Section 2. The Vice Chairman of the Board. The Vice Chairman of the Board of Directors shall preside at all meetings of the Board of Directors at which the Chairman of the Board shall not be present and shall have such further authority and powers and shall perform such duties as the Board of Directors or the Chairman of the Board may from time to time confer and direct.

Section 3. The President shall have the powers and duties pertaining to the office of the President conferred or imposed upon him by statute or assigned to him by the Board of Directors in the absence of the Chairman of the Board the President shall have the powers and duties of the Chairman of the Board.

Section 4. The Chairman of the Board of Directors or the President as designated by the Board of Directors, shall carry into effect all legal directions of the Executive Committee and of the Board of Directors, and shall at all times exercise general supervision over the interest, affairs and operations of the Company and perform all duties incident to his office.

Section 5. There may be one or more Vice Presidents, however denominated by the Board of Directors, who may at any time perform all the duties of the Chairman of the Board of Directors and/or the President and such other powers and duties as may from time to time be assigned to them by the Board of Directors, the Executive Committee, the Chairman of the Board or the President and by the officer in charge of the department or division to which they are assigned.

Section 6. The Secretary shall attend to the giving of notice of meetings of the stockholders and the Board of Directors, as well as the Committees thereof, to the keeping of accurate minutes of all such meetings and to recording the same in the minute books of the Company. In addition to the other notice requirements of these By-Laws and as may be practicable under the circumstances, all such notices shall be in writing and mailed well in advance of the scheduled date of any other meeting. He shall have custody of the corporate seal and shall affix the same to any documents requiring such corporate seal and to attest the same.

Section 7. The Treasurer shall have general supervision over all assets and liabilities of the Company. He shall be custodian of and responsible for all monies, funds and valuables of the Company and for the keeping of proper records of the evidence of property or indebtedness and of all the transactions of the Company. He shall have general supervision of the expenditures of the Company and shall report to the Board of Directors at each regular meeting of the condition of the Company, and perform such other duties as may be assigned to him from time to time by the Board of Directors of the Executive Committee.

Section 8. There may be a Controller who shall exercise general supervision over the internal operations of the Company, including accounting, and shall render to the Board of Directors at appropriate times a report relating to the general condition and internal operations of the Company.

There may be one or more subordinate accounting or controller officers however denominated, who may perform the duties of the Controller and such duties as may be prescribed by the Controller.

Section 9. The officer designated by the Board of Directors to be in charge of the Audit Division of the Company with such title as the Board of Directors shall prescribe, shall report to and be directly responsible only to the Board of Directors.

There shall be an Auditor and there may be one or more Audit Officers, however denominated, who may perform all the duties of the Auditor and such duties as may be prescribed by the officer in charge of the Audit Division.

Section 10. There may be one or more officers, subordinate in rank to all Vice Presidents with such functional titles as shall be determined from time to time by the Board of Directors, who shall ex officio hold the office Assistant Secretary of this Company and who may perform such duties as may be prescribed by the officer in charge of the department or division to whom they are assigned.

Section 11. The powers and duties of all other officers of the Company shall be those usually pertaining to their respective offices, subject to the direction of the Board of Directors, the Executive Committee, Chairman of the Board of Directors or the President and the officer in charge of the department or division to which they are assigned.

#### ARTICLE V STOCK AND STOCK CERTIFICATES

Section 1. Shares of stock shall be transferrable on the books of the Company and a transfer book shall be kept in which all transfers of stock shall be recorded.

Section 2. Certificate of stock shall bear the signature of the President or any Vice President, however denominated by the Board of Directors and countersigned by the Secretary or Treasurer or an Assistant Secretary, and the seal of the corporation shall be engraved thereon. Each certificate shall recite that the stock represented thereby is transferrable only upon the books of the Company by the holder thereof or his attorney, upon surrender of the certificate properly endorsed. Any certificate of stock surrendered to the Company shall be cancelled at the time of transfer, and before a new certificate or certificates shall be issued in lieu thereof. Duplicate certificates of stock shall be issued only upon giving such security as may be satisfactory to the Board of Directors or the Executive Committee.

Section 3. The Board of Directors of the Company is authorized to fix in advance a record date for the determination of the stockholders entitled to notice of, and to vote at, any meeting of stockholders and any adjournment thereof, or entitled to receive payment of any

dividend, or to any allotment or rights, or to exercise any rights in respect of any change, conversion or exchange of capital stock, or in connection with obtaining the consent of stockholders for any purpose, which record date shall not be more than 60 nor less than 10 days proceeding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent.

ARTICLE VI  
SEAL

Section 1. The corporate seal of the Company shall be in the following form:

Between two concentric circles the words "Wilmington Trust Company" within the inner circle the words "Wilmington, Delaware."

ARTICLE VII  
FISCAL YEAR

Section 1. The fiscal year of the Company shall be the calendar year.

ARTICLE VIII  
EXECUTION OF INSTRUMENTS OF THE COMPANY

Section 1. The Chairman of the Board, the President or any Vice President, however denominated by the Board of Directors, shall have full power and authority to enter into, make, sign, execute, acknowledge and/or deliver and the Secretary or any Assistant Secretary shall have full power and authority to attest and affix the corporate seal of the Company to any and all deeds, conveyances, assignments, releases, contracts, agreements, bonds, notes, mortgages and all other instruments incident to the business of this Company or in acting as executor, administrator, guardian, trustee, agent or in any other fiduciary or representative capacity by any and every method of appointment or by whatever person, corporation, court officer or authority in the State of Delaware, or elsewhere, without any specific authority, ratification, approval or confirmation by the Board of Directors or the Executive Committee, and any and all such instruments shall have the same force and validity as though expressly authorized by the Board of Directors and/or the Executive Committee.



ARTICLE IX  
COMPENSATION OF DIRECTORS AND MEMBERS OF COMMITTEES

Section 1. Directors and associate directors of the Company, other than salaried officers of the Company, shall be paid such reasonable honoraria or fees for attending meetings of the Board of Directors as the Board of Directors may from time to time determine. Directors and associate directors who serve as members of committees, other than salaried employees of the Company, shall be paid such reasonable honoraria or fees for services as members of committees as the Board of Directors shall from time to time determine and directors and associate directors may be employed by the Company for such special services as the Board of Directors may from time to time determine and shall be paid for such special services so performed reasonable compensation as may be determined by the Board of Directors.

ARTICLE X  
INDEMNIFICATION

Section 1. (A) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person. The Corporation shall indemnify a person in connection with a proceeding initiated by such person only if the proceeding was authorized by the Board of Directors of the Corporation.

(B) The Corporation shall pay the expenses incurred in defending any proceeding in advance of its final disposition, provided, however, that the payment of expenses incurred by a Director officer in his capacity as a Director or officer in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Director or officer to repay all amounts advanced if it should be ultimately determined that the Director or officer is not entitled to be indemnified under this Article or otherwise.

(C) If a claim for indemnification or payment of expenses, under this Article X is not paid in full within ninety days after a written claim therefor has been received by the Corporation the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification of payment of expenses under applicable law.

(D) The rights conferred on any person by this Article X shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Charter or Act of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested Directors or otherwise.

(E) Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE XI  
AMENDMENTS TO THE BY-LAWS

Section 1. These By-Laws may be altered, amended or repealed, in whole or in part, and any new By-Law or By-Laws adopted at any regular or special meeting of the Board of Directors by a vote of the majority of all the members of the Board of Directors then in office.

EXHIBIT C

SECTION 321(b) CONSENT

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, as amended, Wilmington Trust Company hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: May 8, 1997

By: /s/ Emmett R. Harmon

-----  
Name: Emmett R. Harmon  
Title: Vice President

EXHIBIT D

NOTICE

This form is intended to assist state nonmember banks and savings banks with state publication requirements. It has not been approved by any state banking authorities. Refer to your appropriate state banking authorities for your state publication requirements.

R E P O R T O F C O N D I T I O N

Consolidating domestic subsidiaries of the

WILMINGTON TRUST COMPANY of WILMINGTON

-----  
 Name of Bank City  
 -----

in the State of DELAWARE , at the close of business on December 31, 1996.  
 -----

ASSETS

Thousands of dollars

Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coins.....	213,895
Interest-bearing balances.....	0
Held-to-maturity securities.....	465,818
Available-for-sale securities.....	752,297
Federal funds sold.....	95,000
Securities purchased under agreements to resell.....	39,190
Loans and lease financing receivables:	
Loans and leases, net of unearned income. . . . .	3,634,003
LESS: Allowance for loan and lease losses. . . . .	51,847
LESS: Allocated transfer risk reserve. . . . .	0
Loans and leases, net of unearned income, allowance, and reserve.....	3,582,156
Assets held in trading accounts.....	0
Premises and fixed assets (including capitalized leases).....	89,129
Other real estate owned.....	3,520
Investments in unconsolidated subsidiaries and associated companies.....	52
Customers' liability to this bank on acceptances outstanding.....	0
Intangible assets.....	4,593
Other assets.....	114,300
Total assets.....	5,359,950

CONTINUED ON NEXT PAGE

## LIABILITIES

Deposits:	
In domestic offices.....	3,749,697
Noninterest-bearing . . . . .	852,790
Interest-bearing. . . . .	2,896,907
Federal funds purchased.....	77,825
Securities sold under agreements to repurchase.....	192,295
Demand notes issued to the U.S. Treasury.....	53,526
Trading liabilities.....	0
Other borrowed money:.....	////////
With original maturity of one year or less.....	714,000
With original maturity of more than one year.....	43,000
Mortgage indebtedness and obligations under capitalized leases.....	0
Bank's liability on acceptances executed and outstanding.....	0
Subordinated notes and debentures.....	0
Other liabilities.....	98,756
Total liabilities .....	4,929,099
Limited-life preferred stock and related surplus.....	0

## EQUITY CAPITAL

Perpetual preferred stock and related surplus.....	0
Common Stock.....	500
Surplus.....	62,118
Undivided profits and capital reserves.....	367,371
Net unrealized holding gains (losses) on available-for-sale securities.....	862
Total equity capital.....	430,851
Total liabilities, limited-life preferred stock, and equity capital.....	5,359,950

Registration No.

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939  
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO  
SECTION 305(b)(2)

WILMINGTON TRUST COMPANY  
(Exact name of trustee as specified in its charter)

Delaware  
(State of incorporation)

51-0055023  
(I.R.S. employer identification no.)

Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890  
(Address of principal executive offices)

Cynthia L. Corliss  
Vice President and Trust Counsel  
Wilmington Trust Company  
Rodney Square North  
Wilmington, Delaware 19890  
(302) 651-8516  
(Name, address and telephone number of agent for service)

CONTINENTAL AIRLINES, INC.

(Exact name of obligor as specified in its charter)

Delaware  
(State of incorporation  
or formation)

74-2099724  
(I.R.S. employer identification no.)

2929 Allen Parkway, Suite 2010  
Houston, Texas  
(Address of principal executive offices)

77019  
(Zip Code)

Pass Through Certificates, Series 1997-1C-I  
(Title of the indenture securities)

ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it is subject.

Federal Deposit Insurance Co.	State Bank Commissioner
Five Penn Center	Dover, Delaware
Suite #2901	
Philadelphia, PA	

- (b) Whether it is authorized to exercise corporate trust powers.  
The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

If the obligor is an affiliate of the trustee, describe each affiliation:

Based upon an examination of the books and records of the trustee and upon information furnished by the obligor, the obligor is not an affiliate of the trustee.

ITEM 3. LIST OF EXHIBITS.

List below all exhibits filed as part of this Statement of Eligibility and Qualification.

- A. Copy of the Charter of Wilmington Trust Company, which includes the certificate of authority of Wilmington Trust Company to commence business and the authorization of Wilmington Trust Company to exercise corporate trust powers.
- B. Copy of By-Laws of Wilmington Trust Company.
- C. Consent of Wilmington Trust Company required by Section 321(b) of Trust Indenture Act.
- D. Copy of most recent Report of Condition of Wilmington Trust Company.

Pursuant to the requirements of the Trust Indenture Act of 1939, the trustee, Wilmington Trust Company, a corporation organized and existing under the laws of Delaware, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Wilmington and State of Delaware on the 8th day of May, 1997.

[SEAL]

WILMINGTON TRUST COMPANY

Attest: /s/ W. Chris Sponenberg  
-----  
Assistant Secretary

By: /s/ Emmett R. Harmon  
-----  
Title: Vice President

EXHIBIT A  
AMENDED CHARTER  
WILMINGTON TRUST COMPANY  
WILMINGTON, DELAWARE  
AS EXISTING ON MAY 9, 1987



AMENDED CHARTER  
OR  
ACT OF INCORPORATION  
OF  
WILMINGTON TRUST COMPANY

WILMINGTON TRUST COMPANY, originally incorporated by an Act of the General Assembly of the State of Delaware, entitled "An Act to Incorporate the Delaware Guarantee and Trust Company", approved March 2, A.D. 1901, and the name of which company was changed to "WILMINGTON TRUST COMPANY" by an amendment filed in the Office of the Secretary of State on March 18, A.D. 1903, and the Charter or Act of Incorporation of which company has been from time to time amended and changed by merger agreements pursuant to the corporation law for state banks and trust companies of the State of Delaware, does hereby alter and amend its Charter or Act of Incorporation so that the same as so altered and amended shall in its entirety read as follows:

FIRST: - The name of this corporation is WILMINGTON TRUST COMPANY.

SECOND: - The location of its principal office in the State of Delaware is at Rodney Square North, in the City of Wilmington, County of New Castle; the name of its resident agent is WILMINGTON TRUST COMPANY whose address is Rodney Square North, in said City. In addition to such principal office, the said corporation maintains and operates branch offices in the City of Newark, New Castle County, Delaware, the Town of Newport, New Castle County, Delaware, at Claymont, New Castle County, Delaware, at Greenville, New Castle County Delaware, and at Milford Cross Roads, New Castle County, Delaware, and shall be empowered to open, maintain and operate branch offices at Ninth and Shipley Streets, 418 Delaware Avenue, 2120 Market Street, and 3605 Market Street, all in the City of Wilmington, New Castle County, Delaware, and such other branch offices or places of business as may be authorized from time to time by the agency or agencies of the government of the State of Delaware empowered to confer such authority.

THIRD: - (a) The nature of the business and the objects and purposes proposed to be transacted, promoted or carried on by this Corporation are to do any or all of the things herein mentioned as fully and to the same extent as natural persons might or could do and in any part of the world, viz.:

(1) To sue and be sued, complain and defend in any Court of law or equity and to make and use a common seal, and alter the seal at pleasure, to hold, purchase, convey, mortgage or otherwise deal in real and personal estate and property, and to appoint such officers and agents as the business of the Corporation shall require, to make by-laws not inconsistent with the

Constitution or laws of the United States or of this State, to discount bills, notes or other evidences of debt, to receive deposits of money, or securities for money, to buy gold and silver bullion and foreign coins, to buy and sell bills of exchange, and generally to use, exercise and enjoy all the powers, rights, privileges and franchises incident to a corporation which are proper or necessary for the transaction of the business of the Corporation hereby created.

(2) To insure titles to real and personal property, or any estate or interests therein, and to guarantee the holder of such property, real or personal, against any claim or claims, adverse to his interest therein, and to prepare and give certificates of title for any lands or premises in the State of Delaware, or elsewhere.

(3) To act as factor, agent, broker or attorney in the receipt, collection, custody, investment and management of funds, and the purchase, sale, management and disposal of property of all descriptions, and to prepare and execute all papers which may be necessary or proper in such business.

(4) To prepare and draw agreements, contracts, deeds, leases, conveyances, mortgages, bonds and legal papers of every description, and to carry on the business of conveyancing in all its branches.

(5) To receive upon deposit for safekeeping money, jewelry, plate, deeds, bonds and any and all other personal property of every sort and kind, from executors, administrators, guardians, public officers, courts, receivers, assignees, trustees, and from all fiduciaries, and from all other persons and individuals, and from all corporations whether state, municipal, corporate or private, and to rent boxes, safes, vaults and other receptacles for such property.

(6) To act as agent or otherwise for the purpose of registering, issuing, certificating, countersigning, transferring or underwriting the stock, bonds or other obligations of any corporation, association, state or municipality, and may receive and manage any sinking fund therefor on such terms as may be agreed upon between the two parties, and in like manner may act as Treasurer of any corporation or municipality.

(7) To act as Trustee under any deed of trust, mortgage, bond or other instrument issued by any state, municipality, body politic, corporation, association or person, either alone or in conjunction with any other person or persons, corporation or corporations.

(8) To guarantee the validity, performance or effect of any contract or agreement, and the fidelity of persons holding places of responsibility or trust;

to become surety for any person, or persons, for the faithful performance of any trust, office, duty, contract or agreement, either by itself or in conjunction with any other person, or persons, corporation, or corporations, or in like manner become surety upon any bond, recognizance, obligation, judgment, suit, order, or decree to be entered in any court of record within the State of Delaware or elsewhere, or which may now or hereafter be required by any law, judge, officer or court in the State of Delaware or elsewhere.

(9) To act by any and every method of appointment as trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity in the receiving, holding, managing, and disposing of any and all estates and property, real, personal or mixed, and to be appointed as such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian or bailee by any persons, corporations, court, officer, or authority, in the State of Delaware or elsewhere; and whenever this Corporation is so appointed by any person, corporation, court, officer or authority such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity, it shall not be required to give bond with surety, but its capital stock shall be taken and held as security for the performance of the duties devolving upon it by such appointment.

(10) And for its care, management and trouble, and the exercise of any of its powers hereby given, or for the performance of any of the duties which it may undertake or be called upon to perform, or for the assumption of any responsibility the said Corporation may be entitled to receive a proper compensation.

(11) To purchase, receive, hold and own bonds, mortgages, debentures, shares of capital stock, and other securities, obligations, contracts and evidences of indebtedness, of any private, public or municipal corporation within and without the State of Delaware, or of the Government of the United States, or of any state, territory, colony, or possession thereof, or of any foreign government or country; to receive, collect, receipt for, and dispose of interest, dividends and income upon and from any of the bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property held and owned by it, and to exercise in respect of all such bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property, any and all the rights, powers and privileges of individual owners thereof, including the right to vote thereon; to invest and deal in and with any of the moneys of the Corporation upon such securities and in such manner as it may think fit and proper, and from time to time to vary or realize

such investments; to issue bonds and secure the same by pledges or deeds of trust or mortgages of or upon the whole or any part of the property held or owned by the Corporation, and to sell and pledge such bonds, as and when the Board of Directors shall determine, and in the promotion of its said corporate business of investment and to the extent authorized by law, to lease, purchase, hold, sell, assign, transfer, pledge, mortgage and convey real and personal property of any name and nature and any estate or interest therein.

(b) In furtherance of, and not in limitation, of the powers conferred by the laws of the State of Delaware, it is hereby expressly provided that the said Corporation shall also have the following powers:

(1) To do any or all of the things herein set forth, to the same extent as natural persons might or could do, and in any part of the world.

(2) To acquire the good will, rights, property and franchises and to undertake the whole or any part of the assets and liabilities of any person, firm, association or corporation, and to pay for the same in cash, stock of this Corporation, bonds or otherwise; to hold or in any manner to dispose of the whole or any part of the property so purchased; to conduct in any lawful manner the whole or any part of any business so acquired, and to exercise all the powers necessary or convenient in and about the conduct and management of such business.

(3) To take, hold, own, deal in, mortgage or otherwise lien, and to lease, sell, exchange, transfer, or in any manner whatever dispose of property, real, personal or mixed, wherever situated.

(4) To enter into, make, perform and carry out contracts of every kind with any person, firm, association or corporation, and, without limit as to amount, to draw, make, accept, endorse, discount, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures, and other negotiable or transferable instruments.

(5) To have one or more offices, to carry on all or any of its operations and businesses, without restriction to the same extent as natural persons might or could do, to purchase or otherwise acquire, to hold, own, to mortgage, sell, convey or otherwise dispose of, real and personal property, of every class and description, in any State, District, Territory or Colony of the United States, and in any foreign country or place.

(6) It is the intention that the objects, purposes and powers specified and clauses contained in this paragraph shall (except where otherwise expressed in said paragraph) be nowise limited or restricted by reference to or inference

from the terms of any other clause of this or any other paragraph in this charter, but that the objects, purposes and powers specified in each of the clauses of this paragraph shall be regarded as independent objects, purposes and powers.

FOURTH: - (a) The total number of shares of all classes of stock which the Corporation shall have authority to issue is forty-one million (41,000,000) shares, consisting of:

(1) One million (1,000,000) shares of Preferred stock, par value \$10.00 per share (hereinafter referred to as "Preferred Stock"); and

(2) Forty million (40,000,000) shares of Common Stock, par value \$1.00 per share (hereinafter referred to as "Common Stock").

(b) Shares of Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the Board of Directors each of said series to be distinctly designated. All shares of any one series of Preferred Stock shall be alike in every particular, except that there may be different dates from which dividends, if any, thereon shall be cumulative, if made cumulative. The voting powers and the preferences and relative, participating, optional and other special rights of each such series, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding; and, subject to the provisions of subparagraph 1 of Paragraph (c) of this Article FOURTH, the Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of a particular series of Preferred Stock, the voting powers and the designations, preferences and relative, optional and other special rights, and the qualifications, limitations and restrictions of such series, including, but without limiting the generality of the foregoing, the following:

(1) The distinctive designation of, and the number of shares of Preferred Stock which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(2) The rate and times at which, and the terms and conditions on which, dividends, if any, on Preferred Stock of such series shall be paid, the extent of the preference or relation, if any, of such dividends to the dividends payable on any other class or classes, or series of the same or other class of stock and whether such dividends shall be cumulative or non-cumulative;

(3) The right, if any, of the holders of Preferred Stock of such series to

convert the same into or exchange the same for, shares of any other class or classes or of any series of the same or any other class or classes of stock of the Corporation and the terms and conditions of such conversion or exchange;

(4) Whether or not Preferred Stock of such series shall be subject to redemption, and the redemption price or prices and the time or times at which, and the terms and conditions on which, Preferred Stock of such series may be redeemed.

(5) The rights, if any, of the holders of Preferred Stock of such series upon the voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding-up, of the Corporation.

(6) The terms of the sinking fund or redemption or purchase account, if any, to be provided for the Preferred Stock of such series; and

(7) The voting powers, if any, of the holders of such series of Preferred Stock which may, without limiting the generality of the foregoing include the right, voting as a series or by itself or together with other series of Preferred Stock or all series of Preferred Stock as a class, to elect one or more directors of the Corporation if there shall have been a default in the payment of dividends on any one or more series of Preferred Stock or under such circumstances and on such conditions as the Board of Directors may determine.

(c) (1) After the requirements with respect to preferential dividends on the Preferred Stock (fixed in accordance with the provisions of section (b) of this Article FOURTH), if any, shall have been met and after the Corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of section (b) of this Article FOURTH), and subject further to any conditions which may be fixed in accordance with the provisions of section (b) of this Article FOURTH, then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amount, if any, (fixed in accordance with the provisions of section (b) of this Article FOURTH), to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding-up, of the Corporation, the holders of the Common Stock shall be entitled to receive all of the remaining assets of the Corporation, tangible and intangible, of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

(3) Except as may otherwise be required by law or by the provisions of such

resolution or resolutions as may be adopted by the Board of Directors pursuant to section (b) of this Article FOURTH, each holder of Common Stock shall have one vote in respect of each share of Common Stock held on all matters voted upon by the stockholders.

(d) No holder of any of the shares of any class or series of stock or of options, warrants or other rights to purchase shares of any class or series of stock or of other securities of the Corporation shall have any preemptive right to purchase or subscribe for any unissued stock of any class or series or any additional shares of any class or series to be issued by reason of any increase of the authorized capital stock of the Corporation of any class or series, or bonds, certificates of indebtedness, debentures or other securities convertible into or exchangeable for stock of the Corporation of any class or series, or carrying any right to purchase stock of any class or series, but any such unissued stock, additional authorized issue of shares of any class or series of stock or securities convertible into or exchangeable for stock, or carrying any right to purchase stock, may be issued and disposed of pursuant to resolution of the Board of Directors to such persons, firms, corporations or associations, whether such holders or others, and upon such terms as may be deemed advisable by the Board of Directors in the exercise of its sole discretion.

(e) The relative powers, preferences and rights of each series of Preferred Stock in relation to the relative powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the resolution or resolutions adopted pursuant to authority granted in section (b) of this Article FOURTH and the consent, by class or series vote or otherwise, of the holders of such of the series of Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether or not the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them; provided, however, that the Board of Directors may provide in the resolution or resolutions as to any series of Preferred Stock adopted pursuant to section (b) of this Article FOURTH that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

(f) Subject to the provisions of section (e), shares of any series of Preferred Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(g) Shares of Common Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(h) The authorized amount of shares of Common Stock and of Preferred Stock may, without a class or series vote, be increased or decreased from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon.

FIFTH: - (a) The business and affairs of the Corporation shall be conducted and managed by a Board of Directors. The number of directors constituting the entire Board shall be not less than five nor more than twenty-five as fixed from time to time by vote of a majority of the whole Board, provided, however, that the number of directors shall not be reduced so as to shorten the term of any director at the time in office, and provided further, that the number of directors constituting the whole Board shall be twenty-four until otherwise fixed by a majority of the whole Board.

(b) The Board of Directors shall be divided into three classes, as nearly equal in number as the then total number of directors constituting the whole Board permits, with the term of office of one class expiring each year. At the annual meeting of stockholders in 1982, directors of the first class shall be elected to hold office for a term expiring at the next succeeding annual meeting, directors of the second class shall be elected to hold office for a term expiring at the second succeeding annual meeting and directors of the third class shall be elected to hold office for a term expiring at the third succeeding annual meeting. Any vacancies in the Board of Directors for any reason, and any newly created directorships resulting from any increase in the directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next annual election of directors. At such election, the stockholders shall elect a successor to such director to hold office until the next election of the class for which such director shall have been chosen and until his successor shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director.

(c) Notwithstanding any other provisions of this Charter or Act of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, this Charter or Act of Incorporation or the By-Laws of the Corporation), any director or the entire Board of Directors of the Corporation may be removed at any time without cause, but only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders called for that purpose.

(d) Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors. Such nominations shall be made by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation not less than 14 days nor



more than 50 days prior to any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 days' notice of the meeting is given to stockholders, such written notice shall be delivered or mailed, as prescribed, to the Secretary of the Corporation not later than the close of the seventh day following the day on which notice of the meeting was mailed to stockholders. Notice of nominations which are proposed by the Board of Directors shall be given by the Chairman on behalf of the Board.

(e) Each notice under subsection (d) shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of such nominee and (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee.

(f) The Chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

(g) No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

SIXTH: - The Directors shall choose such officers, agent and servants as may be provided in the By-Laws as they may from time to time find necessary or proper.

SEVENTH: - The Corporation hereby created is hereby given the same powers, rights and privileges as may be conferred upon corporations organized under the Act entitled "An Act Providing a General Corporation Law", approved March 10, 1899, as from time to time amended.

EIGHTH: - This Act shall be deemed and taken to be a private Act.

NINTH: - This Corporation is to have perpetual existence.

TENTH: - The Board of Directors, by resolution passed by a majority of the whole Board, may designate any of their number to constitute an Executive Committee, which Committee, to the extent provided in said resolution, or in the By-Laws of the Company, shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it.

ELEVENTH: - The private property of the stockholders shall not be liable for the payment of corporate debts to any extent whatever.

TWELFTH: - The Corporation may transact business in any part of the world.

THIRTEENTH: - The Board of Directors of the Corporation is expressly authorized to make, alter or repeal the By-Laws of the Corporation by a vote of the majority of the entire Board. The stockholders may make, alter or repeal any By-Law whether or not adopted by them, provided however, that any such additional By-Laws, alterations or repeal may be adopted only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class).

FOURTEENTH: - Meetings of the Directors may be held outside of the State of Delaware at such places as may be from time to time designated by the Board, and the Directors may keep the books of the Company outside of the State of Delaware at such places as may be from time to time designated by them.

FIFTEENTH: - (a) In addition to any affirmative vote required by law, and except as otherwise expressly provided in sections (b) and (c) of this Article FIFTEENTH:

(A) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with or into (i) any Interested Stockholder (as hereinafter defined) or (ii) any other corporation (whether or not itself an Interested Stockholder), which, after such merger or consolidation, would be an Affiliate (as hereinafter defined) of an Interested Stockholder, or

(B) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of related transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the Corporation or any Subsidiary having an aggregate fair market value of \$1,000,000 or more, or

(C) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of related transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of \$1,000,000 or more, or

(D) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation, or

(E) any reclassification of securities (including any reverse stock split), or

recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any similar transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder, or any Affiliate of any Interested Stockholder,

shall require the affirmative vote of the holders of at least two-thirds of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, considered for the purpose of this Article FIFTEENTH as one class ("Voting Shares"). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that some lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(2) The term "business combination" as used in this Article FIFTEENTH shall mean any transaction which is referred to any one or more of clauses (A) through (E) of paragraph 1 of the section (a).

(b) The provisions of section (a) of this Article FIFTEENTH shall not be applicable to any particular business combination and such business combination shall require only such affirmative vote as is required by law and any other provisions of the Charter or Act of Incorporation or By-Laws if such business combination has been approved by a majority of the whole Board.

(c) For the purposes of this Article FIFTEENTH:

(1) A "person" shall mean any individual firm, corporation or other entity.

(2) "Interested Stockholder" shall mean, in respect of any business combination, any person (other than the Corporation or any Subsidiary) who or which as of the record date for the determination of stockholders entitled to notice of and to vote on such business combination, or immediately prior to the consummation of any such transaction:

(A) is the beneficial owner, directly or indirectly, of more than 10% of the Voting Shares, or

(B) is an Affiliate of the Corporation and at any time within two years prior thereto was the beneficial owner, directly or indirectly, of not less than 10% of the then outstanding voting Shares, or

(C) is an assignee of or has otherwise succeeded in any share of capital stock of the Corporation which were at any time within two years prior thereto

beneficially owned by any Interested Stockholder, and such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(3) A person shall be the "beneficial owner" of any Voting Shares:

(A) which such person or any of its Affiliates and Associates (as hereafter defined) beneficially own, directly or indirectly, or

(B) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding, or

(C) which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of the Corporation.

(4) The outstanding Voting Shares shall include shares deemed owned through application of paragraph (3) above but shall not include any other Voting Shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options or otherwise.

(5) "Affiliate" and "Associate" shall have the respective meanings given those terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981.

(6) "Subsidiary" shall mean any corporation of which a majority of any class of equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect in December 31, 1981) is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Investment Stockholder set forth in paragraph (2) of this section (c), the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(d) majority of the directors shall have the power and duty to determine for the purposes of this Article FIFTEENTH on the basis of information known to them, (1) the number of Voting Shares beneficially owned by any person (2) whether a person is an Affiliate or Associate of another, (3) whether a person

has an agreement, arrangement or understanding with another as to the matters referred to in paragraph (3) of section (c), or (4) whether the assets subject to any business combination or the consideration received for the issuance or transfer of securities by the Corporation, or any Subsidiary has an aggregate fair market value of \$1,00,000 or more.

(e) Nothing contained in this Article FIFTEENTH shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

SIXTEENTH: Notwithstanding any other provision of this Charter or Act of Incorporation or the By-Laws of the Corporation (and in addition to any other vote that may be required by law, this Charter or Act of Incorporation by the By-Laws), the affirmative vote of the holders of at least two-thirds of the outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter or repeal any provision of Articles FIFTH, THIRTEENTH, FIFTEENTH or SIXTEENTH of this Charter or Act of Incorporation.

SEVENTEENTH: (a) a Director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Laws as the same exists or may hereafter be amended.

(b) Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a Director of the Corporation existing hereunder with respect to any act or omission occurring prior to the time of such repeal or modification."

EXHIBIT B

BY-LAWS

WILMINGTON TRUST COMPANY

WILMINGTON, DELAWARE

AS EXISTING ON JANUARY 16, 1997

ARTICLE I  
STOCKHOLDERS' MEETINGS

Section 1. The Annual Meeting of Stockholders shall be held on the third Thursday in April each year at the principal office at the Company or at such other date, time, or place as may be designated by resolution by the Board of Directors.

Section 2. Special meetings of all stockholders may be called at any time by the Board of Directors, the Chairman of the Board or the President.

Section 3. Notice of all meetings of the stockholders shall be given by mailing to each stockholder at least ten (10) days before said meeting, at his last known address, a written or printed notice fixing the time and place of such meeting.

Section 4. A majority in the amount of the capital stock of the Company issued and outstanding on the record date, as herein determined, shall constitute a quorum at all meetings of stockholders for the transaction of any business, but the holders of a small number of shares may adjourn, from time to time, without further notice, until a quorum is secured. At each annual or special meeting of stockholders, each stockholder shall be entitled to one vote, either in person or by proxy, for each shares of stock registered in the stockholder's name on the books of the Company on the record date for any such meeting as determined herein.

ARTICLE II  
DIRECTORS

Section 1. The number and classification of the Board of Directors shall be as set forth in the Charter of the Bank.

Section 2. No person who has attained the age of seventy-two (72) years shall be nominated for election to the Board of Directors of the Company, provided, however, that this limitation shall not apply to any person who was serving as director of the Company on September 16, 1971.

Section 3. The class of Directors so elected shall hold office for three years or until their successors are elected and qualified.

Section 4. The affairs and business of the Company shall be managed and conducted by the Board of Directors.

Section 5. The Board of Directors shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or

at the call of the Chairman of the Board of Directors or the President.

Section 6. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board of Directors or by the President, and shall be called upon the written request of a majority of the directors.

Section 7. A majority of the directors elected and qualified shall be necessary to constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 8. Written notice shall be sent by mail to each director of any special meeting of the Board of Directors, and of any change in the time or place of any regular meeting, stating the time and place of such meeting, which shall be mailed not less than two days before the time of holding such meeting.

Section 9. In the event of the death, resignation, removal, inability to act, or disqualification of any director, the Board of Directors, although less than a quorum, shall have the right to elect the successor who shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred, and until such director's successor shall have been duly elected and qualified.

Section 10. The Board of Directors at its first meeting after its election by the stockholders shall appoint an Executive Committee, a Trust Committee, an Audit Committee and a Compensation Committee, and shall elect from its own members a Chairman of the Board of Directors and a President who may be the same person. The Board of Directors shall also elect at such meeting a Secretary and a Treasurer, who may be the same person, may appoint at any time such other committees and elect or appoint such other officers as it may deem advisable. The Board of Directors may also elect at such meeting one or more Associate Directors.

Section 11. The Board of Directors may at any time remove, with or without cause, any member of any Committee appointed by it or any associate director or officer elected by it and may appoint or elect his successor.

Section 12. The Board of Directors may designate an officer to be in charge of such of the departments or division of the Company as it may deem advisable.

### ARTICLE III COMMITTEES

#### Section I. Executive Committee

(A) The Executive Committee shall be composed of not more than nine members who shall be selected by the Board of Directors from its own members and



who shall hold office during the pleasure of the Board.

(B) The Executive Committee shall have all the powers of the Board of Directors when it is not in session to transact all business for and in behalf of the Company that may be brought before it.

(C) The Executive Committee shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Executive Committee or at the call of the Chairman of the Board of Directors. The majority of its members shall be necessary to constitute a quorum for the transaction of business. Special meetings of the Executive Committee may be held at any time when a quorum is present.

(D) Minutes of each meeting of the Executive Committee shall be kept and submitted to the Board of Directors at its next meeting.

(E) The Executive Committee shall advise and superintend all investments that may be made of the funds of the Company, and shall direct the disposal of the same, in accordance with such rules and regulations as the Board of Directors from time to time make.

(F) In the event of a state of disaster of sufficient severity to prevent the conduct and management of the affairs and business of the Company by its directors and officers as contemplated by these By-Laws any two available members of the Executive Committee as constituted immediately prior to such disaster shall constitute a quorum of that Committee for the full conduct and management of the affairs and business of the Company in accordance with the provisions of Article III of these By-Laws; and if less than three members of the Trust Committee is constituted immediately prior to such disaster shall be available for the transaction of its business, such Executive Committee shall also be empowered to exercise all of the powers reserved to the Trust Committee under Article III Section 2 hereof. In the event of the unavailability, at such time, of a minimum of two members of such Executive Committee, any three available directors shall constitute the Executive Committee for the full conduct and management of the affairs and business of the Company in accordance with the foregoing provisions of this Section. This By-Law shall be subject to implementation by Resolutions of the Board of Directors presently existing or hereafter passed from time to time for that purpose, and any provisions of these By-Laws (other than this Section) and any resolutions which are contrary to the provisions of this Section or to the provisions of any such implementary Resolutions shall be suspended during such a disaster period until it shall be determined by any interim Executive Committee acting under this section that it shall be to the advantage of the Company to resume the conduct and management of its affairs and business under all of the other provisions of these By-Laws.

## Section 2. Trust Committee

(A) The Trust Committee shall be composed of not more than thirteen members who shall be selected by the Board of Directors, a majority of whom shall be members of the Board of Directors and who shall hold office during the pleasure of the Board.

(B) The Trust Committee shall have general supervision over the Trust Department and the investment of trust funds, in all matters, however, being subject to the approval of the Board of Directors.

(C) The Trust Committee shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members or at the call of its chairman. A majority of its members shall be necessary to constitute a quorum for the transaction of business.

(D) Minutes of each meeting of the Trust Committee shall be kept and promptly submitted to the Board of Directors.

(E) The Trust Committee shall have the power to appoint Committees and/or designate officers or employees of the Company to whom supervision over the investment of trust funds may be delegated when the Trust Committee is not in session.

## Section 3. Audit Committee

(A) The Audit Committee shall be composed of five members who shall be selected by the Board of Directors from its own members, none of whom shall be an officer of the Company, and shall hold office at the pleasure of the Board.

(B) The Audit Committee shall have general supervision over the Audit Division in all matters however subject to the approval of the Board of Directors; it shall consider all matters brought to its attention by the officer in charge of the Audit Division, review all reports of examination of the Company made by any governmental agency or such independent auditor employed for that purpose, and make such recommendations to the Board of Directors with respect thereto or with respect to any other matters pertaining to auditing the Company as it shall deem desirable.

(C) The Audit Committee shall meet whenever and wherever the majority of its members shall deem it to be proper for the transaction of its business, and a majority of its Committee shall constitute a quorum.

## Section 4. Compensation Committee

(A) The Compensation Committee shall be composed of not more than five (5) members who shall be selected by the Board of Directors from its own members who are not officers of the Company and who shall hold office during the pleasure of the Board.

(B) The Compensation Committee shall in general advise upon all matters of policy concerning the Company brought to its attention by the management and from time to time review the management of the Company, major organizational matters, including salaries and employee benefits and specifically shall administer the Executive Incentive Compensation Plan.

(C) Meetings of the Compensation Committee may be called at any time by the Chairman of the Compensation Committee, the Chairman of the Board of Directors, or the President of the Company.

#### Section 5. Associate Directors

(A) Any person who has served as a director may be elected by the Board of Directors as an associate director, to serve during the pleasure of the Board.

(B) An associate director shall be entitled to attend all directors meetings and participate in the discussion of all matters brought to the Board, with the exception that he would have no right to vote. An associate director will be eligible for appointment to Committees of the Company, with the exception of the Executive Committee, Audit Committee and Compensation Committee, which must be comprised solely of active directors.

#### Section 6. Absence or Disqualification of Any Member of a Committee

(A) In the absence or disqualification of any member of any Committee created under Article III of the By-Laws of this Company, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absence or disqualified member.

### ARTICLE IV OFFICERS

Section 1. The Chairman of the Board of Directors shall preside at all meetings of the Board and shall have such further authority and powers and shall perform such duties as the Board of Directors may from time to time confer and direct. He shall also exercise such powers and perform such duties as may from time to time be agreed upon between himself and the President of the Company.

Section 2. The Vice Chairman of the Board. The Vice Chairman of the Board of Directors shall preside at all meetings of the Board of Directors at which the Chairman of the Board shall not be present and shall have such further authority and powers and shall perform such duties as the Board of Directors or the Chairman of the Board may from time to time confer and direct.

Section 3. The President shall have the powers and duties pertaining to the office of the President conferred or imposed upon him by statute or assigned to him by the Board of Directors in the absence of the Chairman of the Board the President shall have the powers and duties of the Chairman of the Board.

Section 4. The Chairman of the Board of Directors or the President as designated by the Board of Directors, shall carry into effect all legal directions of the Executive Committee and of the Board of Directors, and shall at all times exercise general supervision over the interest, affairs and operations of the Company and perform all duties incident to his office.

Section 5. There may be one or more Vice Presidents, however denominated by the Board of Directors, who may at any time perform all the duties of the Chairman of the Board of Directors and/or the President and such other powers and duties as may from time to time be assigned to them by the Board of Directors, the Executive Committee, the Chairman of the Board or the President and by the officer in charge of the department or division to which they are assigned.

Section 6. The Secretary shall attend to the giving of notice of meetings of the stockholders and the Board of Directors, as well as the Committees thereof, to the keeping of accurate minutes of all such meetings and to recording the same in the minute books of the Company. In addition to the other notice requirements of these By-Laws and as may be practicable under the circumstances, all such notices shall be in writing and mailed well in advance of the scheduled date of any other meeting. He shall have custody of the corporate seal and shall affix the same to any documents requiring such corporate seal and to attest the same.

Section 7. The Treasurer shall have general supervision over all assets and liabilities of the Company. He shall be custodian of and responsible for all monies, funds and valuables of the Company and for the keeping of proper records of the evidence of property or indebtedness and of all the transactions of the Company. He shall have general supervision of the expenditures of the Company and shall report to the Board of Directors at each regular meeting of the condition of the Company, and perform such other duties as may be assigned to him from time to time by the Board of Directors of the Executive Committee.

Section 8. There may be a Controller who shall exercise general supervision over the internal operations of the Company, including accounting, and shall render to the Board of Directors at appropriate times a report relating to the general condition and internal operations of the Company.

There may be one or more subordinate accounting or controller officers however denominated, who may perform the duties of the Controller and such duties as may be prescribed by the Controller.

Section 9. The officer designated by the Board of Directors to be in charge of the Audit Division of the Company with such title as the Board of Directors shall prescribe, shall report to and be directly responsible only to the Board of Directors.

There shall be an Auditor and there may be one or more Audit Officers, however denominated, who may perform all the duties of the Auditor and such duties as may be prescribed by the officer in charge of the Audit Division.

Section 10. There may be one or more officers, subordinate in rank to all Vice Presidents with such functional titles as shall be determined from time to time by the Board of Directors, who shall ex officio hold the office Assistant Secretary of this Company and who may perform such duties as may be prescribed by the officer in charge of the department or division to whom they are assigned.

Section 11. The powers and duties of all other officers of the Company shall be those usually pertaining to their respective offices, subject to the direction of the Board of Directors, the Executive Committee, Chairman of the Board of Directors or the President and the officer in charge of the department or division to which they are assigned.

#### ARTICLE V STOCK AND STOCK CERTIFICATES

Section 1. Shares of stock shall be transferrable on the books of the Company and a transfer book shall be kept in which all transfers of stock shall be recorded.

Section 2. Certificate of stock shall bear the signature of the President or any Vice President, however denominated by the Board of Directors and countersigned by the Secretary or Treasurer or an Assistant Secretary, and the seal of the corporation shall be engraved thereon. Each certificate shall recite that the stock represented thereby is transferrable only upon the books of the Company by the holder thereof or his attorney, upon surrender of the certificate properly endorsed. Any certificate of stock surrendered to the Company shall be cancelled at the time of transfer, and before a new certificate or certificates shall be issued in lieu thereof. Duplicate certificates of stock shall be issued only upon giving such security as may be satisfactory to the Board of Directors or the Executive Committee.

Section 3. The Board of Directors of the Company is authorized to fix in advance a record date for the determination of the stockholders entitled to notice of, and to vote at, any meeting of stockholders and any adjournment thereof, or entitled to receive payment of any

dividend, or to any allotment or rights, or to exercise any rights in respect of any change, conversion or exchange of capital stock, or in connection with obtaining the consent of stockholders for any purpose, which record date shall not be more than 60 nor less than 10 days proceeding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent.

ARTICLE VI  
SEAL

Section 1. The corporate seal of the Company shall be in the following form:

Between two concentric circles the words "Wilmington Trust Company" within the inner circle the words "Wilmington, Delaware."

ARTICLE VII  
FISCAL YEAR

Section 1. The fiscal year of the Company shall be the calendar year.

ARTICLE VIII  
EXECUTION OF INSTRUMENTS OF THE COMPANY

Section 1. The Chairman of the Board, the President or any Vice President, however denominated by the Board of Directors, shall have full power and authority to enter into, make, sign, execute, acknowledge and/or deliver and the Secretary or any Assistant Secretary shall have full power and authority to attest and affix the corporate seal of the Company to any and all deeds, conveyances, assignments, releases, contracts, agreements, bonds, notes, mortgages and all other instruments incident to the business of this Company or in acting as executor, administrator, guardian, trustee, agent or in any other fiduciary or representative capacity by any and every method of appointment or by whatever person, corporation, court officer or authority in the State of Delaware, or elsewhere, without any specific authority, ratification, approval or confirmation by the Board of Directors or the Executive Committee, and any and all such instruments shall have the same force and validity as though expressly authorized by the Board of Directors and/or the Executive Committee.

ARTICLE IX  
COMPENSATION OF DIRECTORS AND MEMBERS OF COMMITTEES

Section 1. Directors and associate directors of the Company, other than salaried officers of the Company, shall be paid such reasonable honoraria or fees for attending meetings of the Board of Directors as the Board of Directors may from time to time determine. Directors and associate directors who serve as members of committees, other than salaried employees of the Company, shall be paid such reasonable honoraria or fees for services as members of committees as the Board of Directors shall from time to time determine and directors and associate directors may be employed by the Company for such special services as the Board of Directors may from time to time determine and shall be paid for such special services so performed reasonable compensation as may be determined by the Board of Directors.

ARTICLE X  
INDEMNIFICATION

Section 1. (A) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person. The Corporation shall indemnify a person in connection with a proceeding initiated by such person only if the proceeding was authorized by the Board of Directors of the Corporation.

(B) The Corporation shall pay the expenses incurred in defending any proceeding in advance of its final disposition, provided, however, that the payment of expenses incurred by a Director officer in his capacity as a Director or officer in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Director or officer to repay all amounts advanced if it should be ultimately determined that the Director or officer is not entitled to be indemnified under this Article or otherwise.

(C) If a claim for indemnification or payment of expenses, under this Article X is not paid in full within ninety days after a written claim therefor has been received by the Corporation the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification of payment of expenses

under applicable law.

(D) The rights conferred on any person by this Article X shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Charter or Act of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested Directors or otherwise.

(E) Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE XI  
AMENDMENTS TO THE BY-LAWS

Section 1. These By-Laws may be altered, amended or repealed, in whole or in part, and any new By-Law or By- Laws adopted at any regular or special meeting of the Board of Directors by a vote of the majority of all the members of the Board of Directors then in office.



## EXHIBIT C

## SECTION 321(b) CONSENT

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, as amended, Wilmington Trust Company hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: May 8, 1997

By: /s/ Emmett R. Harmon

-----  
Name: Emmett R. Harmon  
Title: Vice President



## LIABILITIES

Deposits:		
In domestic offices . . . . .		3,749,697
Noninterest-bearing . . . . .	852,790	
Interest-bearing . . . . .	2,896,907	
Federal funds purchased . . . . .		77,825
Securities sold under agreements to repurchase . . . . .		192,295
Demand notes issued to the U.S. Treasury . . . . .		53,526
Trading liabilities . . . . .		0
Other borrowed money: . . . . .		////////
With original maturity of one year or less . . . . .		714,000
With original maturity of more than one year . . . . .		43,000
Mortgage indebtedness and obligations under capitalized leases . . . . .		0
Bank's liability on acceptances executed and outstanding . . . . .		0
Subordinated notes and debentures . . . . .		0
Other liabilities . . . . .		98,756
Total liabilities . . . . .		4,929,099
Limited-life preferred stock and related surplus . . . . .		0

## EQUITY CAPITAL

Perpetual preferred stock and related surplus . . . . .		0
Common Stock . . . . .		500
Surplus . . . . .		62,118
Undivided profits and capital reserves . . . . .		367,371
Net unrealized holding gains (losses) on available-for-sale securities . . . . .		862
Total equity capital . . . . .		430,851
Total liabilities, limited-life preferred stock, and equity capital . . . . .		5,359,950

Registration No.

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939  
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO  
SECTION 305(b)(2)

WILMINGTON TRUST COMPANY  
(Exact name of trustee as specified in its charter)

Delaware 51-0055023  
(State of incorporation) (I.R.S. employer identification no.)

Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890  
(Address of principal executive offices)

Cynthia L. Corliss  
Vice President and Trust Counsel  
Wilmington Trust Company  
Rodney Square North  
Wilmington, Delaware 19890  
(302) 651-8516  
(Name, address and telephone number of agent for service)

CONTINENTAL AIRLINES, INC.

(Exact name of obligor as specified in its charter)

Delaware 74-2099724  
(State of incorporation or formation) (I.R.S. employer identification no.)

2929 Allen Parkway, Suite 2010 77019  
Houston, Texas (Address of principal executive offices) (Zip Code)

Pass Through Certificates, Series 1997-1C-II  
(Title of the indenture securities)

ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it is subject.

Federal Deposit Insurance Co.	State Bank Commissioner
Five Penn Center	Dover, Delaware
Suite #2901	
Philadelphia, PA	

- (b) Whether it is authorized to exercise corporate trust powers.  
The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

If the obligor is an affiliate of the trustee, describe each affiliation:

Based upon an examination of the books and records of the trustee and upon information furnished by the obligor, the obligor is not an affiliate of the trustee.

ITEM 3. LIST OF EXHIBITS.

List below all exhibits filed as part of this Statement of Eligibility and Qualification.

- A. Copy of the Charter of Wilmington Trust Company, which includes the certificate of authority of Wilmington Trust Company to commence business and the authorization of Wilmington Trust Company to exercise corporate trust powers.
- B. Copy of By-Laws of Wilmington Trust Company.
- C. Consent of Wilmington Trust Company required by Section 321(b) of Trust Indenture Act.
- D. Copy of most recent Report of Condition of Wilmington Trust Company.

Pursuant to the requirements of the Trust Indenture Act of 1939, the trustee, Wilmington Trust Company, a corporation organized and existing under the laws of Delaware, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Wilmington and State of Delaware on the 8th day of May, 1997.

[SEAL]

WILMINGTON TRUST COMPANY

Attest:/s/ W. Chris Sponenberg  
-----  
Assistant Secretary

By:/s/ Emmett R. Harmon  
-----  
Title: Vice President

EXHIBIT A  
AMENDED CHARTER  
WILMINGTON TRUST COMPANY  
WILMINGTON, DELAWARE  
AS EXISTING ON MAY 9, 1987

## AMENDED CHARTER

OR

## ACT OF INCORPORATION

OF

## WILMINGTON TRUST COMPANY

WILMINGTON TRUST COMPANY, originally incorporated by an Act of the General Assembly of the State of Delaware, entitled "An Act to Incorporate the Delaware Guarantee and Trust Company", approved March 2, A.D. 1901, and the name of which company was changed to "WILMINGTON TRUST COMPANY" by an amendment filed in the Office of the Secretary of State on March 18, A.D. 1903, and the Charter or Act of Incorporation of which company has been from time to time amended and changed by merger agreements pursuant to the corporation law for state banks and trust companies of the State of Delaware, does hereby alter and amend its Charter or Act of Incorporation so that the same as so altered and amended shall in its entirety read as follows:

FIRST: - The name of this corporation is WILMINGTON TRUST COMPANY.

SECOND: - The location of its principal office in the State of Delaware is at Rodney Square North, in the City of Wilmington, County of New Castle; the name of its resident agent is WILMINGTON TRUST COMPANY whose address is Rodney Square North, in said City. In addition to such principal office, the said corporation maintains and operates branch offices in the City of Newark, New Castle County, Delaware, the Town of Newport, New Castle County, Delaware, at Claymont, New Castle County, Delaware, at Greenville, New Castle County Delaware, and at Milford Cross Roads, New Castle County, Delaware, and shall be empowered to open, maintain and operate branch offices at Ninth and Shipley Streets, 418 Delaware Avenue, 2120 Market Street, and 3605 Market Street, all in the City of Wilmington, New Castle County, Delaware, and such other branch offices or places of business as may be authorized from time to time by the agency or agencies of the government of the State of Delaware empowered to confer such authority.

THIRD: - (a) The nature of the business and the objects and purposes proposed to be transacted, promoted or carried on by this Corporation are to do any or all of the things herein mentioned as fully and to the same extent as natural persons might or could do and in any part of the world, viz.:

(1) To sue and be sued, complain and defend in any Court of law or equity and to make and use a common seal, and alter the seal at pleasure, to hold, purchase, convey, mortgage or otherwise deal in real and personal estate and property, and to appoint such officers and agents as the business of the Corporation shall require, to make by-laws not inconsistent with the

Constitution or laws of the United States or of this State, to discount bills, notes or other evidences of debt, to receive deposits of money, or securities for money, to buy gold and silver bullion and foreign coins, to buy and sell bills of exchange, and generally to use, exercise and enjoy all the powers, rights, privileges and franchises incident to a corporation which are proper or necessary for the transaction of the business of the Corporation hereby created.

(2) To insure titles to real and personal property, or any estate or interests therein, and to guarantee the holder of such property, real or personal, against any claim or claims, adverse to his interest therein, and to prepare and give certificates of title for any lands or premises in the State of Delaware, or elsewhere.

(3) To act as factor, agent, broker or attorney in the receipt, collection, custody, investment and management of funds, and the purchase, sale, management and disposal of property of all descriptions, and to prepare and execute all papers which may be necessary or proper in such business.

(4) To prepare and draw agreements, contracts, deeds, leases, conveyances, mortgages, bonds and legal papers of every description, and to carry on the business of conveyancing in all its branches.

(5) To receive upon deposit for safekeeping money, jewelry, plate, deeds, bonds and any and all other personal property of every sort and kind, from executors, administrators, guardians, public officers, courts, receivers, assignees, trustees, and from all fiduciaries, and from all other persons and individuals, and from all corporations whether state, municipal, corporate or private, and to rent boxes, safes, vaults and other receptacles for such property.

(6) To act as agent or otherwise for the purpose of registering, issuing, certificating, countersigning, transferring or underwriting the stock, bonds or other obligations of any corporation, association, state or municipality, and may receive and manage any sinking fund therefor on such terms as may be agreed upon between the two parties, and in like manner may act as Treasurer of any corporation or municipality.

(7) To act as Trustee under any deed of trust, mortgage, bond or other instrument issued by any state, municipality, body politic, corporation, association or person, either alone or in conjunction with any other person or persons, corporation or corporations.

(8) To guarantee the validity, performance or effect of any contract or agreement, and the fidelity of persons holding places of responsibility or trust;



to become surety for any person, or persons, for the faithful performance of any trust, office, duty, contract or agreement, either by itself or in conjunction with any other person, or persons, corporation, or corporations, or in like manner become surety upon any bond, recognizance, obligation, judgment, suit, order, or decree to be entered in any court of record within the State of Delaware or elsewhere, or which may now or hereafter be required by any law, judge, officer or court in the State of Delaware or elsewhere.

(9) To act by any and every method of appointment as trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity in the receiving, holding, managing, and disposing of any and all estates and property, real, personal or mixed, and to be appointed as such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian or bailee by any persons, corporations, court, officer, or authority, in the State of Delaware or elsewhere; and whenever this Corporation is so appointed by any person, corporation, court, officer or authority such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity, it shall not be required to give bond with surety, but its capital stock shall be taken and held as security for the performance of the duties devolving upon it by such appointment.

(10) And for its care, management and trouble, and the exercise of any of its powers hereby given, or for the performance of any of the duties which it may undertake or be called upon to perform, or for the assumption of any responsibility the said Corporation may be entitled to receive a proper compensation.

(11) To purchase, receive, hold and own bonds, mortgages, debentures, shares of capital stock, and other securities, obligations, contracts and evidences of indebtedness, of any private, public or municipal corporation within and without the State of Delaware, or of the Government of the United States, or of any state, territory, colony, or possession thereof, or of any foreign government or country; to receive, collect, receipt for, and dispose of interest, dividends and income upon and from any of the bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property held and owned by it, and to exercise in respect of all such bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property, any and all the rights, powers and privileges of individual owners thereof, including the right to vote thereon; to invest and deal in and with any of the moneys of the Corporation upon such securities and in such manner as it may think fit and proper, and from time to time to vary or realize

such investments; to issue bonds and secure the same by pledges or deeds of trust or mortgages of or upon the whole or any part of the property held or owned by the Corporation, and to sell and pledge such bonds, as and when the Board of Directors shall determine, and in the promotion of its said corporate business of investment and to the extent authorized by law, to lease, purchase, hold, sell, assign, transfer, pledge, mortgage and convey real and personal property of any name and nature and any estate or interest therein.

(b) In furtherance of, and not in limitation, of the powers conferred by the laws of the State of Delaware, it is hereby expressly provided that the said Corporation shall also have the following powers:

(1) To do any or all of the things herein set forth, to the same extent as natural persons might or could do, and in any part of the world.

(2) To acquire the good will, rights, property and franchises and to undertake the whole or any part of the assets and liabilities of any person, firm, association or corporation, and to pay for the same in cash, stock of this Corporation, bonds or otherwise; to hold or in any manner to dispose of the whole or any part of the property so purchased; to conduct in any lawful manner the whole or any part of any business so acquired, and to exercise all the powers necessary or convenient in and about the conduct and management of such business.

(3) To take, hold, own, deal in, mortgage or otherwise lien, and to lease, sell, exchange, transfer, or in any manner whatever dispose of property, real, personal or mixed, wherever situated.

(4) To enter into, make, perform and carry out contracts of every kind with any person, firm, association or corporation, and, without limit as to amount, to draw, make, accept, endorse, discount, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures, and other negotiable or transferable instruments.

(5) To have one or more offices, to carry on all or any of its operations and businesses, without restriction to the same extent as natural persons might or could do, to purchase or otherwise acquire, to hold, own, to mortgage, sell, convey or otherwise dispose of, real and personal property, of every class and description, in any State, District, Territory or Colony of the United States, and in any foreign country or place.

(6) It is the intention that the objects, purposes and powers specified and clauses contained in this paragraph shall (except where otherwise expressed in said paragraph) be nowise limited or restricted by reference to or inference

from the terms of any other clause of this or any other paragraph in this charter, but that the objects, purposes and powers specified in each of the clauses of this paragraph shall be regarded as independent objects, purposes and powers.

FOURTH: - (a) The total number of shares of all classes of stock which the Corporation shall have authority to issue is forty-one million (41,000,000) shares, consisting of:

(1) One million (1,000,000) shares of Preferred stock, par value \$10.00 per share (hereinafter referred to as "Preferred Stock"); and

(2) Forty million (40,000,000) shares of Common Stock, par value \$1.00 per share (hereinafter referred to as "Common Stock").

(b) Shares of Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the Board of Directors each of said series to be distinctly designated. All shares of any one series of Preferred Stock shall be alike in every particular, except that there may be different dates from which dividends, if any, thereon shall be cumulative, if made cumulative. The voting powers and the preferences and relative, participating, optional and other special rights of each such series, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding; and, subject to the provisions of subparagraph 1 of Paragraph (c) of this Article FOURTH, the Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of a particular series of Preferred Stock, the voting powers and the designations, preferences and relative, optional and other special rights, and the qualifications, limitations and restrictions of such series, including, but without limiting the generality of the foregoing, the following:

(1) The distinctive designation of, and the number of shares of Preferred Stock which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(2) The rate and times at which, and the terms and conditions on which, dividends, if any, on Preferred Stock of such series shall be paid, the extent of the preference or relation, if any, of such dividends to the dividends payable on any other class or classes, or series of the same or other class of stock and whether such dividends shall be cumulative or non-cumulative;

(3) The right, if any, of the holders of Preferred Stock of such series to

convert the same into or exchange the same for, shares of any other class or classes or of any series of the same or any other class or classes of stock of the Corporation and the terms and conditions of such conversion or exchange;

(4) Whether or not Preferred Stock of such series shall be subject to redemption, and the redemption price or prices and the time or times at which, and the terms and conditions on which, Preferred Stock of such series may be redeemed.

(5) The rights, if any, of the holders of Preferred Stock of such series upon the voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding-up, of the Corporation.

(6) The terms of the sinking fund or redemption or purchase account, if any, to be provided for the Preferred Stock of such series; and

(7) The voting powers, if any, of the holders of such series of Preferred Stock which may, without limiting the generality of the foregoing include the right, voting as a series or by itself or together with other series of Preferred Stock or all series of Preferred Stock as a class, to elect one or more directors of the Corporation if there shall have been a default in the payment of dividends on any one or more series of Preferred Stock or under such circumstances and on such conditions as the Board of Directors may determine.

(c) (1) After the requirements with respect to preferential dividends on the Preferred Stock (fixed in accordance with the provisions of section (b) of this Article FOURTH), if any, shall have been met and after the Corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of section (b) of this Article FOURTH), and subject further to any conditions which may be fixed in accordance with the provisions of section (b) of this Article FOURTH, then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amount, if any, (fixed in accordance with the provisions of section (b) of this Article FOURTH), to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding-up, of the Corporation, the holders of the Common Stock shall be entitled to receive all of the remaining assets of the Corporation, tangible and intangible, of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

(3) Except as may otherwise be required by law or by the provisions of such

resolution or resolutions as may be adopted by the Board of Directors pursuant to section (b) of this Article FOURTH, each holder of Common Stock shall have one vote in respect of each share of Common Stock held on all matters voted upon by the stockholders.

(d) No holder of any of the shares of any class or series of stock or of options, warrants or other rights to purchase shares of any class or series of stock or of other securities of the Corporation shall have any preemptive right to purchase or subscribe for any unissued stock of any class or series or any additional shares of any class or series to be issued by reason of any increase of the authorized capital stock of the Corporation of any class or series, or bonds, certificates of indebtedness, debentures or other securities convertible into or exchangeable for stock of the Corporation of any class or series, or carrying any right to purchase stock of any class or series, but any such unissued stock, additional authorized issue of shares of any class or series of stock or securities convertible into or exchangeable for stock, or carrying any right to purchase stock, may be issued and disposed of pursuant to resolution of the Board of Directors to such persons, firms, corporations or associations, whether such holders or others, and upon such terms as may be deemed advisable by the Board of Directors in the exercise of its sole discretion.

(e) The relative powers, preferences and rights of each series of Preferred Stock in relation to the relative powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the resolution or resolutions adopted pursuant to authority granted in section (b) of this Article FOURTH and the consent, by class or series vote or otherwise, of the holders of such of the series of Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether or not the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them; provided, however, that the Board of Directors may provide in the resolution or resolutions as to any series of Preferred Stock adopted pursuant to section (b) of this Article FOURTH that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

(f) Subject to the provisions of section (e), shares of any series of Preferred Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(g) Shares of Common Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(h) The authorized amount of shares of Common Stock and of Preferred Stock may, without a class or series vote, be increased or decreased from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon.

FIFTH: - (a) The business and affairs of the Corporation shall be conducted and managed by a Board of Directors. The number of directors constituting the entire Board shall be not less than five nor more than twenty-five as fixed from time to time by vote of a majority of the whole Board, provided, however, that the number of directors shall not be reduced so as to shorten the term of any director at the time in office, and provided further, that the number of directors constituting the whole Board shall be twenty-four until otherwise fixed by a majority of the whole Board.

(b) The Board of Directors shall be divided into three classes, as nearly equal in number as the then total number of directors constituting the whole Board permits, with the term of office of one class expiring each year. At the annual meeting of stockholders in 1982, directors of the first class shall be elected to hold office for a term expiring at the next succeeding annual meeting, directors of the second class shall be elected to hold office for a term expiring at the second succeeding annual meeting and directors of the third class shall be elected to hold office for a term expiring at the third succeeding annual meeting. Any vacancies in the Board of Directors for any reason, and any newly created directorships resulting from any increase in the directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next annual election of directors. At such election, the stockholders shall elect a successor to such director to hold office until the next election of the class for which such director shall have been chosen and until his successor shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director.

(c) Notwithstanding any other provisions of this Charter or Act of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, this Charter or Act of Incorporation or the By-Laws of the Corporation), any director or the entire Board of Directors of the Corporation may be removed at any time without cause, but only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders called for that purpose.

(d) Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors. Such nominations shall be made by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation not less than 14 days nor

more than 50 days prior to any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 days' notice of the meeting is given to stockholders, such written notice shall be delivered or mailed, as prescribed, to the Secretary of the Corporation not later than the close of the seventh day following the day on which notice of the meeting was mailed to stockholders. Notice of nominations which are proposed by the Board of Directors shall be given by the Chairman on behalf of the Board.

(e) Each notice under subsection (d) shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of such nominee and (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee.

(f) The Chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

(g) No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

SIXTH: - The Directors shall choose such officers, agent and servants as may be provided in the By-Laws as they may from time to time find necessary or proper.

SEVENTH: - The Corporation hereby created is hereby given the same powers, rights and privileges as may be conferred upon corporations organized under the Act entitled "An Act Providing a General Corporation Law", approved March 10, 1899, as from time to time amended.

EIGHTH: - This Act shall be deemed and taken to be a private Act.

NINTH: - This Corporation is to have perpetual existence.

TENTH: - The Board of Directors, by resolution passed by a majority of the whole Board, may designate any of their number to constitute an Executive Committee, which Committee, to the extent provided in said resolution, or in the By-Laws of the Company, shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it.

ELEVENTH: - The private property of the stockholders shall not be liable for the payment of corporate debts to any extent whatever.

TWELFTH: - The Corporation may transact business in any part of the world.

THIRTEENTH: - The Board of Directors of the Corporation is expressly authorized to make, alter or repeal the By-Laws of the Corporation by a vote of the majority of the entire Board. The stockholders may make, alter or repeal any By-Law whether or not adopted by them, provided however, that any such additional By-Laws, alterations or repeal may be adopted only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class).

FOURTEENTH: - Meetings of the Directors may be held outside of the State of Delaware at such places as may be from time to time designated by the Board, and the Directors may keep the books of the Company outside of the State of Delaware at such places as may be from time to time designated by them.

FIFTEENTH: - (a) In addition to any affirmative vote required by law, and except as otherwise expressly provided in sections (b) and (c) of this Article FIFTEENTH:

(A) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with or into (i) any Interested Stockholder (as hereinafter defined) or (ii) any other corporation (whether or not itself an Interested Stockholder), which, after such merger or consolidation, would be an Affiliate (as hereinafter defined) of an Interested Stockholder, or

(B) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of related transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the Corporation or any Subsidiary having an aggregate fair market value of \$1,000,000 or more, or

(C) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of related transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of \$1,000,000 or more, or

(D) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation, or

(E) any reclassification of securities (including any reverse stock split), or



recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any similar transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder, or any Affiliate of any Interested Stockholder,

shall require the affirmative vote of the holders of at least two-thirds of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, considered for the purpose of this Article FIFTEENTH as one class ("Voting Shares"). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that some lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(2) The term "business combination" as used in this Article FIFTEENTH shall mean any transaction which is referred to any one or more of clauses (A) through (E) of paragraph 1 of the section (a).

(b) The provisions of section (a) of this Article FIFTEENTH shall not be applicable to any particular business combination and such business combination shall require only such affirmative vote as is required by law and any other provisions of the Charter or Act of Incorporation or By-Laws if such business combination has been approved by a majority of the whole Board.

(c) For the purposes of this Article FIFTEENTH:

(1) A "person" shall mean any individual firm, corporation or other entity.

(2) "Interested Stockholder" shall mean, in respect of any business combination, any person (other than the Corporation or any Subsidiary) who or which as of the record date for the determination of stockholders entitled to notice of and to vote on such business combination, or immediately prior to the consummation of any such transaction:

(A) is the beneficial owner, directly or indirectly, of more than 10% of the Voting Shares, or

(B) is an Affiliate of the Corporation and at any time within two years prior thereto was the beneficial owner, directly or indirectly, of not less than 10% of the then outstanding voting Shares, or

(C) is an assignee of or has otherwise succeeded in any share of capital stock of the Corporation which were at any time within two years prior thereto

beneficially owned by any Interested Stockholder, and such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(3) A person shall be the "beneficial owner" of any Voting Shares:

(A) which such person or any of its Affiliates and Associates (as hereafter defined) beneficially own, directly or indirectly, or

(B) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding, or

(C) which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of the Corporation.

(4) The outstanding Voting Shares shall include shares deemed owned through application of paragraph (3) above but shall not include any other Voting Shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options or otherwise.

(5) "Affiliate" and "Associate" shall have the respective meanings given those terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981.

(6) "Subsidiary" shall mean any corporation of which a majority of any class of equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect in December 31, 1981) is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Investment Stockholder set forth in paragraph (2) of this section (c), the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(d) majority of the directors shall have the power and duty to determine for the purposes of this Article FIFTEENTH on the basis of information known to them, (1) the number of Voting Shares beneficially owned by any person (2) whether a person is an Affiliate or Associate of another, (3) whether a person

has an agreement, arrangement or understanding with another as to the matters referred to in paragraph (3) of section (c), or (4) whether the assets subject to any business combination or the consideration received for the issuance or transfer of securities by the Corporation, or any Subsidiary has an aggregate fair market value of \$1,00,000 or more.

(e) Nothing contained in this Article FIFTEENTH shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

SIXTEENTH: Notwithstanding any other provision of this Charter or Act of Incorporation or the By-Laws of the Corporation (and in addition to any other vote that may be required by law, this Charter or Act of Incorporation by the By-Laws), the affirmative vote of the holders of at least two-thirds of the outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter or repeal any provision of Articles FIFTH, THIRTEENTH, FIFTEENTH or SIXTEENTH of this Charter or Act of Incorporation.

SEVENTEENTH: (a) a Director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Laws as the same exists or may hereafter be amended.

(b) Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a Director of the Corporation existing hereunder with respect to any act or omission occurring prior to the time of such repeal or modification."

EXHIBIT B

BY-LAWS

WILMINGTON TRUST COMPANY

WILMINGTON, DELAWARE

AS EXISTING ON JANUARY 16, 1997

ARTICLE I  
STOCKHOLDERS' MEETINGS

Section 1. The Annual Meeting of Stockholders shall be held on the third Thursday in April each year at the principal office at the Company or at such other date, time, or place as may be designated by resolution by the Board of Directors.

Section 2. Special meetings of all stockholders may be called at any time by the Board of Directors, the Chairman of the Board or the President.

Section 3. Notice of all meetings of the stockholders shall be given by mailing to each stockholder at least ten (10) days before said meeting, at his last known address, a written or printed notice fixing the time and place of such meeting.

Section 4. A majority in the amount of the capital stock of the Company issued and outstanding on the record date, as herein determined, shall constitute a quorum at all meetings of stockholders for the transaction of any business, but the holders of a small number of shares may adjourn, from time to time, without further notice, until a quorum is secured. At each annual or special meeting of stockholders, each stockholder shall be entitled to one vote, either in person or by proxy, for each shares of stock registered in the stockholder's name on the books of the Company on the record date for any such meeting as determined herein.

ARTICLE II  
DIRECTORS

Section 1. The number and classification of the Board of Directors shall be as set forth in the Charter of the Bank.

Section 2. No person who has attained the age of seventy-two (72) years shall be nominated for election to the Board of Directors of the Company, provided, however, that this limitation shall not apply to any person who was serving as director of the Company on September 16, 1971.

Section 3. The class of Directors so elected shall hold office for three years or until their successors are elected and qualified.

Section 4. The affairs and business of the Company shall be managed and conducted by the Board of Directors.

Section 5. The Board of Directors shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or

at the call of the Chairman of the Board of Directors or the President.

Section 6. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board of Directors or by the President, and shall be called upon the written request of a majority of the directors.

Section 7. A majority of the directors elected and qualified shall be necessary to constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 8. Written notice shall be sent by mail to each director of any special meeting of the Board of Directors, and of any change in the time or place of any regular meeting, stating the time and place of such meeting, which shall be mailed not less than two days before the time of holding such meeting.

Section 9. In the event of the death, resignation, removal, inability to act, or disqualification of any director, the Board of Directors, although less than a quorum, shall have the right to elect the successor who shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred, and until such director's successor shall have been duly elected and qualified.

Section 10. The Board of Directors at its first meeting after its election by the stockholders shall appoint an Executive Committee, a Trust Committee, an Audit Committee and a Compensation Committee, and shall elect from its own members a Chairman of the Board of Directors and a President who may be the same person. The Board of Directors shall also elect at such meeting a Secretary and a Treasurer, who may be the same person, may appoint at any time such other committees and elect or appoint such other officers as it may deem advisable. The Board of Directors may also elect at such meeting one or more Associate Directors.

Section 11. The Board of Directors may at any time remove, with or without cause, any member of any Committee appointed by it or any associate director or officer elected by it and may appoint or elect his successor.

Section 12. The Board of Directors may designate an officer to be in charge of such of the departments or division of the Company as it may deem advisable.

### ARTICLE III COMMITTEES

#### Section I. Executive Committee

(A) The Executive Committee shall be composed of not more than nine members who shall be selected by the Board of Directors from its own members and

who shall hold office during the pleasure of the Board.

(B) The Executive Committee shall have all the powers of the Board of Directors when it is not in session to transact all business for and in behalf of the Company that may be brought before it.

(C) The Executive Committee shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Executive Committee or at the call of the Chairman of the Board of Directors. The majority of its members shall be necessary to constitute a quorum for the transaction of business. Special meetings of the Executive Committee may be held at any time when a quorum is present.

(D) Minutes of each meeting of the Executive Committee shall be kept and submitted to the Board of Directors at its next meeting.

(E) The Executive Committee shall advise and superintend all investments that may be made of the funds of the Company, and shall direct the disposal of the same, in accordance with such rules and regulations as the Board of Directors from time to time make.

(F) In the event of a state of disaster of sufficient severity to prevent the conduct and management of the affairs and business of the Company by its directors and officers as contemplated by these By-Laws any two available members of the Executive Committee as constituted immediately prior to such disaster shall constitute a quorum of that Committee for the full conduct and management of the affairs and business of the Company in accordance with the provisions of Article III of these By-Laws; and if less than three members of the Trust Committee is constituted immediately prior to such disaster shall be available for the transaction of its business, such Executive Committee shall also be empowered to exercise all of the powers reserved to the Trust Committee under Article III Section 2 hereof. In the event of the unavailability, at such time, of a minimum of two members of such Executive Committee, any three available directors shall constitute the Executive Committee for the full conduct and management of the affairs and business of the Company in accordance with the foregoing provisions of this Section. This By-Law shall be subject to implementation by Resolutions of the Board of Directors presently existing or hereafter passed from time to time for that purpose, and any provisions of these By-Laws (other than this Section) and any resolutions which are contrary to the provisions of this Section or to the provisions of any such implementary Resolutions shall be suspended during such a disaster period until it shall be determined by any interim Executive Committee acting under this section that it shall be to the advantage of the Company to resume the conduct and management of its affairs and business under all of the other provisions of these By-Laws.

## Section 2. Trust Committee

(A) The Trust Committee shall be composed of not more than thirteen members who shall be selected by the Board of Directors, a majority of whom shall be members of the Board of Directors and who shall hold office during the pleasure of the Board.

(B) The Trust Committee shall have general supervision over the Trust Department and the investment of trust funds, in all matters, however, being subject to the approval of the Board of Directors.

(C) The Trust Committee shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members or at the call of its chairman. A majority of its members shall be necessary to constitute a quorum for the transaction of business.

(D) Minutes of each meeting of the Trust Committee shall be kept and promptly submitted to the Board of Directors.

(E) The Trust Committee shall have the power to appoint Committees and/or designate officers or employees of the Company to whom supervision over the investment of trust funds may be delegated when the Trust Committee is not in session.

## Section 3. Audit Committee

(A) The Audit Committee shall be composed of five members who shall be selected by the Board of Directors from its own members, none of whom shall be an officer of the Company, and shall hold office at the pleasure of the Board.

(B) The Audit Committee shall have general supervision over the Audit Division in all matters however subject to the approval of the Board of Directors; it shall consider all matters brought to its attention by the officer in charge of the Audit Division, review all reports of examination of the Company made by any governmental agency or such independent auditor employed for that purpose, and make such recommendations to the Board of Directors with respect thereto or with respect to any other matters pertaining to auditing the Company as it shall deem desirable.

(C) The Audit Committee shall meet whenever and wherever the majority of its members shall deem it to be proper for the transaction of its business, and a majority of its Committee shall constitute a quorum.



## Section 4. Compensation Committee

(A) The Compensation Committee shall be composed of not more than five (5) members who shall be selected by the Board of Directors from its own members who are not officers of the Company and who shall hold office during the pleasure of the Board.

(B) The Compensation Committee shall in general advise upon all matters of policy concerning the Company brought to its attention by the management and from time to time review the management of the Company, major organizational matters, including salaries and employee benefits and specifically shall administer the Executive Incentive Compensation Plan.

(C) Meetings of the Compensation Committee may be called at any time by the Chairman of the Compensation Committee, the Chairman of the Board of Directors, or the President of the Company.

## Section 5. Associate Directors

(A) Any person who has served as a director may be elected by the Board of Directors as an associate director, to serve during the pleasure of the Board.

(B) An associate director shall be entitled to attend all directors meetings and participate in the discussion of all matters brought to the Board, with the exception that he would have no right to vote. An associate director will be eligible for appointment to Committees of the Company, with the exception of the Executive Committee, Audit Committee and Compensation Committee, which must be comprised solely of active directors.

## Section 6. Absence or Disqualification of Any Member of a Committee

(A) In the absence or disqualification of any member of any Committee created under Article III of the By-Laws of this Company, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absence or disqualified member.

ARTICLE IV  
OFFICERS

Section 1. The Chairman of the Board of Directors shall preside at all meetings of the Board and shall have such further authority and powers and shall perform such duties as the Board of Directors may from time to time confer and direct. He shall also exercise such powers and perform such duties as may from time to time be agreed upon between himself and the President of the Company.

Section 2. The Vice Chairman of the Board. The Vice Chairman of the Board of Directors shall preside at all meetings of the Board of Directors at which the Chairman of the Board shall not be present and shall have such further authority and powers and shall perform such duties as the Board of Directors or the Chairman of the Board may from time to time confer and direct.

Section 3. The President shall have the powers and duties pertaining to the office of the President conferred or imposed upon him by statute or assigned to him by the Board of Directors in the absence of the Chairman of the Board the President shall have the powers and duties of the Chairman of the Board.

Section 4. The Chairman of the Board of Directors or the President as designated by the Board of Directors, shall carry into effect all legal directions of the Executive Committee and of the Board of Directors, and shall at all times exercise general supervision over the interest, affairs and operations of the Company and perform all duties incident to his office.

Section 5. There may be one or more Vice Presidents, however denominated by the Board of Directors, who may at any time perform all the duties of the Chairman of the Board of Directors and/or the President and such other powers and duties as may from time to time be assigned to them by the Board of Directors, the Executive Committee, the Chairman of the Board or the President and by the officer in charge of the department or division to which they are assigned.

Section 6. The Secretary shall attend to the giving of notice of meetings of the stockholders and the Board of Directors, as well as the Committees thereof, to the keeping of accurate minutes of all such meetings and to recording the same in the minute books of the Company. In addition to the other notice requirements of these By-Laws and as may be practicable under the circumstances, all such notices shall be in writing and mailed well in advance of the scheduled date of any other meeting. He shall have custody of the corporate seal and shall affix the same to any documents requiring such corporate seal and to attest the same.

Section 7. The Treasurer shall have general supervision over all assets and liabilities of the Company. He shall be custodian of and responsible for all monies, funds and valuables of the Company and for the keeping of proper records of the evidence of property or indebtedness and of all the transactions of the Company. He shall have general supervision of the expenditures of the Company and shall report to the Board of Directors at each regular meeting of the condition of the Company, and perform such other duties as may be assigned to him from time to time by the Board of Directors of the Executive Committee.

Section 8. There may be a Controller who shall exercise general supervision over the internal operations of the Company, including accounting, and shall render to the Board of Directors at appropriate times a report relating to the general condition and internal operations of the Company.

There may be one or more subordinate accounting or controller officers however denominated, who may perform the duties of the Controller and such duties as may be prescribed by the Controller.

Section 9. The officer designated by the Board of Directors to be in charge of the Audit Division of the Company with such title as the Board of Directors shall prescribe, shall report to and be directly responsible only to the Board of Directors.

There shall be an Auditor and there may be one or more Audit Officers, however denominated, who may perform all the duties of the Auditor and such duties as may be prescribed by the officer in charge of the Audit Division.

Section 10. There may be one or more officers, subordinate in rank to all Vice Presidents with such functional titles as shall be determined from time to time by the Board of Directors, who shall ex officio hold the office Assistant Secretary of this Company and who may perform such duties as may be prescribed by the officer in charge of the department or division to whom they are assigned.

Section 11. The powers and duties of all other officers of the Company shall be those usually pertaining to their respective offices, subject to the direction of the Board of Directors, the Executive Committee, Chairman of the Board of Directors or the President and the officer in charge of the department or division to which they are assigned.

#### ARTICLE V STOCK AND STOCK CERTIFICATES

Section 1. Shares of stock shall be transferrable on the books of the Company and a transfer book shall be kept in which all transfers of stock shall be recorded.

Section 2. Certificate of stock shall bear the signature of the President or any Vice President, however denominated by the Board of Directors and countersigned by the Secretary or Treasurer or an Assistant Secretary, and the seal of the corporation shall be engraved thereon. Each certificate shall recite that the stock represented thereby is transferrable only upon the books of the Company by the holder thereof or his attorney, upon surrender of the certificate properly endorsed. Any certificate of stock surrendered to the Company shall be cancelled at the time of transfer, and before a new certificate or certificates shall be issued in lieu thereof. Duplicate certificates of stock shall be issued only upon giving such security as may be satisfactory to the Board of Directors or the Executive Committee.

Section 3. The Board of Directors of the Company is authorized to fix in advance a record date for the determination of the stockholders entitled to notice of, and to vote at, any meeting of stockholders and any adjournment thereof, or entitled to receive payment of any

dividend, or to any allotment or rights, or to exercise any rights in respect of any change, conversion or exchange of capital stock, or in connection with obtaining the consent of stockholders for any purpose, which record date shall not be more than 60 nor less than 10 days proceeding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent.

ARTICLE VI  
SEAL

Section 1. The corporate seal of the Company shall be in the following form:

Between two concentric circles the words "Wilmington Trust Company" within the inner circle the words "Wilmington, Delaware."

ARTICLE VII  
FISCAL YEAR

Section 1. The fiscal year of the Company shall be the calendar year.

ARTICLE VIII  
EXECUTION OF INSTRUMENTS OF THE COMPANY

Section 1. The Chairman of the Board, the President or any Vice President, however denominated by the Board of Directors, shall have full power and authority to enter into, make, sign, execute, acknowledge and/or deliver and the Secretary or any Assistant Secretary shall have full power and authority to attest and affix the corporate seal of the Company to any and all deeds, conveyances, assignments, releases, contracts, agreements, bonds, notes, mortgages and all other instruments incident to the business of this Company or in acting as executor, administrator, guardian, trustee, agent or in any other fiduciary or representative capacity by any and every method of appointment or by whatever person, corporation, court officer or authority in the State of Delaware, or elsewhere, without any specific authority, ratification, approval or confirmation by the Board of Directors or the Executive Committee, and any and all such instruments shall have the same force and validity as though expressly authorized by the Board of Directors and/or the Executive Committee.

ARTICLE IX  
COMPENSATION OF DIRECTORS AND MEMBERS OF COMMITTEES

Section 1. Directors and associate directors of the Company, other than salaried officers of the Company, shall be paid such reasonable honoraria or fees for attending meetings of the Board of Directors as the Board of Directors may from time to time determine. Directors and associate directors who serve as members of committees, other than salaried employees of the Company, shall be paid such reasonable honoraria or fees for services as members of committees as the Board of Directors shall from time to time determine and directors and associate directors may be employed by the Company for such special services as the Board of Directors may from time to time determine and shall be paid for such special services so performed reasonable compensation as may be determined by the Board of Directors.

ARTICLE X  
INDEMNIFICATION

Section 1. (A) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person. The Corporation shall indemnify a person in connection with a proceeding initiated by such person only if the proceeding was authorized by the Board of Directors of the Corporation.

(B) The Corporation shall pay the expenses incurred in defending any proceeding in advance of its final disposition, provided, however, that the payment of expenses incurred by a Director officer in his capacity as a Director or officer in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Director or officer to repay all amounts advanced if it should be ultimately determined that the Director or officer is not entitled to be indemnified under this Article or otherwise.

(C) If a claim for indemnification or payment of expenses, under this Article X is not paid in full within ninety days after a written claim therefor has been received by the Corporation the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification of payment of expenses under applicable law.

(D) The rights conferred on any person by this Article X shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Charter or Act of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested Directors or otherwise.

(E) Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE XI  
AMENDMENTS TO THE BY-LAWS

Section 1. These By-Laws may be altered, amended or repealed, in whole or in part, and any new By-Law or By- Laws adopted at any regular or special meeting of the Board of Directors by a vote of the majority of all the members of the Board of Directors then in office.

SECTION 321(B) CONSENT

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, as amended, Wilmington Trust Company hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: May 8, 1997

By: /s/ Emmett R. Harmon

-----  
Name: Emmett R. Harmon  
Title: Vice President

## EXHIBIT D

## NOTICE

This form is intended to assist state nonmember banks and savings banks with state publication requirements. It has not been approved by any state banking authorities. Refer to your appropriate state banking authorities for your state publication requirements.

## R E P O R T O F C O N D I T I O N

Consolidating domestic subsidiaries of the

WILMINGTON TRUST COMPANY of WILMINGTON

-----  
Name of Bank City  
-----

in the State of DELAWARE, at the close of business on December 31, 1996.  
-----

## ASSETS

Thousands of dollars

Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coins		213,895
Interest-bearing balances		0
Held-to-maturity securities		465,818
Available-for-sale securities		752,297
Federal funds sold		95,000
Securities purchased under agreements to resell		39,190
Loans and lease financing receivables:		
Loans and leases, net of unearned income	3,634,003	
LESS: Allowance for loan and lease losses	51,847	
LESS: Allocated transfer risk reserve	0	
Loans and leases, net of unearned income, allowance, and reserve		3,582,156
Assets held in trading accounts		0
Premises and fixed assets (including capitalized leases)		89,129
Other real estate owned		3,520
Investments in unconsolidated subsidiaries and associated companies		52
Customers' liability to this bank on acceptances outstanding		0
Intangible assets		4,593
Other assets		114,300
Total assets		5,359,950

## LIABILITIES

Deposits:		
In domestic offices		3,749,697
Noninterest-bearing	852,790	
Interest-bearing	2,896,907	
Federal funds purchased		77,825
Securities sold under agreements to repurchase		192,295
Demand notes issued to the U.S. Treasury		53,526
Trading liabilities		0
Other borrowed money:		////////
With original maturity of one year or less		714,000
With original maturity of more than one year		43,000
Mortgage indebtedness and obligations under capitalized leases		0
Bank's liability on acceptances executed and outstanding		0
Subordinated notes and debentures		0
Other liabilities		98,756
Total liabilities		4,929,099
Limited-life preferred stock and related surplus		0

## EQUITY CAPITAL

Perpetual preferred stock and related surplus		0
Common Stock		500
Surplus		62,118
Undivided profits and capital reserves		367,371
Net unrealized holding gains (losses) on available-for-sale securities		862
Total equity capital		430,851
Total liabilities, limited-life preferred stock, and equity capital		5,359,950



## LETTER OF TRANSMITTAL

CONTINENTAL AIRLINES, INC.

OFFER TO EXCHANGE  
PASS THROUGH CERTIFICATES, SERIES 1997-1,  
WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED,  
FOR ANY AND ALL OUTSTANDING  
PASS THROUGH CERTIFICATES, SERIES 1997-1

Pursuant to the Prospectus, dated \_\_\_\_\_, 1997.

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M. NEW YORK CITY TIME, ON  
\_\_\_\_\_, 1997, UNLESS EXTENDED (THE "EXPIRATION DATE"), TENDERS  
MAY BE WITHDRAWN PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON \_\_\_\_\_, 1997.

By Mail or Overnight Delivery:  
Wilmington Trust Company  
1100 North Market Street  
Wilmington, Delaware 19890-0001  
Attention: Jill Rylee

By Hand:  
Wilmington Trust Company  
1105 North Market Street, 1st Floor  
Wilmington, Delaware 19890  
Attention: Corporate Trust Operations

Facsimile Transmission:  
(302) 651-1079

Confirm by Telephone:  
(302) 651-8869  
Jill Rylee

Delivery of this instrument to an address other than as set forth above, or transmission of instructions via facsimile other than as set forth above, will not constitute a valid delivery.

The undersigned acknowledges receipt of the Prospectus, dated (the "Prospectus"), of Continental Airlines, Inc., a Delaware corporation (the "Company"), and this Letter of Transmittal (this "Letter"), which together constitute the offer (the "Exchange Offer") to exchange an aggregate principal amount of up to \$707,302,000 of Pass Through Certificates, Series 1997-1, which have been registered under the Securities Act of 1933, as amended (the "New Certificates"), for an equal principal amount of the outstanding Pass Through Certificates, Series 1997-1 (the "Old Certificates"). The Exchange Offer is being made in order to satisfy certain obligations of the Company contained in the Exchange and Registration Rights Agreement, dated as of March 21, 1997, between the Company and the Initial Purchasers named therein (the "Registration Rights Agreement").

For each Old Certificate accepted for exchange, the holder of such Old Certificate will receive a New Certificate having a principal amount equal to that of the surrendered Old Certificate. New Certificates will accrue interest at the applicable per annum rate for such New Certificates as set forth on the cover page of the Prospectus, from the date on which the Old Certificates surrendered in exchange therefor were originally issued (the "Issuance Date"). Interest on the New Certificates is payable on April 1 and October 1 of each year, commencing October 1, 1997, subject to the terms of the Intercreditor Agreement (as defined in the Prospectus). In the event that neither the consummation of the Exchange Offer nor the declaration by the Securities and Exchange Commission of a Shelf Registration Statement relating to the sale of the Old Certificates to be effective (each a "Registration Event") occurs on or prior to the 210th calendar day after the Issuance Date, the interest rate per annum passed through to holders of Old Certificates shall be increased

by 0.50% from and including such 210th day to but excluding the earlier of (i) the date on which a Registration Event occurs and (ii) the date on which all of the Old Certificates otherwise become transferable by Certificateholders (other than affiliates or former affiliates of Continental) without further registration under the Securities Act. In the event that such Shelf Registration Statement ceases to be effective at any time during the period specified by the Registration Rights Agreement for more than 60 days, whether or not consecutive, during any 12-month period, the interest rate per annum passed through to the holders of Old Certificates shall be increased by 0.50% from the 61st day of the applicable 12-month period such Shelf Registration Statement ceases to be effective until such time as such Shelf Registration Statement again becomes effective (or, if earlier, the end of such period specified by the Registration Rights Agreement). The Company reserves the right, at any time or from time to time, to extend the Exchange Offer at its discretion, in which event the term "Expiration Date" shall mean the latest time and date to which the Exchange Offer is extended. The Company shall notify the holders of the Old Certificates of any extension by means of a press release or other public announcement prior to 9:00 A.M., New York City time, on the next business day after the previously scheduled Expiration Date.

This Letter is to be completed by a holder of Old Certificates if Old Certificates are to be forwarded herewith or if a tender of Old Certificates, if available, is to be made by book-entry transfer to the account maintained by the Exchange Agent at The Depository Trust Company (the "Book-Entry Transfer Facility") pursuant to the procedure set forth in "The Exchange Offer" section of the Prospectus. Holders of Old Certificates whose certificates are not immediately available, or who are unable to deliver their certificates or confirmation of the book-entry tender of their Old Certificates into the Exchange Agent's account at the Book-Entry Transfer Facility (a "Book-Entry Confirmation") and all other documents required by this Letter to the Exchange Agent on or prior to the Expiration Date, must tender their Old Certificates according to the guaranteed delivery procedures set forth in "The Exchange Offer -- Guaranteed Delivery Procedures" section of the Prospectus. See Instruction 1. Delivery of documents to the Book-Entry Transfer Facility does not constitute delivery to the Exchange Agent.

The undersigned has completed the appropriate boxes below and signed this Letter to indicate the action the undersigned desires to take with respect to the Exchange Offer.

List below the Old Certificates to which this Letter relates. If the space provided below is inadequate, the certificate numbers and principal amount of Old Certificates should be listed on a separate signed schedule affixed hereto.

-----  
 DESCRIPTION OF OLD CERTIFICATES  
 -----

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S)	CERTIFICATE NUMBER(S)*	AGGREGATE PRINCIPAL AMOUNT OF OLD CERTIFICATE(S)	PRINCIPAL AMOUNT TENDERED**
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----

\* Need not be completed by Holders of Notes being tendered by book-entry transfer (see below).  
 \*\* Unless otherwise indicated, it will be assumed that all Notes represented by certificates delivered to the Depository are being tendered. See Instruction 1.

[ ] CHECK HERE IF TENDERED OLD CERTIFICATES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:

Name of Tendering Institution -----

Account Number ----- Transaction Code Number -----

[ ] CHECK HERE IF TENDERED OLD CERTIFICATES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s) -----

Window Ticket Number (if any) -----

Date of Execution of Notice of Guaranteed Delivery -----

Name of Institution which guaranteed delivery -----

If Delivered by Book-Entry Transfer, Complete the Following:

Account Number ----- Transaction Code Number -----

[ ] CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name: -----

Address: -----

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Company the aggregate principal amount of Old Certificates indicated above. Subject to, and effective upon, the acceptance for exchange of the Old Certificates tendered hereby, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such Old Certificates as are being tendered hereby.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Old Certificates tendered hereby and that the Company will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim when the same are accepted by the Company. The undersigned hereby further represents that any New Certificates acquired in exchange for Old Certificates tendered hereby will have been acquired in the ordinary course of business of the person receiving such New Certificates, whether or not such person is the undersigned, that neither the holder of such Old Certificates nor any such other person is engaged in, or intends to engage in a distribution of such New Certificates, or has an arrangement or understanding with any person to participate in the distribution of such New Certificates, and that neither the holder of such Old Certificates nor any such other person is an "affiliate," as defined in Rule 405 under the Securities Act of 1933, as amended (the "Securities Act"), of the Company.

The undersigned also acknowledges that this Exchange Offer is being made based upon the Company's understanding of an interpretation by the staff of the Securities and Exchange Commission (the "Commission") as set forth in no-action letters issued to third parties, including Exxon Capital Holdings Corporation, SEC No-Action Letter (available May 13, 1988) (the "Exxon Capital Letter"), Morgan Stanley & Co. Incorporated, SEC No-Action Letter (available June 5, 1991) (the "Morgan Stanley Letter") and Shearman & Sterling, SEC No-Action Letter (available July 2, 1993) (the "Shearman & Sterling Letter"), that the New Certificates issued in exchange for the Old Certificates pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by holders thereof (other than a broker-dealer who acquires such New Certificates directly from the Company for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any such holder that is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act), without compliance with the registration and

prospectus delivery provisions of the Securities Act, provided that such New Certificates are acquired in the ordinary course of such holders' business and such holders are not engaged in, and do not intend to engage in, a distribution of such New Certificates and have no arrangement with any person to participate in the distribution of such New Certificates. If a holder of Old Certificates is engaged in or intends to engage in a distribution of the New Certificates or has any arrangement or understanding with respect to the distribution of the New Certificates to be acquired pursuant to the Exchange Offer, such holder could not rely on the applicable interpretations of the staff of the Commission and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction. If the undersigned is a broker-dealer that will receive New Certificates for its own account in exchange for Old Certificates, it represents that the Old Certificates to be exchanged for the New Certificates were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus in connection with any resale of such New Certificates; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned will, upon request, execute and deliver any additional documents deemed by the Company to be necessary or desirable to complete the sale, assignment and transfer of the Old Certificates tendered hereby. All authority conferred or agreed to be conferred in this Letter and every obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. This tender may be withdrawn only in accordance with the procedures set forth in "The Exchange Offer -- Withdrawal of Tenders" section of the Prospectus.

Unless otherwise indicated herein in the box entitled "Special Issuance Instructions" below, please deliver the New Certificates (and, if applicable, substitute certificates representing Old Certificates for any Old Certificates not exchanged) in the name of the undersigned or, in the case of a book-entry delivery of Old Certificates, please credit the account indicated above maintained at the Book-Entry Transfer Facility. Similarly, unless otherwise indicated under the box entitled "Special Delivery Instructions" below, please send the New Certificates (and, if applicable, substitute certificates representing Old Certificates for any Old Certificates not exchanged) to the undersigned at the address shown above in the box entitled "Description of Old Certificates."

THE UNDERSIGNED, BY COMPLETING THE BOX ENTITLED "DESCRIPTION OF OLD CERTIFICATES" ABOVE AND SIGNING THIS LETTER, WILL BE DEEMED TO HAVE TENDERED THE OLD CERTIFICATES AS SET FORTH IN SUCH BOX ABOVE.

SPECIAL ISSUANCE INSTRUCTIONS

(SEE INSTRUCTIONS 3 AND 4)

To be completed ONLY if certificates for Old Certificates not exchanged and/or New Certificates are to be issued in the name of and sent to someone other than the person(s) whose signature(s) appear(s) on this Letter below, or if Old Certificates delivered by book-entry transfer which are not accepted for exchange are to be returned by credit to an account maintained at the Book-Entry Transfer Facility other than the account indicated above.

Issue New Certificates and/or Old Certificates to:

Names(s): -----  
(Please Type or Print)  
-----  
(Please Type or Print)

Address: -----  
-----  
(Including Zip Code)

-----  
Social Security or Employer Identification Number

Credit unexchanged Old Certificates delivered by book-entry transfer to the Book-Entry Transfer Facility account set forth below.

-----  
(Book-Entry Transfer Facility Account Number,  
if applicable)

SPECIAL DELIVERY INSTRUCTIONS

(SEE INSTRUCTIONS 3 AND 4)

To be completed ONLY if certificates for Old Certificates not exchanged and/or New Certificates are to be sent to someone other than the person(s) whose signature(s) appear(s) on this letter below, or to the undersigned at an address other than shown in the box entitled "Description of Old Certificates" on this Letter above.

Mail New Certificates and/or Old Certificates to:

Names(s): -----  
(Please Type or Print)  
-----  
(Please Type or Print)

Address: -----  
-----  
(Including Zip Code)

IMPORTANT: THIS LETTER OR A FACSIMILE HEREOF (TOGETHER WITH THE CERTIFICATES FOR OLD CERTIFICATES OR A BOOK-ENTRY CONFIRMATION AND ALL OTHER REQUIRED DOCUMENTS OR THE NOTICE OF GUARANTEED DELIVERY) MUST BE RECEIVED BY THE EXCHANGE AGENT PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

PLEASE READ THIS LETTER OF TRANSMITTAL CAREFULLY  
BEFORE COMPLETING ANY BOX ABOVE.

PLEASE SIGN HERE  
(TO BE COMPLETED BY ALL TENDERING HOLDERS)  
(COMPLETE ACCOMPANYING SUBSTITUTE FORM W-9)

Dated: \_\_\_\_\_, 1997

X

X

(Signature(s) of Owner) (Date)

Area Code and Telephone Number: \_\_\_\_\_

If a holder is tendering any Old Certificates, this Letter must be signed by the registered holder(s) as the name(s) appear(s) on the certificate(s) for the Old Certificates or by any person(s) authorized to become registered holder(s) by endorsements and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, officer or other person acting in a fiduciary or representative capacity, please set forth full title. See Instruction 3.

Name(s): \_\_\_\_\_

(Please Type or Print)

Capacity: \_\_\_\_\_

Address: \_\_\_\_\_

(Including Zip Code)

SIGNATURE GUARANTEE  
(IF REQUIRED BY INSTRUCTION 3)

Signature(s) Guaranteed by an Eligible Institution: \_\_\_\_\_

(Authorized Signature)

(Title)

(Name and Firm)

Dated: \_\_\_\_\_, 1997

## INSTRUCTIONS

Forming Part of the Terms and Conditions of the Offer to Exchange Pass Through Certificates, Series 1997-1, which have been registered under the Securities Act of 1933, as amended, for any and all outstanding Pass Through Certificates, Series 1997-1.

## 1. DELIVERY OF THIS LETTER AND OLD CERTIFICATES; GUARANTEED DELIVERY PROCEDURES.

This Letter is to be completed by holders of Old Certificates if certificates are to be forwarded herewith or if tenders are to be made pursuant to the procedures for delivery by book-entry transfer set forth in "The Exchange Offer -- Book-Entry Transfer" section of the Prospectus. Certificates for all physically tendered Old Certificates, or Book-Entry Confirmation, as the case may be, as well as a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by this Letter, must be received by the Exchange Agent at the address set forth herein on or prior to the Expiration Date, or the tendering holder must comply with the guaranteed delivery procedures set forth below. Old Certificates tendered hereby must be in denominations of \$1,000 and any integral multiple thereof.

Holders of Old Certificates whose certificates for Old Certificates are not immediately available or who cannot deliver their certificates and all other required documents to the Exchange Agent on or prior to the Expiration Date, or who cannot complete the procedure for book-entry transfer on a timely basis, may tender their Old Certificates pursuant to the guaranteed delivery procedures set forth in "The Exchange Offer -- Guaranteed Delivery Procedures" section of the Prospectus. Pursuant to such procedures, (i) such tender must be made through an Eligible Institution (as defined below), (ii) prior to the Expiration Date, the Exchange Agent must receive from such Eligible Institution a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and Notice of Guaranteed Delivery, substantially in the form provided by the Company (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Old Certificates and the amount of Old Certificates tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange ("NYSE") trading days after the date of execution of the Notice of Guaranteed Delivery, the certificates for all physically tendered Old Certificates, or a Book-Entry Confirmation, as the case may be, and any other documents required by this Letter will be deposited by the Eligible Institution with the Exchange Agent, and (iii) the certificates for all physically tendered Old Certificates, in proper form for transfer, or Book-Entry Confirmation, as the case may be, and all other documents required by this Letter, are received by the Exchange Agent within three NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

The method of delivery of this Letter, the Old Certificates and all other required documents is at the election and risk of the tendering holders, but the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. If Old Certificates are sent by mail, it is suggested that the mailing be made sufficiently in advance of the Expiration Date to permit delivery to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date.

See "The Exchange Offer" section of the Prospectus.

## 2. PARTIAL TENDERS (NOT APPLICABLE TO HOLDERS OF OLD CERTIFICATES WHO TENDER BY BOOK-ENTRY TRANSFER).

If less than all of the Old Certificates evidenced by a submitted certificate are to be tendered, the tendering holder(s) should fill in the aggregate principal amount of Old Certificates to be tendered in the box above entitled "Description of Old Certificates -- Principal Amount Tendered." A reissued certificate representing the balance of nontendered Old Certificates will be sent to such tendering holder, unless otherwise provided in the appropriate box on this Letter, promptly after the Expiration Date. All of the Old Certificates delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated.

### 3. SIGNATURES OF THIS LETTER; BOND POWERS AND ENDORSEMENTS; GUARANTEE OF SIGNATURES.

If this Letter is signed by the registered holder of the Old Certificates tendered hereby, the signature must correspond exactly with the name as written on the face of the certificates without any change whatsoever.

If any tendered Old Certificates are owned of record by two or more joint owners, all such owners must sign this Letter.

If any tendered Old Certificates are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate copies of this Letter as there are different registrations of certificates.

When this Letter is signed by the registered holder of the Old Certificates specified herein and tendered hereby, no endorsements of certificates or separate bond powers are required. If, however, the New Certificates are to be issued, or any untendered Old Certificates are to be reissued, to a person other than the registered holder, then endorsements of any certificates transmitted hereby or separate bond powers are required. Signatures on such certificates must be guaranteed by an Eligible Institution.

If this Letter is signed by a person other than the registered holder of any certificates specified herein, such certificates must be endorsed or accompanied by appropriate bond powers, in either case signed exactly as the name of the registered holder appears on the certificates and the signatures on such certificates must be guaranteed by an Eligible Institution.

If this Letter or any certificates or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Company, proper evidence satisfactory to the Company of their authority to so act must be submitted.

Endorsements on certificates for Old Certificates or signatures on bond powers required by this Instruction 3 must be guaranteed by a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc., by a commercial bank or trust company having an office or correspondent in the United States or by an "eligible guarantor" institution within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934 (an "Eligible Institution").

Signatures on this Letter need not be guaranteed by an Eligible Institution, provided the Old Certificates are tendered: (i) by a registered holder of Old Certificates (which term, for purposes of the Exchange Offer, includes any participant in the Book-Entry Transfer Facility system whose name appears on a security position listing as the holder of such Old Certificates) tendered who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on this Letter, or (ii) for the account of an Eligible Institution.

### 4. SPECIAL ISSUANCE AND DELIVERY INSTRUCTIONS.

Tendering holders of Old Certificates should indicate in the applicable box the name and address to which New Certificates issued pursuant to the Exchange Offer and/or substitute certificates evidencing Old Certificates not exchanged are to be issued or sent, if different from the name or address of the person signing this Letter. In the case of issuance in a different name, the employer identification or social security number of the person named must also be indicated. A holder of Old Certificates tendering Old Certificates by book-entry transfer may request that Old Certificates not exchanged be credited to such account maintained at the Book-Entry Transfer Facility as such holder of Old Certificates may designate hereon. If no such instructions are given, such Old Certificates not exchanged will be returned to the name or address of the person signing this Letter.

### 5. TAX IDENTIFICATION NUMBER.

Federal income tax law generally requires that a tendering holder whose Old Certificates are accepted for exchange must provide the Exchange Agent with such Holder's correct Taxpayer Identification Number



("TIN") on Substitute Form W-9 below, which, in the case of a tendering holder who is an individual, is his or her social security number. If a tendering holder does not provide the Exchange Agent with its current TIN or an adequate basis for an exemption, such tendering holder may be subject to backup withholding in an amount equal to 31% of all reportable payments made after the exchange. If withholding results in an overpayment of taxes, a refund may be obtained.

Exempt holders of Old Certificates (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. See the enclosed Guidelines of Certification of Taxpayer Identification Number on Substitute Form W-9 (the "W-9 Guidelines") for additional instructions.

To prevent backup withholding, each tendering holder of Old Certificates must provide its correct TIN by completing the "Substitute Form W-9" set forth below, certifying that the TIN provided is correct (or that such holder is awaiting a TIN) and that (i) the holder is exempt from backup withholding, (ii) the holder has not been notified by the Internal Revenue Service that such holder is subject to a backup withholding as a result of a failure to report all interest or dividends or (iii) the Internal Revenue Service has notified the holder that such holder is no longer subject to backup withholding. If the tendering holder of Old Certificates is a nonresident alien or foreign entity not subject to backup withholding, such holder must give the Exchange Agent a completed Form W-8, Certificate of Foreign Status. These forms may be obtained from the Exchange Agent. If the Old Certificates are in more than one name or are not in the name of the actual owner, such holder should consult the W-9 Guidelines for information on which TIN to report. If such holder does not have a TIN, such holder should consult the W-9 Guidelines for instructions on applying for a TIN, check the box in Part 2 of the Substitute Form W-9 and write "applied for" in lieu of its TIN. Note: checking this box and writing "applied for" on the form means that such holder has already applied for a TIN or that such holder intends to apply for one in the near future. If such holder does not provide its TIN to the Exchange Agent within 60 days, backup withholding will begin and continue until such holder furnishes its TIN to the Exchange Agent.

#### 6. TRANSFER TAXES.

The Company will pay all transfer taxes, if any, applicable to the transfer of Old Certificates to it or its order pursuant to the Exchange Offer. If, however, New Certificates and/or substitute Old Certificates not exchanged are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Old Certificates tendered hereby, or if tendered Old Certificates are registered in the name of any person other than the person signing this Letter, or if a transfer tax is imposed for any reason other than the transfer of Old Certificates to the Company or its order pursuant to the Exchange Offer, the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted herewith, the amount of such transfer taxes will be billed directly to such tendering holder.

Except as provided in this Instruction 6, it is not necessary for transfer tax stamps to be affixed to the Old Certificates specified in this Letter.

#### 7. WAIVER OF CONDITIONS.

The Company reserves the absolute right to waive satisfaction of any or all conditions enumerated in the Prospectus.

#### 8. NO CONDITIONAL TENDERS.

No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders of Old Certificates, by execution of this Letter, shall waive any right to receive notice of the acceptance of their Old Certificates for exchange.

Neither the Company, the Exchange Agent nor any other person is obligated to give notice of any defect or irregularity with respect to any tender of Old Certificates nor shall any of them incur any liability for failure to give any such notice.

9. MUTILATED, LOST, STOLEN OR DESTROYED OLD CERTIFICATES.

Any holder whose Old Certificates have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions.

10. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES.

Questions relating to the procedure for tendering, as well as requests for additional copies of the Prospectus and this Letter, may be directed to the Exchange Agent, at the address and telephone number indicated above.

TO BE COMPLETED BY ALL TENDERING HOLDERS  
(SEE INSTRUCTION 5)

-----  
GIVE FORM TO THE REQUESTER. DO NOT SEND TO THE IRS  
-----

SUBSTITUTE  
Form W-9

Part I -- Taxpayer Identification  
Number (TIN)

-----  
List account numbers  
here (optional)  
-----

(Rev. December 1996)  
Department of the Treasury  
Internal Revenue Service

Part II -- For Payee Exempt From Backup Withholding (See the W-9  
Guidelines)

Social Security Number

-----  
or

Employer Identification Number  
-----

Request for Taxpayer  
Identification Number  
and Certification

Enter your TIN in the appropriate box. For individuals, this is your  
social security number (SSN). For sole proprietors or resident aliens, see  
the W-9 Guidelines. For other entities, it is your employer identification  
number (EIN). If you do not have a number, see the W-9 Guidelines.  
NOTE: If the account is in more than one name, see the chart in the W-9  
Guidelines for guidance on whose number to enter.

-----  
Name (If a joint account or you changed your name, see the W-9 Guidelines.)  
-----

Business name, if different from above. (See the W-9 Guidelines.)  
-----

Please  
print  
or  
type

Please check appropriate box: [ ] Individual/Sole Proprietor [ ] Corporation  
[ ] Partnership [ ] Other  
-----

Address (number, street, apt. or suite no.) Requester's name and address (optional)  
-----

City, state and ZIP code  
-----

-----  
PART III Certification  
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Under penalties of perjury, I certify that;

1. The number shown on this form is my correct taxpayer identification (or I am  
waiting for number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup  
withholding, or (b) I have not been notified by the Internal Revenue Service  
that I am subject to backup withholding as a result of a failure to report  
all interest or dividends, or (c) the IRS has notified me that I am no longer  
subject to backup withholding.

CERTIFICATION INSTRUCTIONS. You must cross out item 2 above if you have been  
notified by the IRS that you are currently subject to backup withholding because  
you have failed to report all interest or dividends on your tax return. For real  
estate transactions, item 2 does not apply. For mortgage interest paid, the  
acquisition or abandonment of secured property, cancellation of debt,  
contributions to an individual retirement arrangement (IRA), and generally  
payments other than interest and dividends, you are not required to sign the  
Certification, but you must provide your correct TIN. (Also, see the W-9  
Guidelines.)

-----  
SIGN  
HERE  
-----

SIGNATURE  
-----

DATE  
-----  
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NOTICE OF GUARANTEED DELIVERY  
FOR  
CONTINENTAL AIRLINES, INC.  
PASS THROUGH CERTIFICATES, SERIES 1997-1

This form or one substantially equivalent hereto must be used to accept the Exchange Offer of Continental Airlines, Inc. (the "Company") made pursuant to the Prospectus, dated \_\_\_\_\_, 1997 (the "Prospectus"), and the enclosed Letter of Transmittal (the "Letter of Transmittal") if certificates for Old Certificates are not immediately available or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach Wilmington Trust Company (the "Exchange Agent") prior to 5:00 P.M., New York City time, on the Expiration Date of the Exchange Offer. Such form may be delivered or transmitted by facsimile transmission, mail or hand delivery to the Exchange Agent as set forth below. In addition, in order to utilize the guaranteed delivery procedure to tender Old Certificates pursuant to the Exchange Offer, a completed, signed and dated Letter of Transmittal (or facsimile thereof) must also be received by the Exchange Agent prior to 5:00 P.M., New York City time, on the Expiration Date. Capitalized terms not defined herein are defined in the Prospectus.

Delivery to: Wilmington Trust Company, Exchange Agent

By Mail or Overnight Delivery:  
Wilmington Trust Company  
1100 North Market Street  
Wilmington, Delaware 19890-0001  
Attention: Jill Rylee

By Hand:  
Wilmington Trust Company  
1105 North Market Street, 1st Floor  
Wilmington, Delaware 19890  
Attention: Corporate Trust Operations

Facsimile Transmission:  
(302) 651-1079

Confirm by Telephone:  
(302) 651-8869  
Jill Rylee

Delivery of this instrument to an address other than as set forth above, or transmission of instructions via facsimile other than as set forth above, will not constitute a valid delivery.

Ladies and Gentlemen:

Upon the terms and conditions set forth in the Prospectus and the accompanying Letter of Transmittal, the undersigned hereby tenders to the Company the principal amount of Old Certificates set forth below, pursuant to the guaranteed delivery procedure described in "The Exchange Offer -- Guaranteed Delivery Procedures" section of the Prospectus.

Principal Amount of Old Certificates  
Tendered:

Name(s) of Record Holders(s):

\$  
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Certificate Nos. (if available):

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Address(es):

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If Old Certificates will be delivered by  
book-entry

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transfer to The Depository Trust Company,  
provide account number.

Area Code and Telephone Number(s):

Account  
Number

-----

-----

Signature(s):

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Dated:

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THE ACCOMPANYING GUARANTEE MUST BE COMPLETED.

GUARANTEE

(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm that is a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or any "eligible guarantor" institution within the meaning of Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended, hereby guarantees to deliver to the Exchange Agent, at one of its addresses set forth above, the certificates representing all tendered Old Certificates, in proper form for transfer, or a Book-Entry Confirmation, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, and any other documents required by the Letter of Transmittal within three New York Stock Exchange, Inc. trading days after the date of execution of this Notice of Guaranteed Delivery.

Name of Firm:

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(Authorized Signature)

Address:

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Area Code and Telephone Number:

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Title:

-----

Name:

-----

Date:

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## CONTINENTAL AIRLINES, INC.

## OFFER TO EXCHANGE

## PASS THROUGH CERTIFICATES, SERIES 1997-1,

WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, FOR ANY AND ALL OUTSTANDING PASS THROUGH CERTIFICATES, SERIES 1997-1

To: Brokers, Dealers, Commercial Banks,  
Trust Companies and Other Nominees:

Upon and subject to the terms and conditions set forth in the Prospectus, dated \_\_\_\_\_, 1997 (the "Prospectus"), and the enclosed Letter of Transmittal (the "Letter of Transmittal"), an offer to exchange (the "Exchange Offer") the registered Pass Through Certificates, Series 1997-1 (the "New Certificates") for any and all outstanding Pass Through Certificates, Series 1997-1 (the "Old Certificates") (CUSIP Nos. 210805 AV 9, 210805 AW 7, 210805 AX 5, 210805 AY 3, 210805 AZ 0, 210805 BA 4, 210805 BB 2, 210805 BC 0, U21026 AD 8, U21026 AE 6, U21026 AV 3 and U21026 AG 1) is being made pursuant to such Prospectus. The Exchange Offer is being made in order to satisfy certain obligations of Continental Airlines, Inc. (the "Company") contained in the Exchange and Registration Rights Agreement dated as of March 21, 1997, between the Company and the Initial Purchasers.

We are requesting that you contact your clients for whom you hold Old Certificates regarding the Exchange Offer. For your information and for forwarding to your clients for whom you hold Old Certificates registered in your name or in the name of your nominee, or who hold Old Certificates registered in their own names, we are enclosing the following documents:

1. Prospectus dated \_\_\_\_\_, 1997;
2. The Letter of Transmittal for your use and for the information of your clients;
3. A Notice of Guaranteed Delivery to be used to accept the Exchange Offer if certificates for Old Certificates are not immediately available or time will not permit all required documents to reach the Exchange Agent prior to the Expiration Date (as defined below) or if the procedure for book-entry transfer cannot be completed on a timely basis; and
4. A form of letter which may be sent to your clients for whose account you hold Old Certificates registered in your name or the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Exchange Offer.

Your prompt action is requested. The Exchange Offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 1997 (the "Expiration Date") (30 calendar days following the commencement of the Exchange Offer), unless extended by the Company. The Old Certificates tendered pursuant to the Exchange Offer may be withdrawn at any time before the Expiration Date.

To participate in the Exchange Offer, a duly executed and properly completed Letter of Transmittal (or facsimile thereof), with any required signature guarantees and any other required documents, should be sent to the Exchange Agent and certificates representing the Old Certificates should be delivered to the Exchange Agent, all in accordance with the instructions set forth in the Letter of Transmittal and the Prospectus.

If holders of Old Certificates wish to tender, but it is impracticable for them to forward their certificates for Old Certificates prior to the expiration of the Exchange Offer or to comply with the book-entry transfer procedures on a timely basis, a tender may be effected by following the guaranteed delivery procedures described in the Prospectus under "The Exchange Offer -- Guaranteed Delivery Procedures."

Additional copies of the enclosed material may be obtained from Wilmington Trust Company, the Exchange Agent, at 1100 North Market Street, Wilmington, Delaware 19890-0001, Attention: Jill Rylee, phone (302) 651-8869 and facsimile (302) 651-1079.

CONTINENTAL AIRLINES, INC.



## CONTINENTAL AIRLINES, INC.

## OFFER TO EXCHANGE

PASS THROUGH CERTIFICATES, SERIES 1997-1,

WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED,  
FOR ANY AND ALL OUTSTANDING

PASS THROUGH CERTIFICATES, SERIES 1997-1

To Our Clients:

Enclosed for your consideration is a Prospectus of Continental Airlines, Inc., a Delaware corporation (the "Company" or "Continental"), dated , 1997 (the "Prospectus"), and the enclosed Letter of Transmittal (the "Letter of Transmittal") relating to the offer to exchange (the "Exchange Offer") the registered Pass Through Certificates, Series 1997-1 (the "New Certificates") for any and all outstanding Pass Through Certificates, Series 1997-1 (the "Old Certificates") (CUSIP Nos. 210805 AV 9, 210805 AW 7, 210805 AX 5, 210805 AY 3, 210805 AZ 0, 210805 BA 4, 210805 BB 2, 210805 BC 0, U21026 AD 8, U21026 AE 6, U21026 AV 3 and U21026 AG 1), upon the terms and subject to the conditions described in the Prospectus. The Exchange Offer is being made in order to satisfy certain obligations of Continental contained in the Exchange and Registration Rights Agreement dated as of March 21, 1997, between the Company and the Initial Purchasers.

This material is being forwarded to you as the beneficial owner of the Old Certificates carried by us in your account but not registered in your name. A tender of such Old Certificates may only be made by us as the holder of record and pursuant to your instructions.

Accordingly, we request instructions as to whether you wish us to tender on your behalf the Old Certificates held by us for your account, pursuant to the terms and conditions set forth in the enclosed Prospectus and Letter of Transmittal.

Your instructions should be forwarded to us as promptly as possible in order to permit us to tender the Old Certificates on your behalf in accordance with the provisions of the Exchange Offer. The Exchange Offer will expire at 5:00 p.m., New York City time, on , 1997 (the "Expiration Date") (30 calendar days following the commencement of the Exchange Offer), unless extended by the Company. Any Old Certificates tendered pursuant to the Exchange Offer may be withdrawn at any time before 5:00 p.m., New York City time on the Expiration Date.

Your attention is directed to the following:

1. The Exchange Offer is for any and all Old Certificates.
2. The Exchange Offer is subject to certain conditions set forth in the Prospectus in the section captioned "The Exchange Offer -- Conditions."
3. Any transfer taxes incident to the transfer of Old Certificates from the holder to the Company will be paid by the Company, except as otherwise provided in the Instructions in the Letter of Transmittal.
4. The Exchange Offer expires at 5:00 p.m., New York City time, on the Expiration Date unless extended by the Company.

If you wish to have us tender your Old Certificates, please so instruct us by completing, executing and returning to us the instruction form set forth below. The Letter of Transmittal is furnished to you for information only and may not be used directly by you to tender Old Certificates.

Instructions with Respect to the Exchange Offer

The undersigned acknowledge(s) receipt of your letter enclosing the Prospectus, dated \_\_\_\_\_, 1997, of Continental Airlines, Inc., a Delaware corporation, and the related specimen Letter of Transmittal.

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This will instruct you to tender the number of Old Certificates indicated below held by you for the account of the undersigned, pursuant to the terms and conditions set forth in the Prospectus and the related Letter of Transmittal. (Check one).

Box 1 [ ] Please tender my Old Certificates held by you for my account. If I do not wish to tender all of the Old Certificates held by you for my account, I have identified on a signed schedule attached hereto the number of Old Certificates that I do not wish tendered.

Box 2 [ ] Please do not tender any Old Certificates held by you for my account.

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Date \_\_\_\_\_, 1997

-----  
Signature(s)

-----

-----  
Please print name(s) here

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Area Code and Telephone No.

Unless a specific contrary instruction is given in the space provided, your signature(s) hereon shall constitute an instruction to us to tender all Old Certificates.