

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 1997-2A.....	\$74,862,000	100%	\$74,862,000	
Pass Through Certificates, Series 1997-2B.....	\$25,563,000	100%	\$25,563,000	\$46,970
Pass Through Certificates, Series 1997-2C.....	\$27,206,000	100%	\$27,206,000	
Pass Through Certificates, Series 1997-2D.....	\$27,369,000	100%	\$27,369,000	

(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 OCTOBER , 1997

PROSPECTUS

CONTINENTAL AIRLINES, INC.

OFFER TO EXCHANGE PASS THROUGH CERTIFICATES, SERIES 1997-2, WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, FOR ANY AND ALL OUTSTANDING PASS THROUGH CERTIFICATES, SERIES 1997-2 THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON [ ], UNLESS EXTENDED.

Pass Through Certificates, Series 1997-2 (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 1997-2 (the "Old Certificates"), of which \$155,000,000 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 1997-2 Pass Through Trusts (the "Class A Trust", the "Class B Trust", the "Class C Trust" and the "Class D Trust", and collectively, 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, (ii) the Certificates of the Class C Trust are subordinated in right of payment to the Certificates of the Class B Trust and (iii) the Certificates of the Class D Trust are subordinated in right of payment to the Certificates of the Class C Trust. Payments of interest on the Certificates issued by each Trust (other than the Class D Trust) are supported by a separate liquidity facility for the benefit of the holders of such Certificates, each such facility provided initially by Kredietbank N.V., acting through its New York branch, in an amount sufficient to pay interest thereon at the applicable interest rate for such Certificates on up to three successive semiannual distribution dates.

(Continued on the following page.)

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

PASS THROUGH CERTIFICATES	PRINCIPAL AMOUNT	INTEREST RATE	FINAL EXPECTED DISTRIBUTION DATE
1997-2A.....	\$ 74,862,000	7.148%	June 30, 2007
1997-2B.....	\$ 25,563,000	7.149%	June 30, 2005
1997-2C.....	\$ 27,206,000	7.206%	June 30, 2004
1997-2D.....	\$ 27,369,000	7.522%	June 30, 2001
Total.....	\$155,000,000		

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 \_\_\_\_\_, 1997

(Continued from the cover page.)

The property of the Trusts includes, among other things, equipment notes (the "Equipment Notes") issued on a recourse basis by Continental in connection with its purchase of six Boeing 737-370 aircraft and four McDonnell Douglas MD-82 aircraft (collectively, the "Aircraft") which were previously leased by Continental. The Equipment Notes in respect of each Aircraft have been issued in four series (the "Series A Equipment Notes", the "Series B Equipment Notes", the "Series C Equipment Notes" and the "Series D Equipment Notes"). The Class A Trust, the Class B Trust, the Class C Trust and the Class D Trust have purchased 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. The maturity dates of the Equipment Notes acquired by each Trust will occur on or before the final expected distribution date applicable to the Certificates issued by such Trust. The Equipment Notes issued with respect to each Aircraft are secured by a first priority security interest in such Aircraft and by a second priority security interest in each of the other Aircraft. The Equipment Notes issued with respect to the Aircraft are direct obligations of Continental.

All of the Equipment Notes held in each Trust accrue interest at the applicable rate per annum for the Certificates issued by such Trust, payable on June 30 and December 30 of each year, commencing on December 30, 1997. Such interest will be distributed to Certificateholders of such Trust on each such date, subject 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 date on which the Old Certificates were originally issued. 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 June 30 of each year, commencing on June 30, 1998. Such payments will be made 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.

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. THE COMPANY IS NOT AWARE OF ANY JURISDICTION WITHIN THE UNITED STATES IN WHICH THE EXCHANGE OFFER OR THE ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH SUCH LAWS.

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 and Morgan Stanley & Co. Incorporated (the "Initial Purchasers") have previously made a market in the Old Certificates and Continental has been advised that both 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, will provide the Certificateholders of each Trust certain periodic reports concerning the distributions made from such Trust. 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 (filed February 24, 1997), (ii) Continental's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 1997 (filed April 28, 1997) and June 30, 1997 (filed August 14, 1997) and (iii) Continental's Current Reports on Form 8-K filed on January 6, March 21, April 18, May 28, June 10, June 25, 1997, October 6, 1997 and October 14 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 nine months of 1997) and, together with its wholly owned subsidiary, Continental Express, Inc. ("Express"), and its wholly owned subsidiary, Continental Micronesia, Inc. ("CMI"), each a Delaware corporation, serves 198 airports worldwide as of September 18, 1997.

The Company operates its route system primarily through domestic hubs at Newark, George Bush Intercontinental in Houston and Cleveland Hopkins ("Cleveland"), and a hub on the Pacific 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 57%, 79%, 54% and 70% of average daily jet departures, respectively.

Continental directly serves 133 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 65 destinations and offers additional connecting service through alliances with foreign carriers. Continental operates 104 weekly departures to 10 European cities and markets service to six other cities through code-sharing agreements. Continental commenced service from Newark to Dusseldorf, Germany on March 19, 1997, to Lisbon, Portugal on May 1, 1997, to Vancouver, British Columbia on June 12, 1997, to Birmingham, England on July 1, 1997, to Sao Paulo and Rio de Janeiro, Brazil on July 10, 1997 and from Houston to Caracas, Venezuela on October 1, 1997. Continental has implemented international code-sharing agreements with Alitalia Airlines ("Alitalia"), Air Canada, Transavia, CSA Czech Airlines, Business Air and China Airlines (effective September 20, 1997). Upon receipt of government approval, Continental will commence code-sharing arrangements with Aerolineas Centrales de Colombia (ACES), Aeroflot Russian International Airline ("Aeroflot"), Air France, EVA Airways Corporation ("EVA"), an airline based in Taiwan, and Virgin Atlantic Airways ("Virgin"). Continental's agreement with Alitalia involves a block-space arrangement pursuant to which the Company and Alitalia share capacity and bear economic risk for blocks of seats on the code-shared trans-Atlantic flights.

In addition, the Company has also entered into joint marketing agreements with other airlines, all of which (except for the agreement with Virgin) are currently subject to government approval, which will involve block-space arrangements which management believes are important to Continental's ability to compete as an international airline. In October 1996, Continental announced a block-space agreement with Air France which contemplates a future code-share arrangement on certain flights between Newark and Charles de Gaulle Airport ("CDG") and Houston and CDG (expected to commence in the second quarter of 1998). In January 1997, the Company announced a similar agreement with Aeroflot which management anticipates will commence in the second quarter of 1998. Aeroflot will place its code on one daily Continental flight to Moscow and will market the service throughout the Commonwealth of Independent States. The Company's agreement with Virgin for a code-share arrangement containing block space commitments recently received government approvals. The Company anticipates commencing the code-share arrangement, which involves the carriers' Newark/New York-London routes and eight other routes flown by Virgin between the United Kingdom and the United States, in the first quarter of 1998. In August 1997, the Company entered into a code-sharing agreement with EVA that entitles the Company to place its code on that carrier's flights between Taipei and five cities in the United States.

The Company anticipates entering into other code-sharing, joint marketing and block-space agreements, which may include the Company undertaking the financial commitment to purchase seats from other carriers.

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.

#### RECENT DEVELOPMENTS

##### Third Quarter 1997 Earnings

On October 16, 1997, the Company reported consolidated net income, including special charges, of \$110 million and \$18 million for the three months ended September 30, 1997 and 1996, respectively, and \$312 million and \$272 million for the nine months ended September 30, 1997 and 1996, respectively. Special charges included a \$128 million fleet disposition charge (\$77 million after taxes) in 1996 and after tax extraordinary losses of \$4 million and \$6 million in 1997 and 1996, respectively.

For the first nine months of 1997, Continental reported \$5.4 billion in revenue, \$584 million in operating income and \$518 million in pre-tax income. This compares to \$4.8 billion in revenue, \$554 million in operating income and \$476 million in pre-tax income, excluding the \$128 million fleet disposition charge, for the comparable nine-month period in 1996.

## THE EXCHANGE OFFER

## Registration Rights

Agreement..... The Old Certificates were issued on June 25, 1997 (the "Issuance Date") to the Initial Purchasers. The Initial Purchasers placed the Old Certificates with institutional investors. In connection therewith, the Company, 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, \$155,000,000 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 (as defined on page 2 of this Prospectus), 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 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 used to purchase Equipment Notes issued by Continental to finance the purchase of the Aircraft.

## TERMS OF CERTIFICATES

The Exchange Offer relates to the exchange of up to \$155,000,000 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 1997-2A Pass Through Trust, the Continental Airlines 1997-2B Pass Through Trust, the Continental Airlines 1997-2C Pass Through Trust and the Continental Airlines 1997-2D 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.
- 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 Trust and the Class D Trust are referred to herein as the "Class A Certificates", the "Class B Certificates", the "Class C Certificates", and the "Class D Certificates", respectively.
- Subordination Agent,  
Trustee, Loan Trustee and  
Second Mortgagee..... 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 Loan Trustee, paying agent and registrar for each series of Equipment Notes, and (iv) as mortgagee (the "Second Mortgagee") under the Second Indenture.
- Liquidity Provider..... Kredietbank N.V., acting through its New York branch, (the "Liquidity Provider") has provided a separate liquidity facility for the benefit of the holders of Class A Certificates, Class B Certificates and Class C Certificates.
- Trust Property..... The property of each Trust (the "Trust Property") includes (i) subject to the Intercreditor Agreement, Equipment Notes issued on a recourse basis by Continental in connection with each separate secured loan transaction with respect to each Aircraft to finance the purchase of the Aircraft by Continental, (ii) the rights of such Trust under the Intercreditor Agreement (including all monies receivable in respect of such rights), (iii) except for the Class D Trust, all monies receivable under the Liquidity Facility for such Trust and (iv) funds from time to time deposited with the Trustee in accounts relating to such Trust. The Equipment Notes with respect to each Aircraft have been issued in four series under an Indenture (the "Indenture") between Continental and the mortgagee thereunder (the "Loan Trustee"), and are entitled to a first priority security interest in such Aircraft pursuant to such Indenture and to a second priority security interest in each of the other Aircraft pursuant to the Second Indenture (the "Second Indenture") between Continental and the Second Mortgagee. The Class A Trust, the Class B Trust, the Class C Trust and the Class D Trust each have acquired,

pursuant to a Participation Agreement with respect to each Aircraft (the "Participation 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 to be issued by such Trust. The aggregate original principal amount of the Equipment Notes held in each Trust is the same as the aggregate original face amount of the Certificates issued by such Trust.

## SUMMARY OF TERMS OF CERTIFICATES

	CLASS A CERTIFICATES	CLASS B CERTIFICATES	CLASS C CERTIFICATES	CLASS D CERTIFICATES
Aggregate Face Amount.....	\$74,862,000	\$25,563,000	\$27,206,000	\$27,369,000
Loan to Aircraft Value (cumulative)(1).....	41.00%	55.00%	69.90%	84.89%
Expected Principal Distribution Window (in years).....	1.00-10.00	1.00-8.00	1.00-7.00	1.00-4.00
Expected Initial Average Life (in years).....	8.01	6.70	5.07	2.60
Regular Distribution Dates.....	June 30 & December 30	June 30 & December 30	June 30 & December 30	June 30 & December 30
Final Expected Regular Distribution Date.....	June 30, 2007	June 30, 2005	June 30, 2004	June 30, 2001
Final Maturity Date.....	December 30, 2008	December 30, 2006	December 30, 2005	June 30, 2001
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	None
Liquidity Facility Amount(3).....	\$8,101,025	\$2,766,630	\$2,967,925	None

- (1) Assumes an aggregate appraised Aircraft value of \$182,590,000. The appraised value is only an estimate and reflects certain assumptions. See "Description of the Aircraft and the Appraisals -- The Appraisals".
- (2) The Loan Trustee with respect to each Indenture has received a reasoned opinion of Milbank, Tweed, Hadley & McCloy, counsel to the Initial Purchasers, with respect to the application of Section 1110 of the U.S. Bankruptcy Code to the lien of such Indenture. The benefit of Section 1110 would not be applicable to the lien on the other Aircraft created under the Second Indenture. See "Description of Equipment Notes -- Remedies".
- (3) For each Class of Certificates, other than the Class D Certificates, the initial amount of the Liquidity Facility covers three consecutive semiannual interest payments (without regard to any future payments of principal on such Certificates). In aggregate for Class A, B and C Certificates, the initial amount of the Liquidity Facilities is \$13,835,580.

## EQUIPMENT NOTES AND THE AIRCRAFT

Set forth below is certain information about the Equipment Notes held in the Trusts and the Aircraft that (under the related Indenture) secure such Equipment Notes:

AIRCRAFT TYPE	AIRCRAFT REGISTRATION NUMBER	YEAR OF MANUFACTURE	LATEST EQUIPMENT NOTE MATURITY DATE	ORIGINAL PRINCIPAL AMOUNT OF EQUIPMENT NOTES (IN MILLIONS)	APPRAISED VALUE (IN MILLIONS)(1)
Boeing 737-3T0.....	N12322	1986	June 30, 2007	\$ 16.11	\$ 18.98
Boeing 737-3T0.....	N10323	1986	June 30, 2007	16.11	18.98
Boeing 737-3T0.....	N14324	1986	June 30, 2007	16.11	18.98
Boeing 737-3T0.....	N69333	1986	June 30, 2007	16.13	19.00
Boeing 737-3T0.....	N14334	1986	June 30, 2007	16.13	19.00
Boeing 737-3T0.....	N14335	1986	June 30, 2007	16.13	19.00
McDonnell Douglas MD-82.....	N12811	1985	June 30, 2007	13.20	15.55
McDonnell Douglas MD-82.....	N15820	1986	June 30, 2007	14.43	17.00
McDonnell Douglas MD-82.....	N18833	1987	June 30, 2007	15.32	18.05
McDonnell Douglas MD-82.....	N10834	1987	June 30, 2007	15.32	18.05

(1) 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 Agnew, Inc. ("MBA") (collectively, the "Appraisers"), determined as of May 20, May 16 and June 6, 1997, respectively. 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 Issuance Date and certain subsequent Regular Distribution Dates. 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 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 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 varying amounts per year, depending on aircraft model and year of manufacture. See "Description of the Equipment Notes -- Loan to Value Ratios of Equipment Notes". 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. 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. 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".

The following table also assumes that no early redemption or default in payment of principal of any Equipment Notes shall occur. The Equipment Notes with respect to an Aircraft are subject to redemption if an Event of Loss occurs with respect to such Aircraft or otherwise at Continental's election. See "Description of the Equipment Notes -- Redemption".

The Equipment Notes issued with respect to each Aircraft are entitled to a second priority security interest on each of the other Aircraft, and the following table is compiled on an aggregate basis. However, it should be noted that, since the second priority security interest would not be entitled to the benefits of Section 1110 in a reorganization under the Bankruptcy Code of Continental, the excess proceeds realized from the disposition of any particular Aircraft might not immediately be available to offset shortfalls on the Equipment Notes relating to any other Aircraft, but rather would be held as cash collateral securing all of the Equipment Notes subject to the lien of the Second Indenture. See "Description of the Equipment Notes -- Remedies". For the LTVs for the Equipment Notes issued in respect of each individual Aircraft, see "Description of the Equipment Notes -- Loan to Value Ratios of Equipment Notes".

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 CERTIFICATES POOL BALANCE	CLASS C CERTIFICATES LTV	CLASS D CERTIFICATES POOL BALANCE
June 25, 1997....	\$182,590,000	\$74,862,000	41.00%	\$25,563,000	55.00%	\$27,206,000	69.90%	\$27,369,000
June 30, 1998....	177,535,510	72,789,660	41.00	24,855,370	55.00	26,005,070	69.65	21,100,424
June 30, 1999....	172,481,020	70,717,320	41.00	24,147,744	55.00	23,680,240	68.73	14,716,780
June 30, 2000....	167,426,530	68,644,877	41.00	23,439,713	55.00	20,504,611	67.25	7,569,162
June 30, 2001....	162,029,940	66,432,273	41.00	22,684,190	55.00	16,879,034	65.42	0
June 30, 2002....	153,444,850	62,890,431	40.99	20,610,168	54.42	15,368,504	64.43	0
June 30, 2003....	144,137,760	58,376,498	40.50	18,475,201	53.32	7,889,264	58.79	0
June 30, 2004....	134,830,670	52,689,000	39.08	11,076,977	47.29	0	NA	0
June 30, 2005....	125,523,580	44,576,067	35.51	0	NA	0	NA	0
June 30, 2006....	115,812,190	26,370,969	22.77	0	NA	0	NA	0

DATE	CLASS D CERTIFICATES LTV
June 25, 1997....	84.89%
June 30, 1998....	81.53
June 30, 1999....	77.26
June 30, 2000....	71.77
June 30, 2001....	NA
June 30, 2002....	NA
June 30, 2003....	NA
June 30, 2004....	NA
June 30, 2005....	NA
June 30, 2006....	NA

## CASH FLOW STRUCTURE

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

[Diagram omitted, which shows that Continental will pay the Payments on Equipment Notes to the Loan Trustees. From such Payments on Equipment Notes, the Loan Trustees will make Equipment Note Payments on the Series A Equipment Notes, the Series B Equipment Notes, the Series C Equipment Notes and the Series D Equipment Notes with respect to all Aircraft to the Subordination Agent. From such Equipment Note Payments, the Subordination Agent will pay Principal, Premium, if any, and Interest Distributions to the Pass Through Trustee for the Class A Trust, the Pass Through Trustee for the Class B Trust, the Pass Through Trustee for the Class C Trust and the Pass Through Trustee for the Class D Trust, who will pay such Principal, Premium, if any, and Interest Distributions to the Holders of Class A Certificates, the Holders of Class B Certificates, the Holders of the Class C Certificates and the Holders of Class D Certificates, respectively. The Subordination Agent may also receive Advances, if any, and pay Reimbursements, if any, to the Liquidity Providers.]

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- (1) Each Aircraft is subject to a separate Indenture providing for a first priority security interest in such Aircraft, and the Equipment Notes issued with respect to each Aircraft are pursuant to the Second Indenture entitled to a second priority security interest in each of the other Aircraft.
  - (2) For the Class A Certificates, the Class B Certificates and the Class C Certificates, the initial amount of the Liquidity Facility for each such Class covers three consecutive semiannual interest payments with respect to such Class. There is no Liquidity Facility for the Class D Certificates.

## 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.....	June 30 and December 30, commencing December 30, 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 will be distributed by the Trustee to the holders of the Certificates (the "Certificateholders") of such Trust, subject to the provisions of the Intercreditor Agreement. Such payments of interest are scheduled to be received by the Trustee of each Trust on June 30 and December 30 of each year, commencing on December 30, 1997. Payments of principal of the Equipment Notes are scheduled to be received on June 30 of each year, commencing on June 30, 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. 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".
PTC Events of Default.....	A "PTC Event of Default" under each Pass Through Trust Agreement means 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, B or C Certificates, the Subordination Agent shall have made Interest Drawings with respect thereto in an 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 December 30, 2008, for the Class B Certificates is December 30, 2006, for the Class C Certificates is December 30, 2005 and for the Class D Certificates is June 30, 2001. 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, (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 and (iii) the Class D Certificateholders shall have the right to purchase all, but not less than all, of the Class A Certificates, the Class B Certificates and the Class C 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 or (z) certain bankruptcy or insolvency events involving Continental.

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 June 30 and December 30 of each year, commencing on December 30, 1997, 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 June 30 of each year, commencing on June 30, 1998, 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 Indenture and Second Indenture, 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 December 30, 2004 in the case of the Series A Equipment Notes, December 30, 2003 in the case of the Series B Equipment Notes, June 30, 2002 in the case of the Series C Equipment Notes and June 30, 2000 in the case of the Series D 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.
- (d) Security..... The Equipment Notes issued with respect to each Aircraft are secured by a first priority security interest in such Aircraft and by a second priority security interest in each of the other Aircraft. The Indentures include cross-default provisions, and if an Indenture Default has oc-

curred for the Equipment Notes issued with respect to one or more Aircraft, then an Indenture Default will have occurred for the Equipment Notes issued with respect to the remaining Aircraft, and remedies will be exercisable under the Indentures and the Second Indenture with respect to all Aircraft. If the Equipment Notes issued under an Indenture and other obligations secured thereunder and then due have been paid in full, the applicable Aircraft will be released from the lien of such Indenture and, so long as no Indenture Default or certain other defaults exist under any other Indenture at such time, will be released from the lien of the Second Indenture. See "Description of the Equipment Notes -- Security" and "-- Indenture Defaults, Notice and Waiver".

The Equipment Notes are direct obligations of Continental. See "Description of the Equipment Notes -- General".

(e) Section 1110

Protection..... The Loan Trustee with respect to each Indenture has received a reasoned opinion of Milbank, Tweed, Hadley & McCloy, counsel to the Initial Purchasers, that, subject to the assumptions and qualifications contained therein, such Loan Trustee would be entitled to the benefits of Section 1110 of the U.S. Bankruptcy Code with respect to the airframe and engines comprising the Aircraft that is subject to the lien of such Indenture were Continental to become a debtor in a case under Chapter 11 of the Bankruptcy Code. See "Description of the Equipment Notes -- Remedies" for a description of such opinion and certain assumptions and qualifications contained therein. The benefits of Section 1110 would not be applicable to the lien on the other Aircraft created under the Second Indenture.

(f) Ranking.....

Series B Equipment Notes issued in respect of any Aircraft are subordinated in right of payment to Series A Equipment Notes issued in respect of such Aircraft; Series C Equipment Notes issued in respect of such Aircraft are subordinated in right of payment to such Series B Equipment Notes; and Series D Equipment Notes issued in respect of such Aircraft are subordinated in right of payment to such Series C 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, (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 and (iii) payments of interest and principal due on such Series C Equipment Notes will be made prior to payments of interest and principal due on Series D Equipment Notes issued in respect of such Aircraft.

Liquidity Facilities.....

The 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 (other than the Class D Trust). Under the Liquidity Facility with respect to any Trust (other than the Class D Trust), the Liquidity Provider 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"). The initial Required Amount under the Liquidity Facilities for the Class A Certificates, the Class B Certificates, and the Class C Certificates is \$8,101,025, \$2,766,630, and \$2,967,925, respectively. Interest Drawings under the relevant Liquidity Facility 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 or C Certificates; provided, however, that on any date the maximum amount available under the Liquidity Facility with respect to any Trust (other than the Class D Trust) to fund any shortfall in interest due on the Certificates of such Trust will not exceed the Maximum Available Commitment under such Liquidity Facility. The "Maximum Available Commitment" at any time under each Liquidity Facility is an amount equal to the then Required Amount of such Liquidity Facility less the aggregate amount of each Interest Drawing outstanding under such Liquidity Facility at such time, provided that following a Downgrade Drawing (defined below), a Final Drawing (defined below) or (if applicable with respect to a Replacement Facility (defined below)) a Non-Extension Drawing (defined below) under a Liquidity Facility, the Maximum Available Commitment shall be zero. The Liquidity Facility for any Class of Certificates does 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 Indenture related to such Equipment Note 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 the 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 30 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.

Under certain circumstances described in "Description of the Liquidity Facilities -- Liquidity Events of Default", the Liquidity Provider may cause a final drawing (the "Final Drawing") to be made under a Liquidity Facility in an amount equal to the then Maximum Available Commitment thereunder. The Subordination Agent 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 Provider.

Continental may, at its option subject to certain limitations, arrange for a Replacement Facility to replace the Liquidity Facility (or any prior Replacement 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 (defined below) under such Liquidity Facility (or prior Replacement Facility), the funds on deposit with respect to such Liquidity Facility (or prior Replacement Facility) in the Cash Collateral Account for such Trust will be returned to the Liquidity Provider being replaced.

The initial Liquidity Facility for each Class of Certificates (other than the Class D Certificates) is scheduled to expire on the fifteenth day after the Final Maturity Date for such Class of Certificates. A Replacement Facility may, however, be scheduled to expire on an earlier date. If a Replacement Facility for a Class of Certificates is scheduled to expire prior to the date that is fifteen days after the Final Maturity Date for such Class, the Intercreditor Agreement provides for the replacement or extension of such replacement facility for 364 days. If such Replacement Facility cannot be so replaced or extended by the date that is 25 days prior to the then scheduled expiration date of such Replacement Facility, such Replacement Facility will be drawn in full up to the then maximum

available commitment thereunder (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 Replacement Facility would be used.

Notwithstanding the subordination provisions of the Intercreditor Agreement, the holders of the Certificates issued by each Trust (other than the Class D Trust) will be entitled to receive and retain the proceeds of drawings under the Liquidity Facility (and any Replacement Facility) for such Trust. See "Description of the Liquidity Facilities".

#### Intercreditor Agreement

(a) Subordination..... The Trustees, the Liquidity Provider 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 (whether under any Indenture or the Second Indenture) 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; (5) payment of Expected Distributions to the holders of Class D Certificates and (6) 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 and (y) the difference between (A) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, the original aggregate face amount of the Certificates of such Trust), 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.

(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 Provider 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; (4) to the holders of Class C Certificates in payment of Adjusted Expected Distributions; and (5) to the holders of Class D 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 (1) accrued and unpaid interest on such Certificates and (2) the greater of:

(A) the difference between (x) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, the original aggregate face amount of the Certificates of such Trust) 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 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, and

(B) the amount of the excess, if any, of (i) the amount described in sub-clause (A)(x), 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 on 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 Indenture, the amount of the insurance proceeds paid to the related Loan Trustee and/or the Second Mortgagee in respect thereof to the extent then held by such Loan Trustee and/or the Second Mortgagee (and/or on deposit in the Special Payments Account) or payable to such Loan Trustee and/or the Second Mortgagee 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 41.00%, for the Class B Certificates 55.00%, for the Class C Certificates 69.90% and for the Class D Certificates 84.89%.

"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 such Aircraft).

(b) Intercreditor Rights... Pursuant to the Intercreditor Agreement, the Trustees and the Liquidity Provider have agreed that, with respect to any Indenture and (in the case of clause (b) below) the Second Indenture at any given time, the Loan Trustee or the Second Mortgagee, as the case may be, 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 under such Indenture (including exercising remedies thereunder, such as acceleration of such Equipment Notes or foreclosing the lien on the Aircraft securing such Equipment Notes) or the Second Indenture, by the Controlling Party insofar as an Indenture Default under such Indenture has occurred and is continuing.

"Controlling Party" with respect to any Indenture and the Second Indenture means: (w) the Trustee for the Class A Trust (the "Class A Trustee"); (x) upon payment of Final Distributions to the holders of Class A Certificates, the Trustee for the Class B Trust (the "Class B Trustee"); (y) upon payment of Final Distributions to the holders of Class B Certificates, the Trustee for the Class C Trust (the "Class C Trustee"); and (z) upon payment of Final Distributions to the holders of Class C Certificates, the Trustee for the Class D Trust (the "Class D Trustee"). 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 (with respect to any Replacement Facility) a Non-Extension Drawing) and remain unreimbursed and (y) the date on which all Equipment Notes shall have been accelerated, the Liquidity Provider 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) 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".

"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 and (y) the Pool Balance of such Certificates as of the immediately preceding Distribution Date.

(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, 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.

"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 and for all other purposes whatsoever. Therefore, none of the Trustees, Continental, the Loan Trustees, the Liquidity Provider or the Subordination Agent 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 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, Class C or Class D 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. By its acceptance of a Class B, Class C or Class D Certificate, each Certificateholder will be deemed to have represented and warranted that either (i) no Plan assets have been used to purchase such Certificate or (ii) the purchase 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 Provider.... Short Term.....	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 which is derived from the audited consolidated financial statements incorporated by reference in the Prospectus. The consolidated financial data of the Company for the three and six months ended June 30, 1997 and 1996 is derived from its unaudited consolidated financial statements incorporated by reference in the Prospectus, which include all adjustments (consisting solely of normal recurring accruals) that the Company considers necessary for the fair presentation of the financial position and results of operations for these periods. Operating results for the three and six months ended June 30, 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.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	1997	1996	1997	1996	1996	1995	1994
(IN MILLIONS OF DOLLARS, EXCEPT PER SHARE DATA AND RATIOS)							
FINANCIAL DATA -- OPERATIONS:							
Operating Revenue.....	\$ 1,786	\$ 1,639	\$ 3,484	\$ 3,128	\$ 6,360	\$ 5,825	\$ 5,670
Operating Expenses.....	1,555	1,410	3,107	2,779	5,835(1)	5,440(2)	5,681
Operating Income (Loss).....	231	229	377	349	525	385	(11)
Nonoperating Income Expense, net.....	(23)	(23)	(45)	(48)	(97)	(75)(3)	(640)(4)
Income (Loss) before Income Taxes, Minority Interest and Extraordinary Loss.....	208	206	332	301	428	310	(651)
Net Income (Loss).....	\$ 128	\$ 167	\$ 202	\$ 255	\$ 319	\$ 224	\$ (613)
Earnings (Loss) per Common and Common Equivalent Share(5)...	\$ 2.01	\$ 2.53	\$ 3.13	\$ 3.90	\$ 4.87	\$ 3.60	\$(11.88)
Earnings (Loss) per Common Share Assuming Full Dilution(5).....	\$ 1.64	\$ 2.04	\$ 2.58	\$ 3.25	\$ 4.11	\$ 3.15	\$(11.88)
Ratio of Earnings to Fixed Charges(6).....	2.48	2.57	2.18	2.13	1.81	1.53	--

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	1997	1996	1997	1996	1996	1995	1994
(IN MILLIONS OF DOLLARS, EXCEPT PER SHARE DATA AND RATIOS)							
OPERATING DATA (JET OPERATIONS ONLY):(7)							
Revenue passenger miles (millions)(8).....	11,922	10,527	22,813	20,279	41,914	40,023	41,588
Available seat miles (millions)(9).....	16,486	15,152	32,318	29,703	61,515	61,006	65,861
Passenger load factor(10).....	72.3%	69.5%	70.6%	68.3%	68.1%	65.6%	63.1%
Breakeven passenger load factor(11).....	62.4%	59.4%	62.3%	60.2%	60.7%(14)	60.8%	62.9%
Passenger revenue per available seat mile (cents)(12).....	9.31	9.35	9.30	9.13	8.93	8.20	7.22
Operating cost per available seat mile (cents)(13).....	8.90	8.81	9.08	8.86	8.77(14)	8.36	7.86
Average yield per revenue passenger mile (cents)(15)....	12.87	13.46	13.17	13.37	13.10	12.51	11.44
Average length of aircraft flight (miles).....	944	888	935	882	896	836	727

(See footnotes on the following page.)

JUNE 30,            DECEMBER 31,  
1997                    1996  
-----  
(IN MILLIONS OF DOLLARS)

## FINANCIAL DATA--BALANCE SHEET:

	JUNE 30, 1997	DECEMBER 31, 1996
	-----	-----
Assets:		
Cash and Cash Equivalents, including restricted cash and cash equivalents of \$74 and \$76, respectively(16).....	\$ 994	\$1,061
Other Current Assets.....	685	573
Total Property and Equipment, Net.....	1,885	1,596
Routes, Gates and Slots, Net.....	1,454	1,473
Other Assets, Net.....	498	503
	-----	-----
Total Assets.....	\$5,516	\$5,206
	=====	=====
Liabilities and Stockholders' Equity:		
Current Liabilities.....	\$2,324	\$2,104
Long-term Debt and Capital Leases.....	1,581	1,624
Deferred Credits and Other Long-term Liabilities.....	655	594
Minority Interest(17).....	15	15
Continental-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Convertible Subordinated Debentures(18).....	242	242
Redeemable Preferred Stock(8).....	--	46
Common Stockholders' Equity.....	699	581
	-----	-----
Total Liabilities and Stockholders' Equity.....	\$5,516	\$5,206
	=====	=====

- (1) The \$128 million fleet disposition charge recorded in 1996 is associated primarily with the Company's 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) In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 -- "Earnings per Share" ("SFAS 128") which specifies the computation, presentation and disclosure requirements for earnings per share ("EPS"). SFAS 128 replaces the presentation of primary and fully diluted EPS pursuant to Accounting Principles Board Opinion No. 15 -- "Earnings per Share" ("APB 15") with the presentation of basic and diluted EPS. The Company is required to adopt SFAS 128 with its December 31, 1997 financial statements and restate all prior period EPS data. The Company will continue to account for EPS pursuant to APB 15 until that time.

UNDER SFAS 128, THE COMPANY'S BASIC AND DILUTED EPS WERE:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,		FOR THE YEARS ENDED		
	1997	1996	1997	1996	1996	1995	1994
Basic EPS.....	\$2.22	\$3.05	\$3.50	\$4.65	\$5.75	\$4.07	\$(11.88)
Diluted EPS.....	\$1.63	\$2.09	\$2.58	\$3.31	\$4.17	\$3.37	\$(11.88)

- (6) For purposes of calculating this ratio, earnings consist of earnings before taxes, minority interest and extraordinary loss plus interest expense (net of capitalized interest), the portion of rental expense representative of interest expense and amortization on previously capitalized interest. Fixed charges consist of interest expense and the portion of rental expense representative of interest expense. For the year ended December 31, 1994, earnings were inadequate to cover fixed charges and the coverage deficiency was \$667 million.
- (7) Includes operating data for CMI, but does not include operating data for Express' regional jet operations or turboprop operations.
- (8) The number of scheduled miles flown by revenue passengers.
- (9) The number of seats available for passengers multiplied by the number of scheduled miles those seats are flown.
- (10) Revenue passenger miles divided by available seat miles.
- (11) The percentage of seats that must be occupied by revenue passengers in order for the airline to break even on an income before income taxes basis, excluding nonoperating items.
- (12) Passenger revenue divided by available seat miles.
- (13) Operating expenses divided by available seat miles.
- (14) Excluded a \$128 million fleet disposition charge. See Note (1) for description of the fleet disposition charge.
- (15) The average revenue received for each mile a revenue passenger is carried.
- (16) Restricted cash and cash equivalents agreements relate primarily to workers' compensation claims and the terms of certain other agreements.
- (17) In July 1997, the Company purchased the minority interest holder's 9% interest in Air Micronesia, Inc., the parent of CMI. See "Risk Factors -- Risk Factors Relating to the Company".
- (18) The sole assets of such 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 is 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 and may not have the flexibility to respond to changing economic conditions or to exploit new business opportunities.

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 June 30, 1997, Continental had approximately \$1.9 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 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").

As of June 30, 1997, Continental had \$920 million in cash and cash equivalents (excluding restricted cash and cash equivalents of \$74 million). Continental has significant encumbered assets.

For 1997, Continental expects to incur cash expenditures under operating leases relating to aircraft of approximately \$631 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 September 18, 1997, the Company had firm commitments with The Boeing Company ("Boeing") to take delivery of a total of 122 principally narrowbody jet aircraft during the years 1997 through 2003 with options for an additional 85 aircraft (exercisable subject to certain conditions). These aircraft will replace older, less efficient Stage 2 aircraft and allow for growth of operations. In addition, the Company has recently signed an agreement with Boeing to purchase 35 new widebody jet aircraft. This new order consists of five firm Boeing 777-200 aircraft and 30 firm Boeing 767-400ER aircraft, with options for six additional 777 aircraft. The new widebody aircraft will replace Continental's fleet of DC10-10 and DC10-30 aircraft, which will be retired as the new Boeing aircraft are delivered, and will also be used to expand the airline's international and transcontinental service. The ten firm delivery 777 aircraft (including five aircraft the Company already had on order, the deliveries of which will be accelerated) will be delivered in September 1998 through May 1999, and the thirty firm delivery 767 aircraft will be delivered starting in mid-2000 through the end of 2004. In connection with this new order, the Company will obtain the flexibility to substitute certain aircraft on order with Boeing and will obtain other benefits. The Company currently anticipates substituting 777 aircraft for certain of the 767 aircraft. The Company's agreement with Boeing provides that the Company will purchase from Boeing the carrier's requirements for new jet aircraft (other than regional jets) over the next twenty years, subject to certain conditions. However, Boeing has agreed with the European Commission not to

enforce such provision. The Company requested a business offer from Boeing which would include the requirements commitment in order to obtain more favorable terms and flexibility.

The estimated aggregate cost of the Company's firm commitments for the 122 Boeing aircraft previously ordered and the 35 widebody aircraft included in the recent Boeing agreement is approximately \$7 billion. The Company has completed or has third party commitments for a total of approximately \$548 million in financing for its future narrowbody Boeing deliveries, and has commitments or letters of intent from various sources for backstop financing for approximately one-fourth of the anticipated acquisition cost of its future narrowbody and widebody Boeing deliveries. The Company currently plans on financing the new Boeing aircraft with enhanced equipment trust certificates or similar financing and lease equity, subject to availability and market conditions. However, further financing will be needed to satisfy the Company's capital commitments for other aircraft and aircraft-related expenditures such as engines, spare parts, simulators and related items. 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 with several outside parties to lease three, and purchase one DC-10-30 aircraft and will take delivery of such aircraft in 1997.

In September 1996, Express placed an order for 25 firm EMB-145ER regional jets, with options for an additional 175 aircraft. In June 1997, Express exercised its option to order 25 of such option aircraft. Express now has options for an additional 150 regional jets exercisable at the election of the Company over the next 12 years. 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. Express has taken delivery of 12 of the firm aircraft through September 18, 1997 and will take delivery of the remaining 38 firm aircraft through the third quarter of 1999. The Company expects to account for all of these aircraft as operating leases.

In July 1997, Continental entered into a \$575 million credit facility (the "Credit Facility"), including a \$275 million five-year term loan. The proceeds of the term loan were loaned by Continental to its wholly owned subsidiary, Air Micronesia, Inc. ("AMI"), the parent of CMI, reloaned to CMI and used by CMI to prepay its existing secured term loan. In connection with this prepayment, Continental recorded a \$4 million after-tax extraordinary charge to consolidated earnings in the third quarter of 1997. The Credit Facility also includes a \$225 million revolving credit facility and a \$75 million seven-year term loan for general corporate purposes.

The Credit Facility is secured by substantially all of CMI's assets (other than aircraft subject to other financing arrangements) but does not contain any financial covenants relating to CMI other than covenants restricting CMI's incurrence of certain indebtedness and pledge or sale 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 and AMI's stock in CMI) are pledged as collateral for loans to Continental under the Credit Facility. CMI and AMI have guaranteed Continental's obligations under the Credit Facility. In addition, the Credit Facility contains certain financial covenants applicable to Continental comparable to those contained in the Facility discussed below and prohibits Continental from granting a security interest on certain of its international route authorities and domestic slots.

In July 1997, the Company purchased the rights of United Micronesia Development Association, Inc. ("UMDA") to receive future payments under a services agreement between UMDA and CMI (pursuant to which CMI was to pay UMDA approximately 1% of the gross revenues of CMI, as defined, through January 1, 2012, which payment by CMI to UMDA totaled \$6 million in 1996) and UMDA's 9% interest in AMI, terminated the Company's obligations to UMDA under a settlement agreement entered into in 1987, and terminated substantially all of the other contractual arrangements between the Company, AMI and CMI, on the one hand, and UMDA on the other hand, for an aggregate consideration of \$73 million.

In April 1997, Continental consummated a \$160 million floating rate (LIBOR plus 1.125% or prime) secured revolving credit facility (the "Facility"). The revolving loans made under the Facility will be used for the purpose of making certain predelivery payments to Boeing for new Boeing aircraft to be delivered through December 1999. The Facility contains certain financial covenants, including maintenance of a minimum fixed charge ratio, a minimum net worth and a minimum unrestricted cash balance. Continental is also restricted from making cash dividends and certain other payments.

In March 1997, Continental completed an offering of \$707 million of pass through certificates. The pass through certificates are not direct obligations of, or guaranteed by, Continental and are therefore not included in the consolidated financial statements, incorporated by reference herein. The cash proceeds from the transaction were deposited with an escrow agent and will be used to finance (through either leveraged leases or secured debt financings) the debt portion of the acquisition cost of up to 30 new aircraft from Boeing scheduled to be delivered to Continental through February 1998. In connection therewith, owner participants have committed to approximately \$184 million of equity financing to be used in leveraged leases of 27 of such aircraft. If any funds remain as deposits with the escrow agent for such pass through certificates at the end of the delivery period (which may be extended to June 1998), such funds will be distributed back to the certificate holders. Such distribution will include a make-whole premium payable by Continental. Management believes that the likelihood that the Company would be required to pay a material make-whole premium is remote.

In June 1997, the Company acquired 10 aircraft previously leased by it. The debt financing for the acquisition of the six Boeing 737-300 aircraft and the four McDonnell Douglas MD-82 aircraft was funded by the private placement of \$155 million of pass through certificates. The pass through certificates were issued by separate pass through trusts that acquired equipment trust notes issued on a recourse basis by Continental.

The Company has announced plans to expand its facilities at its Hopkins International Airport hub in Cleveland, which expansion is expected to be completed in the first quarter of 1999. 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 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 are being 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.

#### Continental's History of Operating Losses

Although Continental recorded net income of \$202 million for the six months ended June 30, 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 14.1% for the six months ended June 30, 1997 and 13.3% for the year ended December 31, 1996), significant changes in fuel costs would materially affect the Company's operating results. 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

In April 1997, the Company began collective bargaining agreement negotiations with its Continental Airlines pilots, whose contract became amendable in July 1997, and Express pilots, whose contract became amendable in October 1997. Negotiations are in progress to amend these contracts. The Company believes that mutually acceptable agreements can be reached with such employees, although the ultimate outcome of the negotiations is unknown at this time. The Company's mechanics and related employees recently voted to be represented by the International Brotherhood of Teamsters (the "Teamsters"). The Company does not believe that the Teamsters' union representation will be material to the Company. In September 1997, the Company announced that it intends to bring all employees to industry standard wages (the average of the top ten air carriers as ranked by the Department of Transportation excluding Continental) within the next 36 months. The Company stated that it would phase in wage increases over the 36-month period as its revenue, interest rates and rental rates reached industry standards. The Company estimates that the increased wages will aggregate approximately \$500 million over the 36-month period.

#### Certain Tax Matters

At December 31, 1996 the Company had estimated net operating loss carryforwards ("NOLs") of \$2.3 billion for federal income tax purposes that will expire through 2009 and federal investment tax credit carry forwards of \$45 million that will expire through 2001.

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. The Company consummated several built-in-gain transactions, which resulted in the realization of tax benefits related to NOLs and investment tax credit carryforwards attributable to the Company's predecessor that were previously recorded. To the extent the Company consummates additional built-in-gain transactions, such benefits will reduce the valuation allowance and reorganization value in excess of amounts allocable to identifiable assets. If such reorganization value is exhausted, reductions in the valuation allowance would decrease other intangibles.

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 5.33% for October 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 \$130 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 and 1997 to date have 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 four quarters as compared to similar periods a year ago, and are not expected to improve materially absent a stronger yen or reduced fuel costs.

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. Such options historically have not had a material effect on the Company's results of operations or financial condition. 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

As of September 18, 1997, Air Partners, L.P., a Texas limited partnership and major stockholder of the Company ("Air Partners"), held approximately 9.4% of the common equity interest and 40.8% of the general voting power of the Company. If all the remaining warrants held by Air Partners had been exercised on September 18, 1997, approximately 13.8% of the common equity interest and 51.7% 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 subsequently, 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 significantly from the expiration of the aviation trust fund tax (the "ticket tax") on December 31, 1995. The ticket tax was reinstated on August 27, 1996, expired on December 31, 1996 and was reinstated again on March 7, 1997. Congress recently passed tax legislation reimposing and significantly modifying the ticket tax. The legislation includes the imposition of new excise tax and segment fee tax formulas to be phased in over a multi-year period, an increase in the international departure tax and the imposition of a new arrivals tax, and the extension of the ticket tax to cover items such as the sale of frequent flyer miles. 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 reimposition 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, excise and similar taxes, 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. 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 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. 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

Certain provisions of the Intercreditor Agreement, which provides for the subordination of the Class B Certificates to the Class A Certificates, the subordination of the Class C Certificates to the Class B Certificates and the subordination of the Class D Certificates to the Class C Certificates, may result in the holders of subordinated Classes of Certificates receiving less than the full amount due to them after the occurrence of a Triggering Event even if all of the Equipment Notes are paid in full.

Pursuant to the Intercreditor Agreement to which the Trustees, the Subordination Agent and the Liquidity Provider 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 Provider; (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; (5) payment of Expected Distributions to the holders of Class D Certificates; and (6) 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 Provider 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; (4) to the holders of Class C Certificates in payment of Adjusted Expected Distributions; and (5) to the holders of Class D Certificates in payment of Adjusted Expected Distributions.

Accordingly, 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.

#### Control over Collateral; Sale of Collateral

Pursuant to the Intercreditor Agreement, the Trustees and the Liquidity Provider have agreed that, with respect to any Indenture or (in the case of clause (b) below) the Second 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 under such Indenture (including acceleration of such Equipment Notes or foreclosing the lien on the Aircraft securing such Equipment Notes) and the Second Indenture insofar as an Indenture Default has occurred and is continuing under such Indenture, 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, the Liquidity Provider will 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 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, 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.

The Equipment Notes issued with respect to each Aircraft are entitled to a second priority security interest on each of the other Aircraft as to which Equipment Notes have been issued. However, since the second priority security interest would not be entitled to the benefits of Section 1110 in a reorganization under the Bankruptcy Code of Continental, the excess proceeds realized from the disposition of any particular Aircraft might not immediately be available to offset shortfalls on the Equipment Notes relating to any other Aircraft, but rather would be held as cash collateral securing all of the Equipment Notes subject to the lien of the Second Indenture. See "Description of the Equipment Notes -- Remedies".

#### 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 both 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 used to purchase Equipment Notes issued by Continental to finance the purchase of the Aircraft.

#### 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 six months ended June 30, 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 June 30, 1996 and 1997 was 2.57 and 2.48, and for the six months ended June 30, 1996 and 1997 was 2.13 and 2.18, 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 representative of 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 June 17, 1997, between the Company 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 June 25, 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 (as defined on page 2 of this prospectus), 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 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 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 January 21, 1998, the interest rate borne by the Equipment Notes 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 June 30 and December 30 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 all material terms of the Certificates 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 New Certificates, the Pass Through Trust 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, the Class C Trust and the Class D 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) subject to the Intercreditor Agreement, Equipment Notes issued on a recourse basis by Continental in connection with each separate secured loan transaction with respect to each Aircraft to finance the purchase of such Aircraft by Continental, (ii) the rights of such Trust under the Intercreditor Agreement (including all monies receivable in respect of such rights), (iii) except for the Class D Trust, all monies receivable under the Liquidity Facility for such Trust and (iv) 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).

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 the Second Mortgagee in their individual capacities, or any affiliate of any thereof.

#### SUBORDINATION

Pursuant to the Intercreditor Agreement to which the Trustees, the Subordination Agent and the Liquidity Provider 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 (whether under any Indenture or the Second Indenture) and certain other payments will be distributed under the Intercreditor Agreement in the following order: (1) payment of certain Liquidity Obligations to the Liquidity Provider; (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; (5) payment of Expected Distributions to the holders of Class D Certificates; and (6) 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 (whether under any Indenture or the Second Indenture) 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 Provider 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; (4) to the holders of Class C Certificates in payment of Adjusted Expected Distributions; and (5) to the holders of Class D Certificates in payment of Adjusted Expected Distributions.

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.

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 AND DISTRIBUTIONS

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 Trustee 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 Equipment Notes held in each Trust 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 June 30 and December 30 of each year, commencing on December 30, 1997. Such interest payments will be distributed to Certificateholders of such Trust on each such date until the final Distribution Date for such Trust, 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. The interest rates for 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 (other than the Class D Trust) are supported by a separate Liquidity Facility provided by the Liquidity Provider 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). The Liquidity Facility for any Class of Certificates does 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 (other than the Class D Trust) will be entitled to receive and retain the proceeds of drawings under the Liquidity Facility 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 June 30 of each year, commencing on June 30, 1998. Scheduled payments of interest or principal on the Equipment Notes are herein referred to as "Scheduled Payments", and June 30 and December 30 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 December 30,

2008, for the Class B Certificates is December 30, 2006, for the Class C Certificates is December 30, 2005 and for the Class D Certificates is June 30, 2001.

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 principal of or interest on Equipment Notes held on behalf of such Trust, subject to the Intercreditor Agreement. Each such distribution of Scheduled Payments will be made by the applicable 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) If a Scheduled Payment is not received by the applicable 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 Collateral under (and as defined in) each Indenture and the Second 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. Each Trustee 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 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)) Each distribution of a Special Payment, other than a final distribution, on a Special Distribution Date for any Trust will be made by the Trustee to the Certificateholders of record of such Trust on the Record Date applicable to such Special Payment. (Section 4.02(b)) 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)

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, or

Wilmington, Delaware (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 other than payments made in respect of interest or premium 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 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 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)

As of the Issuance Date, assuming that no early redemption or default in the payment of principal of any Equipment Notes shall occur, the Scheduled Payments of principal of the Equipment Notes held in each

Trust, and the resulting Pool Factors for each Trust after taking into account each such Scheduled Payment, will be as set forth below:

DATE	1997-2A TRUST EQUIPMENT NOTES SCHEDULED PAYMENTS OF PRINCIPAL	1997-2A TRUST EXPECTED POOL FACTOR	1997-2B TRUST EQUIPMENT NOTES SCHEDULED PAYMENTS OF PRINCIPAL	1997-2B TRUST EXPECTED POOL FACTOR	1997-2C TRUST EQUIPMENT NOTES SCHEDULED PAYMENTS OF PRINCIPAL	1997-2C TRUST EXPECTED POOL FACTOR	1997-2D TRUST EQUIPMENT NOTES SCHEDULED PAYMENTS OF PRINCIPAL	1997-2D TRUST EXPECTED POOL FACTOR
June 25, 1997.....	\$ 0	1.0000000	\$ 0	1.0000000	\$ 0	1.0000000	\$ 0	1.0000000
December 30, 1997.....	0	1.0000000	0	1.0000000	0	1.0000000	0	1.0000000
June 30, 1998.....	2,072,340	0.9723179	707,630	0.9723182	1,200,930	0.9558579	6,268,576	0.7709607
December 30, 1998.....	0	0.9723179	0	0.9723182	0	0.9558579	0	0.7709607
June 30, 1999.....	2,072,340	0.9446357	707,626	0.9446365	2,324,830	0.8704051	6,383,644	0.5377171
December 30, 1999.....	0	0.9446357	0	0.9446365	0	0.8704051	0	0.5377171
June 30, 2000.....	2,072,443	0.9169522	708,031	0.9169391	3,175,629	0.7536797	7,147,618	0.2765597
December 30, 2000.....	0	0.9169522	0	0.9169391	0	0.7536797	0	0.2765597
June 30, 2001.....	2,212,604	0.8873964	755,523	0.8873837	3,625,577	0.6204159	7,569,162	0.0000000
December 30, 2001.....	0	0.8873964	0	0.8873837	0	0.6204159	0	0.0000000
June 30, 2002.....	3,541,842	0.8400848	2,074,022	0.8062500	1,510,530	0.5648939	0	0.0000000
December 30, 2002.....	0	0.8400848	0	0.8062500	0	0.5648939	0	0.0000000
June 30, 2003.....	4,513,933	0.7797881	2,134,967	0.7227321	7,479,240	0.2899825	0	0.0000000
December 30, 2003.....	0	0.7797881	0	0.7227321	0	0.2899825	0	0.0000000
June 30, 2004.....	5,687,498	0.7038150	7,398,224	0.4333207	7,889,264	0.0000000	0	0.0000000
December 30, 2004.....	0	0.7038150	0	0.4333207	0	0.0000000	0	0.0000000
June 30, 2005.....	8,112,933	0.5954432	11,076,977	0.0000000	0	0.0000000	0	0.0000000
December 30, 2005.....	0	0.5954432	0	0.0000000	0	0.0000000	0	0.0000000
June 30, 2006.....	18,205,098	0.3522611	0	0.0000000	0	0.0000000	0	0.0000000
December 30, 2006.....	0	0.3522611	0	0.0000000	0	0.0000000	0	0.0000000
June 30, 2007.....	26,370,969	0.0000000	0	0.0000000	0	0.0000000	0	0.0000000

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".

#### REPORTS TO CERTIFICATEHOLDERS

On each Distribution Date, the applicable 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 (i) and (ii) below):

(i) the amount of such distribution allocable to principal and the amount allocable to premium, if any;

(ii) the amount of such distribution allocable to interest; and

(iii) 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 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, within a reasonable period of time after the end of each calendar year, the applicable Trustee 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) and (ii) 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 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

Upon the occurrence and continuation of an event of default under an Indenture (an "Indenture Default"), 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 the applicable 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 or any Trustee.

The Equipment Notes issued with respect to each Aircraft are entitled to a second priority security interest on each of the other Aircraft. However, since the second priority security interest would not be entitled to the benefits of Section 1110 in a reorganization under the Bankruptcy Code of Continental, the excess proceeds realized from the disposition of any particular Aircraft might not immediately be available to offset shortfalls on the Equipment Notes relating to any other Aircraft, but rather would be held as cash collateral securing all of the Equipment Notes subject to the lien of the Second Indenture. See "Description of Equipment Notes -- Remedies". All payments made under the Second Indenture in respect of the Equipment Notes will be made to the Subordination Agent which will distribute such payments as provided in the Intercreditor Agreement. See "Description of the New Certificates -- Payments and Distributions".

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)

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.

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 will be the initial Trustee under each Trust.

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 Notes. (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 "event of default" under such Trust (i.e., any Indenture Default under any Indenture) and its consequences 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 its consequences and thereby annul any direction given by such holders or Trustee to such Loan Trustee or the Second Mortgagee 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, (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 and (iii) the Class D Certificateholders shall have the right to purchase all, but not less than all, of the Class A Certificates, the Class B Certificates and the Class C 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 or C 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 Participation Agreements, the Indentures and the Second Indenture; 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 Indenture Event of Default shall have occurred and be continuing. (Indenture, Section 4.09)

The Pass Through Trust Agreements, the Participation Agreements, the Indentures and the Second Indenture 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 Intercreditor Agreement, the Registration Rights Agreement or the Liquidity Facility for such Trust, 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 Registration Rights Agreement or such 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 Registration Rights Agreement or such Liquidity Facility, (iii) to correct or supplement any provision of such Pass Through Trust Agreement, the Intercreditor Agreement, the Registration Rights Agreement or such Liquidity Facility which may be defective or inconsistent with any other provision in such Pass Through Trust Agreement, the Intercreditor Agreement, the Registration Rights Agreement or such 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 Intercreditor Agreement, the Registration Rights Agreement or such Liquidity Facility, provided such action shall not materially adversely affect the interests of the holders of such Certificates, or (without limitation of the foregoing) as provided in the Intercreditor Agreement to give effect to or provide for Replacement Facilities, (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 modify, eliminate or add to such Pass Through Trust Agreement such other provisions as may be expressly permitted by the Trust Indenture Act and (vi) to evidence and 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, 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 Intercreditor Agreement, the Registration Rights Agreement or the Liquidity Facility with respect to such Trust 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 of payments with respect to 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 Equipment Note, the Second Indenture, any Participation Agreement 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 amount 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. For purposes of the immediately preceding sentence, a Certificate shall have been "actually voted" if the Certificateholder has delivered to the Trustee an instrument evidencing such Certificateholder'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 and/or the Second Mortgagee, as the case may be, of such consent (or direct the Subordination Agent to consent and notify the relevant Loan Trustee and/or the Second Mortgagee, as the case may be, of such consent) to any amendment, modification, waiver or supplement under the relevant Indenture, any relevant Equipment Note, the Second Indenture, any Participation Agreement 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)

#### 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 Indentures, the Participation Agreements 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 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 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 LIQUIDITY FACILITIES

The following summary describes all material 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

The Liquidity Provider has entered into a separate Liquidity Facility with the Subordination Agent with respect to the Certificates of each of the Trusts (other than the Class D Trust) pursuant to which the Liquidity Provider will make one or more advances to the Subordination Agent to pay interest on such Certificates subject to certain limitations. The Liquidity Facility for each Trust (other than the Class D Trust) is 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 Facility for any Trust (other than the Class D 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 Kredietbank N.V., acting through its New York branch, is the initial liquidity provider for each of the Trusts (other than the Class D Trust), it may be replaced by one or more other entities with respect to the Trusts under certain circumstances. Therefore, the liquidity provider for each Trust may differ.

#### DRAWINGS

The initial amount available under the Liquidity Facilities for the Class A Trust, the Class B Trust and the Class C Trust is \$8,101,025, \$2,766,630 and \$2,967,925, respectively. Except as otherwise provided below, the Liquidity Facility for each of the Class A, Class B and Class C Trusts 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 the 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 Facility for each applicable Trust does 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)

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 the Liquidity Facility for any Trust, upon reimbursement of the 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 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 Facility 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. (Liquidity Facilities, Section 2.04(a); Intercreditor Agreement, Section 3.6(j))

If at any time the short-term unsecured debt rating of the Liquidity Provider then issued by either Rating Agency is lower than the Threshold Rating, each Liquidity Facility provided by the Liquidity Provider will be required to be replaced by a Replacement Facility. In the event that such Liquidity Facility is not replaced with a Replacement Facility within 30 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 (or liquidity facilities) 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 Liquidity Provider), in a face amount (or in an aggregate face amount) equal to 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 and issued by a Person (or Persons) having unsecured short-term debt ratings issued by both Rating Agencies which are equal to or higher than the Threshold Rating. Without limitation of the form that a Replacement Facility otherwise may have pursuant to the preceding sentence, a Replacement Facility for any Class of Certificates may have a stated expiration date earlier than 15 days after the Final Maturity Date of such Class of Certificates so long as such Replacement Facility provides for the Non-Extension Drawing described below. (Intercreditor Agreement, Section 1.1) The provider of any Replacement Facility will have the same rights (including, without limitation, priority distribution rights and rights as "Controlling Party") under the Intercreditor Agreement as the initial Liquidity Provider.

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

The Liquidity Facility for each applicable Trust provides that the Liquidity Provider's obligations thereunder will expire on the earliest of (i) 15 days later than the Final Maturity Date for the Certificates of such Trust; (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 date on which the Liquidity Provider makes a Final Drawing thereunder (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.

The Intercreditor Agreement provides for the replacement of any Replacement Facility for any applicable Trust (other than a Replacement Facility which expires no earlier than 15 days later than the Final Maturity Date for the Certificates of such Trust) in the event that such Replacement Facility is not extended at least 25 days prior to its then scheduled expiration date. In the event such Replacement 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 Replacement Facility would be used. (Intercreditor Agreement, Section 3.6(d))

Continental may, subject to certain limitations, arrange for a Replacement Facility at any time to replace the Liquidity Facility for any applicable Trust (including without limitation any Replacement Facility described in the following sentence). If any Replacement Facility is provided at any time after the Downgrade Drawing (or a Non-Extension Drawing in the case of a Replacement Facility) 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 Subordination Agent will hold the proceeds of a Final Drawing made in accordance with the provisions set forth under "-- Liquidity Events of Default" below 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(e))

Drawings under any Liquidity Facility (other than a Final Drawing) 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 the 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 or any Replacement Facility for any Trust by reason of a Downgrade Drawing (or a Non-Extension Drawing in the case of a Replacement Facility) 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 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. A Downgrade Drawing under any of the initial Liquidity Facilities (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 third business day following the Liquidity Provider's receipt of the notice of such Downgrade Drawing, at the Base Rate plus .45% per annum on the amount of such Downgrade Drawing and (ii) thereafter, at a rate equal to LIBOR for the applicable Interest Period plus .45% 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 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 Liquidity Provider may, in its discretion, cause a Final Drawing thereunder in an amount equal to the then Maximum Available Commitment thereunder. After such Final Drawing, (i) the Liquidity Provider will have no further obligation to make Drawings under the Liquidity Facility, (ii) any Drawing remaining unreimbursed will automatically be converted into a Final Drawing under such Liquidity Facility, and (iii) all amounts owing to the Liquidity Provider will automatically be accelerated. Notwithstanding the foregoing, the Subordination Agent will be obligated to pay amounts owing to the Liquidity Provider 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 PROVIDER

The initial Liquidity Provider for each Trust (other than the Class D Trust) will be Kredietbank N.V., a bank organized under the laws of Belgium, acting through its New York branch. Kredietbank N.V. 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 all material 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 the Liquidity Provider have agreed that, with respect to any Indenture and (in the case of clause (b) below) the Second Indenture at any given time, the Loan Trustee or the Second Mortgagee, as the case may be, will be directed (a) in taking, or refraining from taking, any action thereunder or with respect to the Equipment Notes issued under such Indenture, by the holders of at least a majority of the outstanding principal amount of the Equipment Notes issued under such Indenture (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 shall have occurred and be continuing thereunder, and (b) after the occurrence and during the continuance of an Indenture Default under such Indenture, in taking, or refraining from taking, any action thereunder or with respect to the Equipment Notes

issued under such Indenture, 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), or under the Second Indenture, 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, the Liquidity Provider 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, 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.

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 (whether under any Indenture or the Second Indenture) 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 Provider;

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

(iii) to pay or reimburse the Liquidity Provider 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;

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

(viii) 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 and (y) the difference between (A) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, the original aggregate face amount of the Certificates of such Trust) 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.

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 whether under any Indenture or the Second Indenture 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 Provider 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 Provider, to pay the Liquidity Expenses;

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

(iv) to the Liquidity Provider, 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 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;

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

(ix) to pay Adjusted Expected Distributions to the holders of Class D Certificates.

"Adjusted Expected Distributions" means, with respect to the Certificates of any Trust on any Current Distribution Date, the sum of (1) accrued and unpaid interest on such Certificates and (2) the greater of:

(A) the difference between (x) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, the original aggregate face amount of the Certificates of such Trust) 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, and

(B) the amount of the excess, if any, of (i) the amount described in subclause (A)(x), 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 or Loss under and as defined in the relevant Indenture, the amount of the insurance proceeds paid to the related Loan Trustee and/or the Second Mortgagee in respect thereof to the extent then held by such Loan Trustee and/or the Second Mortgagee (and/or on deposit in the Special Payments Account) or payable to such Loan Trustee and/or the Second Mortgagee 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 41.00%, for the Class B Certificates 55.00%, for the Class C Certificates 69.90% and for the Class D Certificates 84.89%.

"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 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 such 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.

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 (other than the Class D 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, the related Indenture or the Second Indenture (or, if applicable, the related Participation Agreement or other related document), (i) if no Indenture Default shall have occurred and be continuing with respect to such Indenture (or, in the case of the Second Indenture, any 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 (or, in the case of the Second Indenture, with respect to the requisite aggregate principal amount of Equipment Notes under all of the Indentures) and (ii) if any Indenture Default shall have occurred and be continuing with respect to such Indenture (or, in the case of the Second Indenture, any 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 the Liquidity Provider, reduce the amount of principal or interest payable by Continental under any Equipment Note issued under any Indenture or have any other effect which would require the consent of the holder of each Equipment Note as described in "Description of the Equipment Notes -- Modification of Indentures". (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 six Boeing 737-3T0 aircraft manufactured in 1986 and four McDonnell Douglas MD-82 aircraft, one manufactured in 1985, one in 1986 and two in 1987. All of the Aircraft are currently leased by Continental. 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 737-3T0 Aircraft

The Boeing 737-3T0 aircraft is a medium range aircraft with a seating capacity of approximately 128 passengers (2-class). The Boeing 737-3T0 Aircraft are powered by two CFM International CFM56-3B1 engines. Approximately 982 Boeing 737-300 series aircraft have been delivered as of April 30, 1997 (as provided by Boeing).

##### McDonnell Douglas MD-82 Aircraft

The McDonnell Douglas MD-82 aircraft is a medium range aircraft with a seating capacity of approximately 141 passengers (2-class). The McDonnell Douglas MD-82 Aircraft are powered by two Pratt & Whitney JT8D-217A engines. Approximately 990 MD-80 series (MD-81, MD-82 and MD-83) aircraft have been manufactured (as provided by the AISI appraisal letter dated May 20, 1997, attached in Appendix II hereto).

##### THE APPRAISALS

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

AIRCRAFT TYPE	ENGINE TYPE	AIRCRAFT REGISTRATION NUMBER	APPRAISED VALUE		
			AISI	BK	MBA
(IN MILLIONS OF DOLLARS)					
Boeing 737-3T0.....	CFM56-3B1	N12322	\$18.98	\$18.25	\$21.58
Boeing 737-3T0.....	CFM56-3B1	N10323	18.98	18.25	21.58
Boeing 737-3T0.....	CFM56-3B1	N14324	18.98	18.25	21.58
Boeing 737-3T0.....	CFM56-3B1	N69333	18.98	19.00	21.58
Boeing 737-3T0.....	CFM56-3B1	N14334	18.98	19.00	21.58
Boeing 737-3T0.....	CFM56-3B1	N14335	18.98	19.00	21.58
McDonnell Douglas MD-82.....	JT8D-217A	N12811	15.30	15.55	19.71
McDonnell Douglas MD-82.....	JT8D-217A	N15820	16.10	17.00	20.67
McDonnell Douglas MD-82.....	JT8D-217A	N18833	16.90	18.05	21.62
McDonnell Douglas MD-82.....	JT8D-217A	N10834	16.90	18.05	21.62

The appraised values set forth in the foregoing chart were determined by three independent aircraft appraisal and consulting firms, AISI, BK and MBA, as of May 20, May 16 and June 6, 1997, respectively. 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 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.

#### 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 Second Indenture and the Participation Agreements. Except as otherwise indicated, the following summaries relate to the Equipment Notes, the Indenture, the Second Indenture and the Participation 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".

#### GENERAL

The Equipment Notes have been issued in four series with respect to each Aircraft under a separate Indenture between Continental and Wilmington Trust Company, as Loan Trustee. Continental's obligations under the Equipment Notes issued with respect to each Aircraft are general obligations of Continental.

#### SUBORDINATION

Series B Equipment Notes issued in respect of any Aircraft are subordinated in right of payment to Series A Equipment Notes issued in respect of such Aircraft, Series C Equipment Notes issued in respect of such Aircraft are subordinated in right of payment to such Series B Equipment Notes and Series D Equipment Notes issued in respect of such Aircraft are subordinated in right of payment to such Series C 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, (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 and (iii) payments of interest and principal due on Series C Equipment Notes issued in respect of any Aircraft will be made prior to payments of interest and principal due on Series D 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.

The aggregate original principal amounts of the Equipment Notes issued with respect to each Aircraft, as such Equipment Notes are held in each of the Trusts, are as follows:

AIRCRAFT REGISTRATION NUMBER	TRUST 1997-2A EQUIPMENT NOTES	TRUST 1997-2B EQUIPMENT NOTES	TRUST 1997-2C EQUIPMENT NOTES	TRUST 1997-2D EQUIPMENT NOTES	TOTAL
N12322.....	\$ 7,781,810	\$ 2,657,242	\$ 2,828,029	\$ 2,844,973	\$ 16,112,054
N10323.....	7,781,810	2,657,242	2,828,029	2,844,973	16,112,054
N14324.....	7,781,810	2,657,242	2,828,029	2,844,973	16,112,054
N69333.....	7,790,010	2,660,042	2,831,009	2,847,971	16,129,032
N14334.....	7,790,010	2,660,042	2,831,009	2,847,971	16,129,032
N14335.....	7,790,010	2,660,042	2,831,009	2,847,971	16,129,032
N12811.....	6,375,511	2,177,034	2,316,960	2,330,840	13,200,345
N15820.....	6,970,009	2,380,034	2,533,008	2,548,184	14,431,235
N18833.....	7,400,510	2,527,040	2,689,459	2,705,572	15,322,581
N10834.....	7,400,510	2,527,040	2,689,459	2,705,572	15,322,581
Total.....	\$ 74,862,000	\$ 25,563,000	\$27,206,000	\$27,369,000	\$155,000,000

Interest will be payable on the unpaid principal amount of each Equipment Note at the rate applicable to such Equipment Note on June 30 and December 30 of each year, commencing on December 30, 1997. Such interest will be computed on the basis of a 360-day year of twelve 30-day months. Under certain circumstances described in "Exchange Offer; Registration Rights", the interest rates for the Equipment Notes will be increased to the extent described therein.

The principal of the Equipment Notes purchased by each Trust will be payable as set forth in Appendix IV.

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 Indenture and Second Indenture, 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 2.09)

All of the Equipment Notes issued with respect to the 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 2.10)

"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 Aircraft are secured by a first priority security interest in such Aircraft and by a second priority security interest in each of the other Aircraft. If the Equipment Notes issued under an Indenture and other obligations secured thereunder and then due have been paid in full, the applicable Aircraft will be released from the lien of such Indenture and, so long as no Indenture Default or certain other defaults exist under any other Indenture at such time, will be released from the lien of the Second Indenture.

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, if any, relating thereto, will be invested and reinvested by such Loan Trustee, at the direction of Continental, in investments described in the related Indenture. (Indentures, Section 6.06)

#### LOAN TO VALUE RATIOS OF EQUIPMENT NOTES

The following tables titled "Loan to Value Ratios" set forth loan to Aircraft value ratios for the Equipment Notes issued in respect of each Aircraft as of the specified Regular Distribution Dates 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. Differences may occur due to rounding.

The Loan to Value Ratio tables are based on the assumption that the value of each Aircraft set forth opposite the Issuance Date included in each table depreciates by the respective percentages indicated in the table titled "Depreciation Assumptions" below for the Boeing 737-300 Aircraft which were each manufactured in 1986 (aircraft registration numbers N12322, N10323, N14324, N69333, N14334 and N14335), and for the McDonnell Douglas MD-82 Aircraft manufactured in 1985 (aircraft registration number N12811), manufactured in 1986 (aircraft registration number N15820) and manufactured in 1987 (aircraft registration numbers N18833 and N10834).

#### Depreciation Assumptions

YEAR BEGINNING	VALUE DEPRECIATION PERCENTAGES				
	MANUFACTURE YEAR: AIRCRAFT:	1986 B737-300	1985 MD-82	1986 MD-82	1987 MD-82
1997.....		2.6%	3.1%	3.1%	3.0%
1998.....		2.6	3.1	3.1	3.0
1999.....		2.6	3.1	3.1	3.0
2000.....		2.6	5.3	3.1	3.0
2001.....		5.1	5.3	5.1	3.0
2002.....		5.1	5.3	5.1	5.0
2003.....		5.1	5.3	5.1	5.0
2004.....		5.1	5.3	5.1	5.0
2005.....		5.1	7.9	5.1	5.0
2006.....		7.7	7.9	7.7	5.0

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.

#### Loan to Value Ratios

DATE	AIRCRAFT REGISTRATION NUMBER N12322			AIRCRAFT REGISTRATION NUMBER N10323			AIRCRAFT REGISTRATION NUMBER N14324		
	EQUIPMENT NOTE OUTSTANDING BALANCE	ASSUMED AIRCRAFT VALUE	LOAN TO VALUE RATIO	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)		(MILLIONS)	(MILLIONS)	
June 25, 1997.....	\$ 16.11	\$18.98	84.89%	\$ 16.11	\$18.98	84.89%	\$ 16.11	\$18.98	84.89%
June 30, 1998.....	15.07	18.49	81.53	15.07	18.49	81.53	15.07	18.49	81.53
June 30, 1999.....	13.90	17.99	77.26	13.90	17.99	77.26	13.90	17.99	77.26
June 30, 2000.....	12.56	17.50	71.77	12.56	17.50	71.77	12.56	17.50	71.77
June 30, 2001.....	11.12	17.01	65.42	11.12	17.01	65.42	11.12	17.01	65.42
June 30, 2002.....	10.33	16.04	64.43	10.33	16.04	64.43	10.33	16.04	64.43
June 30, 2003.....	8.86	15.07	58.79	8.86	15.07	58.79	8.86	15.07	58.79
June 30, 2004.....	6.67	14.10	47.29	6.67	14.10	47.29	6.67	14.10	47.29
June 30, 2005.....	4.66	13.13	35.51	4.66	13.13	35.51	4.66	13.13	35.51
June 30, 2006.....	2.77	12.17	22.77	2.77	12.17	22.77	2.77	12.17	22.77

DATE	AIRCRAFT REGISTRATION NUMBER N69333			AIRCRAFT REGISTRATION NUMBER N14334			AIRCRAFT REGISTRATION NUMBER N14335		
	EQUIPMENT NOTE OUTSTANDING BALANCE	ASSUMED AIRCRAFT VALUE	LOAN TO VALUE RATIO	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)		(MILLIONS)	(MILLIONS)	
June 25, 1997.....	\$ 16.13	\$19.00	84.89%	\$ 16.13	\$19.00	84.89%	\$ 16.13	\$19.00	84.89%
June 30, 1998.....	15.09	18.51	81.53	15.09	18.51	81.53	15.09	18.51	81.53
June 30, 1999.....	13.92	18.01	77.26	13.92	18.01	77.26	13.92	18.01	77.26
June 30, 2000.....	12.57	17.52	71.77	12.57	17.52	71.77	12.57	17.52	71.77
June 30, 2001.....	11.14	17.02	65.42	11.14	17.02	65.42	11.14	17.02	65.42
June 30, 2002.....	10.34	16.06	64.43	10.34	16.06	64.43	10.34	16.06	64.43
June 30, 2003.....	8.87	15.09	58.79	8.87	15.09	58.79	8.87	15.09	58.79
June 30, 2004.....	6.68	14.12	47.29	6.68	14.12	47.29	6.68	14.12	47.29
June 30, 2005.....	4.67	13.15	35.51	4.67	13.15	35.51	4.67	13.15	35.51
June 30, 2006.....	2.77	12.18	22.77	2.77	12.18	22.77	2.77	12.18	22.77

DATE	AIRCRAFT REGISTRATION NUMBER N12811			AIRCRAFT REGISTRATION NUMBER N15820		
	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)	
June 25, 1997.....	\$13.20	\$15.55	84.89%	\$14.43	\$17.00	84.89%
June 30, 1998.....	12.29	15.07	81.53	13.43	16.47	81.53
June 30, 1999.....	11.27	14.59	77.26	12.32	15.95	77.26
June 30, 2000.....	10.12	14.10	71.77	11.07	15.42	71.77
June 30, 2001.....	8.69	13.28	65.42	9.74	14.89	65.42
June 30, 2002.....	8.03	12.46	64.43	9.04	14.03	64.43
June 30, 2003.....	6.84	11.63	58.79	7.74	13.16	58.79
June 30, 2004.....	5.11	10.81	47.29	5.81	12.29	47.29
June 30, 2005.....	3.55	9.98	35.51	4.06	11.42	35.51
June 30, 2006.....	1.99	8.75	22.77	2.40	10.56	22.77

DATE	AIRCRAFT REGISTRATION NUMBER N18833			AIRCRAFT REGISTRATION NUMBER N10834		
	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)	
June 25, 1997.....	\$15.32	\$18.05	84.89%	\$15.32	\$18.05	84.89%
June 30, 1998.....	14.28	17.51	81.53	14.28	17.51	81.53
June 30, 1999.....	13.11	16.97	77.26	13.11	16.97	77.26
June 30, 2000.....	11.79	16.43	71.77	11.79	16.43	71.77
June 30, 2001.....	10.39	15.88	65.42	10.39	15.88	65.42
June 30, 2002.....	9.89	15.34	64.43	9.89	15.34	64.43
June 30, 2003.....	8.49	14.44	58.79	8.49	14.44	58.79
June 30, 2004.....	6.40	13.54	47.29	6.40	13.54	47.29
June 30, 2005.....	4.49	12.64	35.51	4.49	12.64	35.51
June 30, 2006.....	2.67	11.73	22.77	2.67	11.73	22.77

#### INDENTURE DEFAULTS, NOTICE AND WAIVER

Indenture Defaults under each Indenture will include: (a) the failure by Continental to pay any interest or principal or premium, if any, when due, under any Equipment Note issued thereunder that continues for 10 Business Days or more, or the failure to pay any other amount payable by it thereunder or under the related Participation Agreement when due, which failure shall continue for more than 10 Business Days after Continental has received written notice from the Loan Trustee of the failure to make such payment when due,

(b) the failure by Continental to maintain certain required insurance, (c) the failure by Continental to perform or observe in any material respect any other covenant or obligation under such Indenture or certain related documents that continues after notice and specified cure periods, (d) the untruth or inaccuracy in any material respect of any representation or warranty made by Continental in such Indenture, in the related Participation Agreement or in certain related documents which is material at the time in question, after notice and a specified cure period, (e) the occurrence and continuation of an Indenture Default under any of the other Indentures or (f) the occurrence of certain events of bankruptcy, reorganization or insolvency of Continental. (Indenture, Section 5.01)

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. (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 declare the principal of all such Equipment Notes issued thereunder immediately due and payable, together with all accrued but unpaid interest thereon. Since the occurrence and continuation of an Indenture Default under an Indenture constitutes an Indenture Default under each other Indenture, remedies will be exercisable under the Indentures and the Second Indenture with respect to all Aircraft if an Indenture Default exists under any Indenture. The holders of a majority in principal amount of Equipment Notes outstanding under an Indenture may rescind any declaration of acceleration of such Equipment Notes 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 with respect to any covenant or provision of such Indenture have been cured. (Indenture, Section 5.02(b))

Each Indenture provides 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 one or more of the remedies under such Indenture. The Loan Trustee will not be entitled to exercise any rights under the Second Indenture in respect of any Aircraft without the prior written consent of the Loan Trustee under the related Indenture so long as the lien of such Indenture has not been discharged and the Loan Trustee has not commenced to foreclose such lien in respect of such Aircraft thereunder (Second Indenture, Section 5.02(d)). With respect to each Aircraft, the Second Indenture will be discharged at the time of discharge of the Indenture relating to such Aircraft so long as no Indenture Default or certain other defaults exist under any other Indenture at such time (Second Indenture, Section 11.01).

Section 1110 of the U.S. Bankruptcy Code provides in relevant part that the right of lessors, conditional vendors and holders of purchase-money equipment 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, in relevant part that the right of a lessor, conditional vendor or holder of a purchase-money equipment 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 purchase-money equipment 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 purchase-money equipment 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.

On the Issuance Date, the relevant Loan Trustee has received a reasoned opinion of Milbank, Tweed, Hadley & McCloy, counsel to the Initial Purchasers, that, subject to the assumptions and qualifications contained therein, such Loan Trustee's right to take possession of the Aircraft under the applicable Indenture would be entitled to the benefits of Section 1110 with respect to the airframe and engines comprising such 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. In rendering such opinion, Milbank, Tweed, Hadley & McCloy has relied, among other things, on (i) an officer's certificate of Continental to the effect that (a) Continental has never held title to nor claimed to be the owner of the Aircraft, (b) immediately prior to its purchase of the relevant Aircraft, it was the lessee of such Aircraft under a lease agreement (the "Existing Lease") designated as such and (c) the Existing Lease was entered into as part of a settlement of liability under Title IV of ERISA with the PBGC at a time when Continental was a debtor under Title 11 of the U.S. Bankruptcy Code, and (ii) the provisions of the Aircraft Equipment Settlement Leases Act of 1993 (the "Settlement Act"), which provides in relevant part that if the PBGC as part of a settlement of liability under ERISA enters into an agreement with a debtor under Title 11 of the U.S. Bankruptcy Code which agreement provides that it is to be treated as a lease, then such agreement will be treated as a lease for purposes of Section 1110. The opinion of Milbank, Tweed, Hadley & McCloy states that, while the residual value sharing arrangement provided by Continental to the PBGC with respect to the Aircraft may give rise to questions as to whether each Existing Lease is a "true lease" for tax purposes and hence for Section 1110 purposes, the plain language of the Settlement Act effectively eliminates such uncertainty. In the opinion of Milbank, Tweed, Hadley & McCloy, on the basis that the Existing Lease is a lease for purposes of Section 1110, and for the reasons noted therein, the purchase of the relevant Aircraft by Continental would be an acquisition of rights by Continental in the Aircraft sufficient to support the existence of a purchase money security interest for purposes of Section 1110, notwithstanding Continental's prior interest in the Aircraft as lessee under the Existing Lease. See *First National Bank of Geneva v. United States*, 13 Cl. Ct. 385 (1987) (lease of equipment, followed by purchase of equipment, supports existence of purchase money security interest).

The opinion of Milbank, Tweed, Hadley & McCloy does 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 "-- Agreements Relating to the Aircraft -- Events of Loss". The opinion of Milbank, Tweed, Hadley & McCloy does also not address the availability of Section 1110 with respect to any possible lessee of an Aircraft if it is leased by Continental.

The Second Indenture creates, with respect to the Equipment Notes issued with respect to each Aircraft, a valid security interest in each of the other Aircraft, which security interest ranks behind the security interest created by the applicable Indenture with respect to each such Aircraft. In connection with a reorganization under the Bankruptcy Code of Continental, the effect of such additional, second-ranking security interest under the Second Indenture, in conjunction with Section 1110, would be as follows: if the relevant Loan Trustee were to repossess and sell an Aircraft in the exercise of its special repossession rights under

Section 1110 with respect to the Aircraft, (a) proceeds up to the amount owing on the Equipment Notes issued under the Indenture with respect to such Aircraft would be distributable outside the bankruptcy estate in respect of such Equipment Notes, and (b) any proceeds in excess of such amount would become part of the bankruptcy estate subject to a valid security interest that secures all other Equipment Notes. All payments made under the Second Indenture in respect of the Equipment Notes will be made to the Subordination Agent which will distribute such payments as provided in the Intercreditor Agreement. See "Description of the New Certificates -- Payments and Distribution".

If an Indenture Default under any Indenture occurs and is continuing, any sums held or received by the related Loan Trustee or the Second Mortgagee may be applied to reimburse such Loan Trustee or the Second Mortgagee for any tax, expense or other loss incurred by it and to pay any other amounts due to such Loan Trustee or the Second Mortgagee prior to any payments to holders of the Equipment Notes issued under such Indenture or payments under the Second Indenture. (Indentures, Section 3.03; Second Mortgage, Section 3.01; Second Mortgage, Section 3.01)

#### MODIFICATION OF INDENTURES

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 the related Participation Agreement may not be amended or modified, except to the extent indicated below.

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. (Indenture, Section 10.01(b))

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. (Indenture, Section 10.01(a))

#### INDEMNIFICATION

Continental will be required to indemnify each Loan Trustee, the Second Mortgagee, the Liquidity Provider, the Subordination Agent and each Trustee, but not the holders of Certificates, for certain losses, claims and other matters.

#### AGREEMENTS RELATING TO THE AIRCRAFT

##### 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 customary in the commercial airline industry with respect to any Engine are permitted. Leases are also permitted to U.S. air carriers and foreign air carriers that have their principal executive office in certain specified countries. In addition, a lessee may not be subject to insolvency or similar proceedings at the commencement of such lease. (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, and the Second Mortgagee'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 Default, the ability of the related Loan Trustee, and the Second Mortgagee, 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 and to record each Indenture under the Transportation Code. (Indenture, Section 4.02(e)) Such recordation of the Indenture and certain 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.

#### Liens

Continental is required to maintain each Aircraft free of any liens, other than the rights of the holders of the related Equipment Notes arising under the applicable Indenture, 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 for more than 60 days or are being contested in good faith by appropriate proceedings; and (iii) judgment liens so long as such judgment is discharged or vacated within 60 days or the execution of such judgment is stayed pending appeal or discharged, vacated or reversed within 60 days 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 Loan 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 holders of Equipment Notes therein or impair the lien of the relevant Indenture or Second Indenture. (Indenture, Section 4.01 and Annex A)

#### Maintenance; Replacement of Parts; Alterations

Continental is required to maintain, service, repair and overhaul the Aircraft so as to keep them in as good operating condition as on the Issuance Date, ordinary wear and tear excepted. 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 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 value, utility, or remaining useful life of the related Aircraft, Airframe or Engine or invalidate the Aircraft's airworthiness certificate. (Indenture, Section 4.04(d))

#### Insurance

Continental is required to maintain, at its expense (or at the expense of a permitted lessee), all-risk aircraft hull insurance covering each Aircraft, at all times in an amount not less than the aggregate outstanding principal amount of the Equipment Notes related to such Aircraft, together with six months of accrued interest thereon (the "Debt Balance"). 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, such proceeds up to the Debt Balance 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, such proceeds will be payable directly to Continental so long as an Indenture Default or certain other defaults do not exist with respect to the Indenture. So long as the loss does not

constitute an Event of Loss, insurance proceeds will be applied to repair or replace the property. (Indenture, Section 4.06 and Annex B)

In addition, Continental is obligated to maintain comprehensive airline liability insurance at its expense (or at the expense of a permitted lessee), 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. (Indenture, Section 4.06 and Annex B)

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

Continental may self-insure under a program applicable to all 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 policy 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. (Indenture, Section 4.06 and Annex B)

In respect of each Aircraft, Continental is required to name as additional insured parties the relevant Loan Trustee, the Second Mortgagee and holders of the Equipment Notes and 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 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 or any permitted lessee. (Indenture, Section 4.06 and Annex 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 after such occurrence either to make payment with respect to such Event of Loss or to replace such Airframe and any such Engines. If Continental elects to make such payment, not later than the first Business Day following the earlier of (i) the 120th day following the date of occurrence of such Event of Loss, and (ii) the fourth Business Day following the receipt of the insurance proceeds in respect of such Event of Loss, Continental must pay to the Loan Trustee the aggregate unpaid principal of the related Equipment Notes and accrued interest thereon up to, but not including, the date of such payment, together with certain additional amounts, but, in any case, without any Make-Whole Premium. (Indenture, Sections 2.09 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 will do so within 120 days after the occurrence of such Event of Loss and will provide to the relevant Loan Trustee and the Second Mortgagee 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 Loan Trustee 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). (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, 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 and the related Indenture, the lien of the Indenture and the obligation of Continental thereafter to make the scheduled interest and principal payments with respect thereto shall cease. (Indenture, Sections 2.09 and 4.05(a)(ii)) The Debt Balance and other payments made under the Indenture by Continental shall be deposited with the applicable Loan Trustee.

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 Indenture. (Indenture, Section 4.04(e))

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 consecutive 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) for a period exceeding 180 consecutive days (exceeding 90 consecutive days in the case of a requisition of title); (v) 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 consecutive 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, provided that 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 (vi) with respect to any Engine, any divestiture of title to such Engine shall be treated as an Event of Loss. (Indenture, Annex A)

#### CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

##### EXCHANGE OF OLD CERTIFICATES FOR NEW CERTIFICATES

The following summary describes all material generally applicable 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, 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 prohibited transaction provisions of ERISA and 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, and generally may not include cash held for the purpose of acquiring additional receivables after the closing date. However, the Department of Labor has indicated that in its view this requirement would be satisfied where the receivables, although specifically identified as of the closing date, are not all transferred to the trust on the closing date for administrative or other reasons but will be transferred to the trust shortly after the closing date. In addition, the Department of Labor has proposed amendments to the Underwriter Exemption, effective as of January 1, 1992, which would allow up to 25 percent of the principal amount of the certificates being offered to be held in a pre-funding account for a period of up to three months following the

closing date for the acquisition of additional qualifying receivables, if certain conditions are satisfied. The proposed amendments were published in the Federal Register dated May 23, 1997.

The Underwriter Exemption does not apply to the Class B, Class C or Class D Certificates. 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 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, CLASS C AND CLASS D CERTIFICATES

The Underwriter Exemption does not apply to the Class B, Class C or Class D Certificates. The Class B, Class C and Class D 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, Class C Certificates or Class D 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.

#### EXPERTS

The consolidated financial statements (including financial statement schedules) 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, and audited consolidated financial statements to be included in subsequently filed documents will be, incorporated herein by reference in reliance upon reports of Ernst & Young LLP pertaining to such consolidated financial statements (to the extent covered by consents filed with the Commission) 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 May 20, May 16 and June 6, 1997, respectively, 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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[AIRCRAFT INFORMATION SERVICES, INC. LETTERHEAD]

20 May 1997

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

Subject: AISI Report No.: A7D055BVO  
AISI Sight Unseen Current Market Half-Life Value Appraisal,  
Six B737-300 and Four MD-82 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 half-life value of six B737-300 and four MD-82 aircraft as listed and defined in Table I.

#### 1. METHODOLOGY AND DEFINITIONS

This 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.

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

20 May 1997  
AISI File No. A7D055BV0  
Page - 2 -

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 B737-300 AND MD-80

### B737-300

The B737-300 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 1,600 nautical miles, while at high MTOW the range increases to approximately 2,600 nautical miles, sufficient for short range domestic operations.

The B737-300 has a large fleet of 909 active aircraft, with 63 on firm order, and a very strong customer base of 83 airlines with good representation in every major geographic area. A significant number of the B737-300 fleet, 521 aircraft, are operated via either a finance lease or operating lease.

The major competitors to the B737-300 are the MD-80/MD-90 and the Airbus A320 even though these aircraft types are larger than the B737-300. The B737-300 also must compete with its larger variant the B737-400 and in some markets with the older B737-200A. It will also shortly have to compete with the new B737-700 family.

We expect B737-300 production to cease by 1999. The aircraft was first delivered in 1986, and AISI analysis of the market for the B737-300 indicates that the present strong demand has stabilized and will continue at least until the next major economic downturn, and that near term current market purchase prices are decreasing slightly, while current market lease rates are still increasing. Over the longer term, the B737-300 faces significant competition from more advanced aircraft such as the B737-700 and A320 on the high end, and from still viable B737-200 and MD-80 aircraft on the low end. B737-300 values will probably decline to meet this challenge. B737-700 orders now equal B737-300 backlog; we expect B737-300 deliveries to overtake the B737-300 shortly, however 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 limited range, we expect the future potential for freighter conversion to be confined to the domestic small package carrier market, and then only after the aircraft has approached the end of its economic useful life as a passenger aircraft.

Boeing in recent head-to-head B737-300 competition with Airbus A319 and A320 aircraft has shown a willingness to offer B737-300 aircraft at drastically reduced prices; over 40% less than the so called "list" 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.

#### MD-80

The McDonnell Douglas MD-80 series aircraft family is a twin JT8D-200 turbofan engine, narrowbody, stage 3, two man crew aircraft derived from the DC-9 family, intended for short to medium range domestic passenger transport.

The MD-81, -82 and -83 all feature the same typical 135 passenger dual class configuration, but vary in maximum gross takeoff weights to achieve different ranges of approximately 1,550, 2,050 and 2,500 nautical miles respectively. The MD-88 is an MD-82 with a modern 'glass' EFIS cockpit. The MD-87 features a shorter cabin accommodating 114 passengers in dual class configuration, with 2,350 nautical mile range. Production of the MD-80 began in 1980 and we forecast termination of production by 1998. In all 114 MD-81's were built, operating with 10 airlines, with 64 on lease, and none on order. 562 MD-82's were built, operating with 27 airlines, with 281 on lease and 7 on order. 221 MD-83 were built, operating with 32 airlines, with 162 on lease and 19 on order. 72 MD-87's were built, operating with 11 airlines, with 21 on lease and none on order. 152 MD-88's were built, operating with 6 airlines, with 71 on lease and 5 on order. The operators are reasonably well geographically distributed.

The MD-80 is a marginal stage 3 noise compliant aircraft, and its JT8D-200 engines are older technology, less fuel efficient than many of its newer competitors, which include the B737-300/400/500 and soon the B737-600/700/800, the A319/A320, the Fokker 100, the new MD-90/95 and the Avro RJ family as well as less expensive older aircraft, including the B737-200, DC-9 family, Fokker F-28, and Bae 146 family. Prior to the December 1996 announcement of the acquisition of McDonnell Douglas, we had forecast termination of MD-80 production by 1998. Now, further production of the successor to the MD-80, the MD-90/95, is also in doubt.

While MD-80 values have been steady in the current high demand market conditions for narrowbody stage 3 aircraft, the combination of older technology, minimal noise compliance margin, higher fuel consumption and now, probability of termination of production of the variant and its high commonality successor, make the MD-80 family quite vulnerable to reductions in value with any economic downturn or lessening of demand. However, so long as stiffer noise regulations are not effected, the aircraft should find a ready home in startup airline

fleets as it declines in value and drops out of major airline fleets. The MD-87 and MD-81 should be most vulnerable, with the MD-82/88 and MD-83 less vulnerable to reductions in value. The aircraft should enjoy a long useful life, with its durable airframe and reliable systems, just as demonstrated by its predecessor, the DC-9 family.

3. VALUATION

Following in Table I is AISI's opinion of the current market value for the subject aircraft based on the assumptions, definitions and disclaimers herein.

TABLE I

Date of Manufacturer	Aircraft Registration Number	Manufacturer's Serial Number	1997 Current Market Half Life Value USDollars
-----			
B737-300, CFM56-3B1 ENGINES, 135,000LB MTOW			
1986	N12322	23373	18,980,000
1986	N10383	23374	18,980,000
1986	N14324	23375	18,980,000
1986	N69333	23571	18,980,000
1986	N14334	23572	18,980,000
1986	N14335	23573	18,980,000
MD-82, JT8D-217A ENGINES, 149,500LB MTOW			
1985	N12811	49265	15,300,000
1986	N15820	49480	16,100,000
1987	N18833	49493	16,900,000
1987	N10834	49494	16,900,000

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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/ [NEED SIGNATURE]

For: Fred E. Bearden  
President  
FBI/DMfjm

June 6, 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 June 1997 on each of six Boeing 737-3T0 and four McDonnell Douglas DC9-82 (MD82) aircraft (Aircraft). Each of the B737-3T0 aircraft is powered by two CFM International CFM56-3B1 engines with 20,000 pounds thrust, a 135,000 pound maximum takeoff weight and a non-EFIS (Electronic Flight Instrumentation System) flight deck. Each of the MD82s is powered by two Pratt & Whitney JT8D-217A engines with 21,000 pounds thrust, has a 149,500 pound maximum takeoff weight and is also non-EFIS. 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 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 B737 and MD82 aircraft to be in reasonable balance at this time but tending to be strong with demand slightly exceeding supply, and thus, the FMV is equal to or slightly higher than the base value. In addition, values were adjusted for engine type, maximum gross takeoff weights (MGTOW), and the absence of EFIS. 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:

Continental Airlines, Inc.  
 June 6, 1997  
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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.

#### CONCLUSIONS

Based on the above methodology, considerations and assumptions, it is our opinion that the current fair market value of each aircraft are as follows:

Model -----	Date of Delivery -----	Serial Number -----	Registration Number -----	CFMV (Each) -----
B737-3T0	02/1986	23373	N12322	18,250,000
B737-3T0	03/1986	23374	N10323	18,250,000
B737-3T0	03/1986	23375	N14324	18,250,000
B737-3T0	10/1986	23571	N69333	19,000,000
B737-3T0	10/1986	23572	N14334	19,000,000
B737-3T0	11/1986	23573	N14335	19,000,000
MD82	03/1985	49265	N12811	15,550,000
MD82	08/1986	49480	N15820	17,000,000
MD82	05/1987	49493	N18833	18,050,000
MD82	05/1987	49494	N10834	18,050,000

Continental Airlines, Inc.  
June 6, 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

May 16, 1997

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

Gentlemen:

Pursuant to your request, Morten Beyer and Agnew (MBA) has set forth its opinion regarding the value of six B-737-300 and four MD-82 aircraft (as described in Schedule I herein) being operated by Continental Airlines.

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 Traders (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 transaction would be negotiated in an open and unrestricted market on an arm's length basis, for case or equivalent consideration and given an adequate amount of time for effective exposure to prospective buyers. Fair Market Value (FMV) 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.

BV contains the same elements as MV, but the market conditions are always assumed to be in a reasonable state of equilibrium. Thus, BV pertains to an idealized aircraft and market combination, but will not necessarily reflect the actual CMV of the aircraft in question. BV is founded in the historical trend of values and is generally used to analyze historic values or to project future values.

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.

In preparing this report, MBA did not inspect the aircraft or their historical maintenance documentation. Therefore, we used certain assumptions that are generally accepted industry practice to determine the BV of an aircraft. The principal assumptions are as follows:

1. The aircraft are in good overall condition.
2. The overhaul status of the airframe, engines, landing gear and other major components are the equivalent of mid-time/mid-life unless otherwise specified.
3. The historical maintenance documentation has been maintained to acceptable international standards.
4. The specifications of the aircraft are those most common for aircraft of their type and vintage.
5. The aircraft are in standard airline configuration.
6. The aircraft are current as to all Airworthiness Directives and Service Bulletins.
7. Their modification status is comparable to that most common for aircraft of their type and vintage.
8. Their utilization is comparable to industry averages.
9. There is no history of accident or incident damage.

The aircraft are not encumbered by any attached lease, tax benefit recapture or any other extraneous factor.

Based on the information set forth in this report the Current Market Valuations of the subject aircraft, as of the date of this report, are as follows:

AIRCRAFT TYPE	REGISTRATION NUMBER	SERIAL NUMBER	MANUFACTURE DATE	CURRENT MARKET VALUE
-----	-----	-----	-----	-----
B737-300	N12322	23373	1986	\$21.58
B737-300	N10323	23374	1986	21.58
B737-300	N14324	23375	1986	21.58
B737-300	N69333	23571	1986	21.58
B737-300	N14334	23572	1986	21.58
B737-300	N14335	23573	1986	21.58
MD-82	N12811	49265	1985	19.71
MD-82	N15820	49480	1986	20.67
MD-82	N18833	49493	1987	21.62
MD-82	N10834	49494	1987	21.62

The Boeing 737-300 series aircraft is the Stage III upgraded successor to the Boeing 737-200 series aircraft and has already has a 14-year production run, with 948 produced to date and 76 more on order. Production is being phased out over the next three years as the Boeing 737-700 series takes its place. Nonetheless, we expect the -300 series will retain its value well into the next century because of its strong market base and good economics. A few of these aircraft are always in the float simply because there are so many of them, with some being leased or operated by marginal carriers. Prices for these aircraft have returned to near original acquisition costs after a dip in the early 1990s. BACK Information Services currently lists three aircraft available for sale or lease. MBA is of the opinion that the CMV is 110 percent of the Base Value.

The MD-80 series aircraft was the first newly manufactured twin to meet Stage III noise standards, and featured higher gross weights and greater range. Almost 1,200 of all models have been built. American Airlines, with orders totaling 260, literally saved the design in a crucial period when initial orders declined. There have been surprisingly few new orders in the last four years although there are almost no aircraft on the market. BACK lists one MD-82 available for sale or lease. Any aircraft that come on the market are immediately spoken for. MBA is of the opinion that the CMV of this aircraft is 110 percent of Base Value.

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

MBA certifies that this report has been prepared independently and that it fully and accurately represents MBA's opinion, as of the date of this report, of the Current Market Value of the subject aircraft. MBA further certifies that it does not have, and does not expect to have, any financial or other interest in the subject of similar aircraft.

This report represents the opinion of MBA 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  
Chairman & CEO  
ISTAT Certified Senior Appraiser

APPENDIX III -- EQUIPMENT NOTES PRINCIPAL PAYMENT SCHEDULE

SERIES A

AIRCRAFT REGISTRATION NUMBER

REGULAR DISTRIBUTION DATES	N12322	N10323	N14324	N69333	N14334	N14335	N12811
June 25, 1997.....	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
December 30, 1997...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 1998.....	215,417.00	215,417.00	215,417.00	215,644.00	215,644.00	215,644.00	176,488.00
December 30, 1998...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 1999.....	215,417.00	215,417.00	215,417.00	215,644.00	215,644.00	215,644.00	176,488.00
December 30, 1999...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2000.....	215,428.00	215,428.00	215,428.00	215,655.00	215,655.00	215,655.00	176,496.00
December 30, 2000...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2001.....	229,997.00	229,997.00	229,997.00	230,240.00	230,240.00	230,240.00	188,433.00
December 30, 2001...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2002.....	368,170.00	368,170.00	368,170.00	368,558.00	368,558.00	368,558.00	301,636.00
December 30, 2002...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2003.....	469,218.00	469,218.00	469,218.00	459,712.00	469,712.00	469,712.00	384,422.00
December 30, 2003...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2004.....	591,208.00	591,208.00	591,208.00	591,831.00	591,831.00	591,831.00	484,368.00
December 30, 2004...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2005.....	843,329.00	843,329.00	843,329.00	844,218.00	844,218.00	844,218.00	690,925.00
December 30, 2005...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2006.....	1,892,397.00	1,892,397.00	1,892,397.00	1,894,391.00	1,894,391.00	1,894,391.00	1,550,411.00
December 30, 2006...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2007.....	2,741,229.00	2,741,229.00	2,741,229.00	2,744,117.00	2,744,117.00	2,744,117.00	2,245,844.00

REGULAR DISTRIBUTION DATES	N15820	N18833	N10834
June 25, 1997.....	\$ 0.00	\$ 0.00	\$ 0.00
December 30, 1997...	0.00	0.00	0.00
June 30, 1998.....	192,945.00	204,862.00	204,862.00
December 30, 1998...	0.00	0.00	0.00
June 30, 1999.....	192,945.00	204,862.00	204,862.00
December 30, 1999...	0.00	0.00	0.00
June 30, 2000.....	192,954.00	204,872.00	204,872.00
December 30, 2000...	0.00	0.00	0.00
June 30, 2001.....	206,004.00	218,728.00	218,728.00
December 30, 2001...	0.00	0.00	0.00
June 30, 2002.....	329,762.00	350,130.00	350,130.00
December 30, 2002...	0.00	0.00	0.00
June 30, 2003.....	420,269.00	446,226.00	446,226.00
December 30, 2003...	0.00	0.00	0.00
June 30, 2004.....	529,533.00	562,240.00	562,240.00
December 30, 2004...	0.00	0.00	0.00
June 30, 2005.....	755,353.00	802,007.00	802,007.00
December 30, 2005...	0.00	0.00	0.00
June 30, 2006.....	1,694,981.00	1,799,671.00	1,799,671.00
December 30, 2006...	0.00	0.00	0.00
June 30, 2007.....	2,455,263.00	2,606,912.00	2,606,912.00

SERIES B

AIRCRAFT REGISTRATION NUMBER

REGULAR DISTRIBUTION DATES	N12322	N10323	N14324	N69333	N14334	N14335	N12811
June 25, 1997.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December 30, 1997...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 1998.....	73,557.00	73,557.00	73,557.00	73,635.00	73,635.00	73,635.00	60,264.00
December 30, 1998...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 1999.....	73,557.00	73,557.00	73,557.00	73,634.00	73,634.00	73,634.00	60,264.00
December 30, 1999...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2000.....	73,599.00	73,599.00	73,599.00	73,677.00	73,677.00	73,677.00	60,298.00
December 30, 2000...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2001.....	78,536.00	78,536.00	78,536.00	78,618.00	78,618.00	78,618.00	64,343.00
December 30, 2001...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2002.....	215,592.00	215,592.00	215,592.00	215,819.00	215,819.00	215,819.00	176,631.00
December 30, 2002...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2003.....	221,927.00	221,927.00	221,927.00	222,161.00	222,161.00	222,161.00	181,822.00
December 30, 2003...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2004.....	769,036.00	769,036.00	769,036.00	769,847.00	769,847.00	769,847.00	630,058.00
December 30, 2004...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2005.....	1,151,438.00	1,151,438.00	1,151,438.00	1,152,651.00	1,152,651.00	1,152,651.00	943,354.00
December 30, 2005...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2006.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December 30, 2006...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2007.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00

REGULAR DISTRIBUTION DATES	N15820	N18833	N10834
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June 25, 1997.....	0.00	0.00	0.00
December 30, 1997...	0.00	0.00	0.00
June 30, 1998.....	65,884.00	69,953.00	69,953.00
December 30, 1998...	0.00	0.00	0.00
June 30, 1999.....	65,883.00	69,953.00	69,953.00
December 30, 1999...	0.00	0.00	0.00
June 30, 2000.....	65,921.00	69,992.00	69,992.00
December 30, 2000...	0.00	0.00	0.00
June 30, 2001.....	70,342.00	74,688.00	74,688.00
December 30, 2001...	0.00	0.00	0.00
June 30, 2002.....	193,102.00	205,028.00	205,028.00
December 30, 2002...	0.00	0.00	0.00
June 30, 2003.....	198,775.00	211,053.00	211,053.00
December 30, 2003...	0.00	0.00	0.00
June 30, 2004.....	688,809.00	731,354.00	731,354.00
December 30, 2004...	0.00	0.00	0.00
June 30, 2005.....	1,031,318.00	1,095,019.00	1,095,019.00
December 30, 2005...	0.00	0.00	0.00
June 30, 2006.....	0.00	0.00	0.00
December 30, 2006...	0.00	0.00	0.00
June 30, 2007.....	0.00	0.00	0.00

APPENDIX III -- EQUIPMENT NOTES PRINCIPAL PAYMENT SCHEDULE -- (CONTINUED)

SERIES C

AIRCRAFT REGISTRATION NUMBER

REGULAR DISTRIBUTION DATES	N12322	N10323	N14324	N69333	N14334	N14335	N12811
June 25, 1997.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December 30, 1997...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 1998.....	124,835.00	124,835.00	124,835.00	124,967.00	124,967.00	124,967.00	102,276.00
December 30, 1998...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 1999.....	241,663.00	241,663.00	241,663.00	241,918.00	241,918.00	241,918.00	197,990.00
December 30, 1999...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2000.....	330,103.00	330,103.00	330,103.00	330,450.00	330,450.00	330,450.00	270,448.00
December 30, 2000...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2001.....	376,874.00	376,874.00	376,874.00	377,271.00	377,271.00	377,271.00	308,767.00
December 30, 2001...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2002.....	157,018.00	157,018.00	157,018.00	157,183.00	157,183.00	157,183.00	128,642.00
December 30, 2002...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2003.....	777,457.00	777,457.00	777,457.00	778,277.00	778,277.00	778,277.00	636,959.00
December 30, 2003...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2004.....	820,079.00	820,079.00	820,079.00	820,943.00	820,943.00	820,943.00	671,878.00
December 30, 2004...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2005.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December 30, 2005...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2006.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December 30, 2006...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2007.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00

REGULAR DISTRIBUTION DATES	N15820	N18833	N10834
June 25, 1997.....	0.00	0.00	0.00
December 30, 1997...	0.00	0.00	0.00
June 30, 1998.....	111,812.00	118,718.00	118,718.00
December 30, 1998...	0.00	0.00	0.00
June 30, 1999.....	216,453.00	229,822.00	229,822.00
December 30, 1999...	0.00	0.00	0.00
June 30, 2000.....	295,666.00	313,928.00	313,928.00
December 30, 2000...	0.00	0.00	0.00
June 30, 2001.....	337,559.00	358,408.00	358,408.00
December 30, 2001...	0.00	0.00	0.00
June 30, 2002.....	140,637.00	149,324.00	149,324.00
December 30, 2002...	0.00	0.00	0.00
June 30, 2003.....	696,353.00	739,363.00	739,363.00
December 30, 2003...	0.00	0.00	0.00
June 30, 2004.....	734,528.00	779,896.00	779,896.00
December 30, 2004...	0.00	0.00	0.00
June 30, 2005.....	0.00	0.00	0.00
December 30, 2005...	0.00	0.00	0.00
June 30, 2006.....	0.00	0.00	0.00
December 30, 2006...	0.00	0.00	0.00
June 30, 2007.....	0.00	0.00	0.00

SERIES D

AIRCRAFT REGISTRATION NUMBER

REGULAR DISTRIBUTION DATES	N12322	N10323	N14324	N69333	N14334	N14335	N12811
June 25, 1997.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December 30, 1997...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 1998.....	651,611.00	651,611.00	651,611.00	652,297.00	652,297.00	652,297.00	533,854.00
December 30, 1998...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 1999.....	663,571.00	663,571.00	663,571.00	664,271.00	664,271.00	664,271.00	543,654.00
December 30, 1999...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2000.....	742,986.00	742,986.00	742,986.00	743,769.00	743,769.00	743,769.00	608,716.00
December 30, 2000...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2001.....	786,805.00	786,805.00	786,805.00	787,634.00	787,634.00	787,634.00	644,616.00
December 30, 2001...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2002.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December 30, 2002...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2003.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December 30, 2003...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2004.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December 30, 2004...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2005.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December 30, 2005...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2006.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December 30, 2006...	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2007.....	0.00	0.00	0.00	0.00	0.00	0.00	0.00

REGULAR DISTRIBUTION DATES	N15820	N18833	N10834
----------------------------	--------	--------	--------

June 25, 1997.....	0.00	0.00	0.00
December 30, 1997...	0.00	0.00	0.00
June 30, 1998.....	583,634.00	619,682.00	619,682.00
December 30, 1998...	0.00	0.00	0.00
June 30, 1999.....	594,348.00	631,058.00	631,058.00
December 30, 1999...	0.00	0.00	0.00
June 30, 2000.....	665,477.00	706,580.00	706,580.00
December 30, 2000...	0.00	0.00	0.00
June 30, 2001.....	704,725.00	748,252.00	748,252.00
December 30, 2001...	0.00	0.00	0.00
June 30, 2002.....	0.00	0.00	0.00
December 30, 2002...	0.00	0.00	0.00
June 30, 2003.....	0.00	0.00	0.00
December 30, 2003...	0.00	0.00	0.00
June 30, 2004.....	0.00	0.00	0.00
December 30, 2004...	0.00	0.00	0.00
June 30, 2005.....	0.00	0.00	0.00
December 30, 2005...	0.00	0.00	0.00
June 30, 2006	0.00	0.00	0.00
December 30, 2006...	0.00	0.00	0.00
June 30, 2007.....	0.00	0.00	0.00

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 1997-2,

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

FOR ANY AND ALL OUTSTANDING  
 PASS THROUGH CERTIFICATES, SERIES 1997-2

PROSPECTUS  
 , 1997

=====

## 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.

The Index to Exhibits to this Registration Statement is incorporated herein by reference.

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 October 21, 1997.

CONTINENTAL AIRLINES, INC.

By: /s/ JEFFERY A. SMISEK

-----  
Jeffery A. Smisek  
Executive Vice President

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 October 21, 1997.

## SIGNATURE

## TITLE

\*  
-----

Gordon M. Bethune

Chairman of the Board, Chief Executive Officer (Principal Executive Officer) and Director

\*  
-----

Lawrence W. Kellner

Executive Vice President and Chief Financial Officer (Principal Financial Officer)

\*  
-----

Michael P. Bonds

Vice President and Controller (Principal Accounting Officer)

\*  
-----

Thomas J. Barrack, Jr.

Director

\*  
-----

Lloyd M. Bentsen, Jr.

Director

\*  
-----

David Bonderman

Director

\*  
-----

Gregory D. Brenneman

Director

\*  
-----

Patrick Foley

Director

\*  
-----

Douglas H. McCorkindale

Director

\*  
-----

George G.C. Parker

Director

SIGNATURE

TITLE

\*

Director

Richard W. Pogue

\*

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

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
4.1	Form of New 7.148% Exchange Pass Through Certificate Series 1997-2A (included in Exhibit 4.5)
4.2	Form of New 7.149% Exchange Pass Through Certificate Series 1997-2B (included in Exhibit 4.6)
4.3	Form of New 7.206% Exchange Pass Through Certificate Series 1997-2C (included in Exhibit 4.7)
4.4	Form of New 7.522% Exchange Pass Through Certificate Series 1997-2D (included in Exhibit 4.8)
4.5	Pass Through Trust Agreement, dated as of June 25, 1997, between Continental Airlines, Inc. and Wilmington Trust Company, as Trustee, made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-2A and the issuance of 7.148% Continental Airlines Pass Through Trust, Series 1997-2A Pass Through Certificates representing fractional undivided interests in the Trust
4.6	Pass Through Trust Agreement, dated as of June 25, 1997, between Continental Airlines, Inc. and Wilmington Trust Company, as Trustee, made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-2B and the issuance of 7.149% Continental Airlines Pass Through Trust, Series 1997-2B Pass Through Certificates representing fractional undivided interests in the Trust
4.7	Pass Through Trust Agreement, dated as of June 25, 1997, between Continental Airlines, Inc. and Wilmington Trust Company, as Trustee, made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-2C and the issuance of 7.206% Continental Airlines Pass Through Trust, Series 1997-2C Pass Through Certificates representing fractional undivided interests in the Trust
4.8	Pass Through Trust Agreement, dated as of June 25, 1997, between Continental Airlines, Inc., and Wilmington Trust Company, as Trustee, made with respect to the formation of Continental Airlines Pass Through Trust, Series 1997-2D and the issuance of 7.522% Continental Airlines Pass Through Trust, Series 1997-2D Pass Through Certificates representing fractional undivided interests in the Trust
4.9	Revolving Credit Agreement, dated June 25, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust 1997-2A, as Borrower and Kredietbank N.V., New York Branch, as Liquidity Provider
4.10	Revolving Credit Agreement, dated June 25, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust 1997-2B, as Borrower and Kredietbank N.V., New York Branch, as Liquidity Provider
4.11	Revolving Credit Agreement, dated June 25, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust 1997-2C, as Borrower and Kredietbank N.V., New York Branch, as Liquidity Provider
4.12	Intercreditor Agreement, dated as of June 25, 1997, among Wilmington Trust Company, as Trustee under the Continental Airlines Pass Through Trust 1997-2A, Continental Airlines Pass Through Trust 1997-2B, Continental Airlines Pass Through Trust 1997-2C and Continental Pass Through Trust 1997-2D, Kredietbank N.V., New York Branch, as Class A Liquidity Provider, Class B Liquidity Provider, Class C Liquidity Provider, and Wilmington Trust Company, as Subordination Agent and Trustee

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
4.13	Exchange and Registration Rights Agreement, dated as of June 25, 1997, among Continental Airlines, Inc., Wilmington Trust Company, as Trustee under Continental Airlines Pass Through Trust, Series 1997-2A, Continental Airlines Pass Through Trust, Series 1997-2B, Continental Airlines Pass Through Trust, Series 1997-2C, and Credit Suisse First Boston Corporation, and Morgan Stanley & Co. Incorporated, Chase Securities Inc. and Goldman, Sachs & Co.
4.14	Purchase Agreement, dated as of June 17, 1997, among Continental Airlines, Inc., Wilmington Trust Company as Trustee under each of the Trusts, Credit Suisse First Boston Corporation and Morgan Stanley & Co., Incorporated as Purchasers
4.15	Participation Agreement 322, dated as of June 25, 1997, among Continental Airlines, Inc., and Wilmington Trust Company, not in its individual capacity, but solely as Mortgagee, Second Mortgagee, Subordination Agent under the Intercreditor Agreement and Pass Through Trustee under each of the Pass Through Agreements (this instrument is substantially the same for each Aircraft)
4.16	Trust Indenture and Mortgage 322, dated as of June 25, 1997, between Continental Airlines, Inc., and Wilmington Trust Company, solely as Mortgagee (this instrument is substantially the same for each Aircraft)
4.17	Second Trust Indenture and Mortgage, dated as of June 25, 1997, between Continental Airlines, Inc., Owner and Wilmington Trust Company, not in its individual capacity, but solely as Mortgagee, Second Mortgagee
5.1	Opinion of Hughes Hubbard & Reed LLP relating to validity of the 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 Agnew, Inc.
24.1	Powers of Attorney
25.1	Statement of Eligibility of Wilmington Trust Company for the 1997-2A Pass Through Certificates, on Form T-1
25.2	Statement of Eligibility of Wilmington Trust Company for the 1997-2B Pass Through Certificates, on Form T-1
25.3	Statement of Eligibility of Wilmington Trust Company for the 1997-2C Pass Through Certificates, on Form T-1
25.4	Statement of Eligibility of Wilmington Trust Company for the 1997-2D 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

\* To be filed by amendment

=====

PASS THROUGH TRUST AGREEMENT

Dated as of June 25, 1997

between

CONTINENTAL AIRLINES, INC.

and

WILMINGTON TRUST COMPANY,

as Trustee

Continental Airlines Pass Through Trust, Series 1997-2A

7.148% Initial Pass Through Certificates, Series 1997-2A  
7.148% Exchange Pass Through Certificates, Series 1997-2A

=====

Reconciliation and tie between Continental Airlines Pass Through Trust Agreement, Series 1997-2A dated as of June 25, 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 June 25, 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 1997-2A and the issuance of 7.148% Continental Airlines Pass Through Trust, Series 1997-2A Pass Through Certificates representing fractional undivided interests in the Trust.

## WITNESSETH:

WHEREAS, the Company wishes to purchase the six Boeing 737-3T0 aircraft and four McDonnell Douglas DC-9-82 aircraft listed in Schedule I hereto (the "Aircraft") and to finance the purchase price of each such Aircraft through the issuance pursuant to an Indenture, on a recourse basis, of four series of Equipment Notes relating to such 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;

WHEREAS, pursuant to the terms and conditions of this Agreement and each of the Financing Agreements to be entered into by the Trustee simultaneously with the execution and delivery of this Agreement, the Trustee on behalf of the Trust shall purchase one or more issues of Equipment Notes having the same interest rate as, and final maturity dates not later than the final Regular Distribution Date of, the Certificates issued hereunder and, subject to the Intercreditor Agreement, shall hold such Equipment Notes 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: Has the meaning specified in the first recital to this Agreement.

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 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).

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

**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, the Second Mortgagee 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 August 31, 1997.

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

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.

Escrow Account: Has the meaning specified in Section 2.01(b).

Escrowed Funds: Has the meaning specified in Section 2.01(b).

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 December 30, 2008.

Financing Agreements: Means each of the ten separate Participation Agreements relating to the Aircraft each dated the date hereof, among the Company, the Pass Through Trustee, the Other Trustees, the relevant Loan Trustee, the Second Mortgagee 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.

Financing Documents: With respect to any Equipment Note, means the related Indenture, the Second Mortgage and the related Financing Agreement.

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 ten separate trust indentures and mortgages relating to the Aircraft, 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 and Morgan Stanley & Co. Incorporated.

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 June 25, 1997 among the Trustee, the Other Trustees, the Liquidity Provider, 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.

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

**Liquidity Facility:** Means, initially, the Revolving Credit Agreement dated as of June 25, 1997 relating to the Certificates, between the Liquidity Provider and the Subordination Agent, as agent and trustee for the Trustee, and, from and after the replacement of such Agreement pursuant to the Intercreditor Agreement, the replacement liquidity facility (or facilities) therefor, in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms.

**Liquidity Provider:** Means, initially, Kredietbank N.V., acting through its New York Branch, 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 mortgagee under such Indenture, together with any successor to such mortgagee appointed pursuant thereto.

**McDonnell Douglas:** Means the McDonnell Douglas Corporation.

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

**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, (b) in the case of a Loan Trustee, a Responsible Officer of such Loan Trustee or (c) in the case of a Second Mortgagee, a Responsible Officer of such Second Mortgagee.

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 Loan Trustee or Second Mortgagee 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 1997-2 Pass Through Trust Agreements relating to Continental Airlines Pass Through Trust, Series 1997-2B, Continental Airlines Pass Through Trust, Series 1997-2C and Continental Airlines Pass Through Trust, Series 1997-2D, 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.

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.

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. 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 the Trust and the distribution thereof 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 held in the Trust and the distribution thereof to be made on such Distribution Date.

Postponed Notes: Means any Equipment Notes to be held in the Trust as to which a Postponement Notice shall have been delivered pursuant to Section 2.01(b).

Postponement Notice: Means an Officer's Certificate of the Company (1) requesting that the Trustee temporarily postpone the purchase pursuant to one or more of the Financing Agreements of certain of the Equipment Notes to a date which is later than the Issuance Date, (2) identifying the amount of the purchase price of each such Equipment Note and the aggregate purchase price for all such Equipment Notes and (3) with respect to each such Equipment Note, either (a) setting or resetting a new Transfer Date for payment by the Trustee of such purchase price and issuance of the related Equipment Note (subject to subsequent change from time to time in accordance with the relevant Financing Agreement), or (b) indicating that such new Transfer Date (which shall be on or prior to the Cut-off Date) will be set by subsequent written notice not less than one Business Day prior to such new Transfer Date (subject to subsequent change from time to time in accordance with the relevant Financing Agreement).

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).

Purchase Agreement: Means the Purchase Agreement dated June 17, 1997 among the Initial Purchasers and the Company, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

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 June 25, 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).

Responsible Officer: With respect to the Trustee, the Second Mortgagee and any Loan Trustee, means any officer in the Corporate Trust Office of the Trustee, Second Mortgagee or Loan 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 the 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.

**Second Mortgage:** Means the Second Trust Indenture and Mortgage dated as of the date hereof between the Company and the Loan Trustees.

**Second Mortgagee:** Means the bank or trust company designated as second mortgagee under the Second Mortgage together with any successor to such second mortgagee appointed pursuant thereto.

**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 Payment:** Means (i) any payment (other than a Scheduled Payment) in respect of, or any proceeds of, any Equipment Note, the Collateral (as defined in each Indenture) or the Collateral (as defined in the Second Mortgage), (ii) the amounts required to be distributed pursuant to the last paragraph of Section 2.01(b) or (iii) the amounts required to be distributed pursuant to the penultimate paragraph of Section 2.01(b).

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

**Specified Investments:** Means, with respect to investments to be made with Escrowed Funds pursuant to Section 2.01(b) hereof, (i) obligations of, or guaranteed by, the United States Government or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-2 or its equivalent by Moody's Investors Service, Inc. or at least A-2 or its equivalent by

Standard & Poor's Ratings Group, (iii) certificates of deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof having a combined capital and surplus in excess of \$100,000,000, which banks or their holding companies have a short-term deposit rating of P1 by Moody's Investors Service, Inc. or its equivalent by Standard & Poor's Ratings Group; provided, however, that the aggregate amount at any one time so invested in certificates of deposit issued by any one bank shall not exceed 5% of such bank's capital and surplus, (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in clause (iii) above or any subsidiary thereof and (v) repurchase agreements with any financial institution having combined capital and surplus of at least \$100,000,000 with respect to any of the obligations described in clauses (i) through (iv) above as collateral; provided further that if all of the above investments are unavailable, all amounts to be invested may be used to purchase Federal Funds from an entity described in clause (iii) above.

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

Transfer Date: Has the meaning assigned to the term "Closing Date" in each Financing Agreement (as such "Closing Date" may be changed from time to time in accordance with the terms of such Financing Agreement).

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) subject to the Intercreditor Agreement, the Equipment Notes held as the property of the Trust and 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 Escrow Account, 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 such Equipment Note and (iii) all rights of the Trust and the Trustee, on behalf of the Trust, under the Intercreditor Agreement and the Liquidity Facility, 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 Facility.

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 Loan Trustee or the Second Mortgagee to the Trustee to take any action under any provision of this Agreement, the Company, such Loan Trustee or such Second Mortgagee, 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, any Loan Trustee or the Second Mortgagee. 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, any Loan Trustee

and the Second Mortgagee, 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 and each of the Financing Agreements 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 Purchase Agreement, the Trustee shall execute, deliver, authenticate, issue and sell Initial Certificates in authorized denominations equalling in the aggregate the amount set forth, with respect to the Certificates, in Schedule II to

the 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 Financing Agreements. On the Issuance Date, the Trustee shall purchase, pursuant to the terms and conditions of the Financing Agreements, the Equipment Notes (other than the Postponed Notes) contemplated to be purchased by the Trustee under the Financing Agreements at a purchase price equal to the consideration so received for the Certificates (less the aggregate amount of any Escrowed Funds). 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 prior to the Issuance Date, the Company may deliver to the Trustee a Postponement Notice relating to one or more Postponed Notes. The Trustee shall postpone the purchase of the Postponed Notes from the consideration received from the sale of Certificates and shall promptly deposit funds in an amount equal to the purchase price of such Postponed Notes (the "Escrowed Funds") into an escrow account (the "Escrow Account") with the Trustee to be maintained as a part of the Trust. The portion of Escrowed Funds so deposited with respect to any particular Postponed Notes shall be invested by the Trustee at the direction and risk of the Company in Specified Investments (i) maturing no later than any scheduled Transfer Date relating to such Postponed Notes or (ii) if no such Transfer Date has been scheduled, maturing on the next Business Day, or (iii) if the Company has given notice to the Trustee that such Postponed Notes will not be issued, maturing on the next applicable Special Distribution Date, if such investments are reasonably available for purchase. The Trustee shall make withdrawals from the Escrow Account only as provided in this Agreement. Upon request of the Company on one or more occasions and the satisfaction or waiver of the closing conditions specified in the applicable Financing Agreement on or prior to the Cut-off Date, the Trustee shall purchase the applicable Postponed Notes with Escrowed Funds withdrawn from the Escrow Account. The purchase price shall equal the principal amount of such Postponed Notes.

The Trustee shall hold all Specified Investments until the maturity thereof and will not sell or otherwise transfer Specified Investments. If Specified Investments held in an Escrow Account mature prior to any applicable Transfer Date, any proceeds received on the maturity of such Specified Investments

(including any earnings thereon) shall be reinvested by the Trustee at the direction and risk of the Company in Specified Investments maturing as provided in the preceding paragraph. The Company shall pay to the Trustee for deposit to the Escrow Account an amount equal to any losses on such Specified Investments as incurred.

On the initial Regular Distribution Date, the Company will pay (in immediately available funds) to the Trustee an amount equal to (i) the sum of (A) the interest that would have accrued, at a rate equal to the interest rate applicable to the Certificates, on any Postponed Notes purchased on or prior to the Cut-Off Date if such Postponed Notes had been issued on the Issuance Date, from and including the Issuance Date to but excluding the date of such purchase, and (B) the interest that would have accrued, at a rate equal to the interest rate applicable to the Certificates, on any Postponed Notes not purchased on or prior to the Cut-Off Date (other than any Postponed Notes for which a Special Distribution Date specified in either of the two immediately succeeding paragraphs has occurred on or prior to the initial Regular Distribution Date) if such Postponed Notes had been issued on the Issuance Date, from and including the Issuance Date to but excluding the initial Regular Distribution Date, minus (ii) the earnings on Specified Investments received (with respect to the portion of the Escrow Funds deposited with respect to the Postponed Notes described in sub-clauses (A) and (B) of clause (i) of this paragraph) by the Trustee from and including the Issuance Date to but excluding the initial Regular Distribution Date.

If the Company notifies the Trustee prior to the Cut-off Date that any Postponed Notes will not be issued on or prior to the Cut-off Date for any reason, on the next Special Distribution Date established pursuant to Section 4.02(c) for the distribution to the Certificateholders of Escrowed Funds with respect to the Postponed Notes designated in such notice (i) the Company shall pay to the Trustee for deposit in the Special Payments Account, in immediately available funds, an amount equal to (A) the interest that would have accrued, on the Postponed Notes designated in such notice, at a rate equal to the interest rate applicable to the Certificates from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date

occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date, minus (B) the earnings on Specified Investments received (with respect to the portion of the Escrowed Funds deposited with respect to the Postponed Notes designated in such notice) by the Trustee from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date and (ii) the Trustee shall transfer an amount equal to that amount of Escrowed Funds that would have been used to purchase the Postponed Notes designated in such notice (together with the earnings described in clause (i)(B) of this paragraph above) plus the amount paid by the Company pursuant to clause (i) of this paragraph to the Special Payments Account for distribution as a Special Payment in accordance with the provisions hereof.

If, on the Cut-off Date, an amount equal to less than all of the initial Escrowed Funds (other than Escrowed Funds referred to in the immediately preceding paragraph) has been used to purchase Postponed Notes, on the Special Distribution Date established pursuant to Section 4.02(c) for the distribution to the Certificateholders of Escrowed Funds with respect to all of the Postponed Notes that have not been purchased on or prior to the Cut-off Date (other than any Postponed Notes referred to in the immediately preceding paragraph) (i) the Company shall pay to the Trustee for deposit in the Special Payments Account, in immediately available funds, an amount equal to (A) the interest that would have accrued on Postponed Notes originally contemplated to be purchased with such unused Escrowed Funds (other than Escrowed Funds referred to in the immediately preceding paragraph) but not so purchased at a rate equal to the interest rate applicable to the Certificates from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date, minus (B) the earnings on Specified Investments received (with respect to the portion of the Escrowed Funds deposited with respect to the Postponed Notes described in this paragraph) by the Trustee from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the

initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date and (ii) the Trustee shall transfer such unused Escrowed Funds (together with the earnings described in clause (i)(B) of this paragraph above) and the amount paid by the Company pursuant to the clause (i) of this paragraph to the Special Payments Account for distribution as a Special Payment in accordance with the provisions hereof.

Section 2.02. 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 of the Equipment Notes acquired by the Trust 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 2.03. Limitation of Powers. The Trust is constituted solely for the purpose of making the investment in the Equipment Notes to be held in the Trust, 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 "7.148% Initial Pass Through Certificates, Series 1997-2A" and the Exchange Certificates shall be known as the "7.148% Exchange Pass Through Certificates, Series 1997-2A", 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.

(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 \$74,862,000.

(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 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 clauses (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 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."

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 Initial Certificates in authorized denominations equalling in the aggregate the amount set forth, with respect to the Trust, in Schedule II to the Purchase Agreement, evidencing the entire ownership of the Trust, which amount equals the aggregate principal amount of Equipment Notes which have been or may be purchased by the Trustee pursuant to each Financing Agreement. Thereafter, the Trustee shall duly execute, authenticate and deliver Certificates as herein provided.

(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 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 (including, without limitation, subject to the proviso to this sentence, Exchange Certificates) in authorized denominations and 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 exchanges of Initial Certificates for Exchange Certificates shall occur only after 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) and otherwise only in accordance with the terms of the Exchange Offer. 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, authenticate and deliver 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 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 sentence, 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 such Restricted Legend and otherwise in this Agreement and agrees that it will transfer such Certificate only as provided in such Restricted Legend and otherwise 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 Restricted Legend and otherwise 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 shall 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 Second Mortgagee or the Liquidity Provider, 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, 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 such Special Payment, 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 that the Trustee receives a notice from the Company that Postponed Notes will not be purchased pursuant to Section 2.01, such notice of Special Payment shall be mailed as soon as practicable after receipt of such notice from the Company and shall state the Special Distribution Date for such Special Payment, which shall occur 20 days after the date of such notice of Special Payment or (if such 20th day is not practicable) as soon as practicable thereafter. In the event that any Special Payment is to be made pursuant to the last paragraph of Section 2.01(b) hereof, on the Cut-Off Date (or, if

such Cut-Off Date is not practicable, as soon as practicable after the Cut-Off Date), notice of such Special Payment shall be mailed stating the Special Distribution Date for such Special Payment, which shall occur 20 days after the date of such notice of such Special Payment (or, if such 20th day is not practicable, as soon as practicable thereafter). 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 premium, if any, payable upon the redemption or purchase of an Equipment Note 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 following information (per \$1,000 face amount Certificate as to (i) and (ii) below):

(i) the amount of such distribution allocable to principal and the amount allocable to premium, if any;

(ii) the amount of such distribution allocable to interest;  
and

(iii) 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) and (a)(ii) 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).

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. ss. 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);

(ii) each 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 Trust 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); and

(iii) each Class D Certificateholder shall have the right (which shall not expire upon any purchase of the Certificates pursuant to clause (i) above or the purchase of the Certificates and the Class B Certificates pursuant to clause (ii) above) to purchase all, but not less than all, of the Certificates, the Class B Certificates and the Class C Certificates upon ten days' written notice to the Trustee, the Class B Trustee, the Class C Trustee and each other Class D Certificateholder, provided that (A) if prior to the end of such ten-day period any other Class D Certificateholder notifies such purchasing Class D Certificateholder that such other Class D Certificateholder wants to participate in such purchase, then such other Class D Certificateholder may join with the purchasing Certificateholder to purchase all, but not less than all, of the Certificates, the Class B Certificates and the Class C Certificates pro rata based on the Fractional Undivided Interest in the Class D Trust held by each such Class D Certificateholder and (B) if prior to the end of such ten day period any other Class D Certificateholder fails to notify the purchasing Class D Certificateholder of such other Class D Certificateholder's desire to participate in such a purchase, then such other Class D Certificateholder shall lose its right to purchase the Certificates, the Class B Certificates and the Class C 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 or any other Financing Document or on or in respect of the Certificates; provided, however, if such purchase occurs after a Record Date, such purchase price shall be reduced by the amount to be distributed hereunder on the Distribution Date following such Record Date (which deducted amounts shall remain distributable to, and may be retained by, the Certificateholders 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, the Class B Certificates and the Class C 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), Class C Certificateholder(s) or Class D 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 Intercreditor Agreement, the Liquidity Facility, the Financing Documents and all Certificates 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 Intercreditor Agreement, the Liquidity Facility, the Financing Documents and all such Certificates. 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 Certificateholders 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 Certificate", "Class C Certificateholder", "Class C Trust", "Class C Trustee", "Class D Certificate", "Class D Certificateholder", "Class D Trust" and "Class D Trustee" 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 held in the Trust 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 held in the Trust, 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 held in the Trust, 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, 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 held in the Trust, 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 and/or the Second Mortgagee 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 held in the Trust, 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 and/or the Second Mortgagee 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 known to the Trustee, the Trustee shall transmit by mail to the Company, the Loan Trustees, the Second Mortgagee 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 in 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 Loan Trustee or the Second Mortgagee;

(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 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 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 Loan Trustees or the Second Mortgagee 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 the Trustee pursuant to Sections 8.1 and 8.3 of each Financing Agreement.

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 Loan Trustees and the Second Mortgagee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Company, the Authorized Agents, the Loan Trustees, the Trustee and the Second Mortgagee 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 Loan Trustees and the Second Mortgagee.

(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 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 Loan Trustees, the Second Mortgagee 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 Loan Trustees and the Second Mortgagee 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 Loan Trustees and the Second Mortgagee (at their respective addresses 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 Loan Trustees and the Second Mortgagee. 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 Loan Trustees and the Second Mortgagee; 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 and the Financing Agreements 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 and the Financing Agreements;

(c) the execution, delivery and performance by the Trustee of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement and the Financing Agreements (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 and the Financing Agreements 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 and the Financing Agreements 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. The Trustee agrees to act as such withholding agent 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.

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 Intercreeitor Agreement, the Financing Agreements 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 Registration Rights Agreement or the 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 Registration Rights Agreement or the 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 Registration Rights Agreement or the Liquidity Facility; or

(3) to correct or supplement any provision in this Agreement, the Intercreditor Agreement, the Registration Rights Agreement or the 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 Intercreditor Agreement, the Registration Rights Agreement or the Liquidity Facility, provided that any such action shall not materially adversely affect the interests of the Certificateholders; or, as provided in the Intercreditor Agreement, to give effect to or provide for a Replacement Liquidity Facility (as defined in the Intercreditor Agreement); 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 (but shall not be obligated to), 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, the Liquidity Facility, the Registration Rights Agreement or any Financing 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, the Liquidity Facility or the Registration Rights 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 of payments on the Equipment Notes held in the Trust 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 (or as prospective purchaser of any Postponed Notes) 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 Equipment Note, any Financing Document

related thereto 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 (or, with respect to Postponed Notes, a prospective purchaser 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 (or, with respect to Postponed Notes, a prospective purchaser of) such Equipment Note or a Controlling Party and (c) how to vote (or direct the Subordination Agent to vote) any Equipment Note (or, with respect to Postponed Note, its commitment to acquire such Postponed 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 (or Postponed 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 and/or the Second Mortgagee, as the case may be, of such consent (or direct the Subordination Agent to consent and notify the relevant Loan Trustee and/or the Second Mortgagee, as the case may be, of such consent) to any amendment, modification, waiver or supplement under any Equipment Note (or Postponed Note), any

Financing Document related thereto 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 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 execution of this Trust Agreement.

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 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, any Loan Trustee or the Second Mortgagee.

Section 12.04. Governing Law. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND THIS AGREEMENT AND THE CERTIFICATES SHALL BE GOVERNED BY 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.

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. 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: \_\_\_\_\_ /s/  
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Name: Gerald Laderman  
Title: Vice President

WILMINGTON TRUST COMPANY,  
as Trustee

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

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) 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 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.]\*

[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.])\*\*

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\* Not to be included on the face of the Regulation S Global Certificate.

\*\* To be included on the face of each Global Certificate.

## [[REGULATION S] GLOBAL CERTIFICATE]\*

CONTINENTAL AIRLINES PASS THROUGH TRUST, SERIES 1997-2A

7.148% Continental Airlines [Initial] [Exchange]  
 Pass Through Certificate,  
 Series 1997-2A

Final Maturity Date: December 30, 2008

CUSIP/Common Code No. \_\_\_\_\_

evidencing a fractional undivided interest in a trust, the property of which includes certain equipment notes each secured by an Aircraft owned by Continental Airlines, Inc.

\$74,862,000 Fractional Undivided Interest representing  
 .001335791% 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 1997-2A (the "Trust") created pursuant to a Pass Through Trust Agreement, dated as of June 25, 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 "7.148% Continental Airlines [Initial] [Exchange] Pass Through Certificates, Series 1997-2A" (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 the Liquidity Facility (the "Trust Property"). Each issue of the Equipment

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 \* To be included on the face of each Global Certificate.

Notes is secured by, among other things, a security interest in the Aircraft owned by the Company.

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 June 30 and December 30 (a "Regular Distribution Date"), commencing on December 30, 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 June 25, 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 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 (if it is filed), after being declared effective by the SEC, 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 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).]\*

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.

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\* To be included only on each Initial Certificate.

The Certificates are issuable only as registered Certificates without coupons in minimum denominations of [\$100,000]\* [\$1,000]\*\* 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.

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.

THIS CERTIFICATE SHALL BE GOVERNED BY 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.

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\* To be included only on each Initial Certificate.

\*\* To be included only on each Initial Certificate.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated: \_\_\_\_\_, 1997

CONTINENTAL AIRLINES  
PASS THROUGH TRUST, SERIES  
1997-2A

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

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

## [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  
1997-2A, Continental Airlines Pass Through Certificates, Series  
1997-2A (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 1997-2A (the "Trust")  
Pass Through Certificates, Series 1997-2A  
(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 June 25, 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:

## SCHEDULE I

Aircraft Type -----	Aircraft Registration Number -----
Boeing 737-3T0	N12322
Boeing 737-3T0	N10323
Boeing 737-3T0	N14324
Boeing 737-3T0	N69333
Boeing 737-3T0	N14334
Boeing 737-3T0	N14335
McDonnell Douglas MD-82	N12811
McDonnell Douglas MD-82	N15820
McDonnell Douglas MD-82	N18833
McDonnell Douglas MD-82	N10834

PASS THROUGH TRUST AGREEMENT

Dated as of June 25, 1997

between

CONTINENTAL AIRLINES, INC.

and

WILMINGTON TRUST COMPANY,

as Trustee

Continental Airlines Pass Through Trust, Series 1997-2B

7.149% Initial Pass Through Certificates, Series 1997-2B

7.149% Exchange Pass Through Certificates, Series 1997-2B

---

Reconciliation and tie between Continental Airlines Pass Through Trust Agreement, Series 1997-2B dated as of June 25, 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 June 25, 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 1997-2B and the issuance of 7.149% Continental Airlines Pass Through Trust, Series 1997-2B Pass Through Certificates representing fractional undivided interests in the Trust.

## WITNESSETH:

WHEREAS, the Company wishes to purchase the six Boeing 737-3T0 aircraft and four McDonnell Douglas DC-9-82 aircraft listed in Schedule I hereto (the "Aircraft") and to finance the purchase price of each such Aircraft through the issuance pursuant to an Indenture, on a recourse basis, of four series of Equipment Notes relating to such 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;

WHEREAS, pursuant to the terms and conditions of this Agreement and each of the Financing Agreements to be entered into by the Trustee simultaneously with the execution and delivery of this Agreement, the Trustee on behalf of the Trust shall purchase one or more issues of Equipment Notes having the same interest rate as, and final maturity dates not later than the final Regular Distribution Date of, the Certificates issued hereunder and, subject to the Intercreditor Agreement, shall hold such Equipment Notes 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: Has the meaning specified in the first recital to this Agreement.

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 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).

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

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, the Second Mortgagee 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 August 31, 1997.

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

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 Account: Has the meaning specified in Section 2.01(b).

Escrowed Funds: Has the meaning specified in Section 2.01(b).

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 December 30, 2006.

Financing Agreements: Means each of the ten separate Participation Agreements relating to the Aircraft each dated the date hereof, among the Company, the Pass Through Trustee, the Other Trustees, the relevant Loan Trustee, the Second Mortgagee 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.

Financing Documents: With respect to any Equipment Note, means the related Indenture, the Second Mortgage and the related Financing Agreement.

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 ten separate trust indentures and mortgages relating to the Aircraft, 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 and Morgan Stanley & Co. Incorporated.

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 June 25, 1997 among the Trustee, the Other Trustees, the Liquidity Provider, 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.

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

Liquidity Facility: Means, initially, the Revolving Credit Agreement dated as of June 25, 1997 relating to the Certificates, between the Liquidity Provider and the Subordination Agent, as agent and trustee for the Trustee, and, from and after the replacement of such Agreement pursuant to the Intercreditor Agreement, the replacement liquidity facility (or facilities) therefor, in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms.

Liquidity Provider: Means, initially, Kredietbank N.V., acting through its New York Branch, 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 mortgagee under such Indenture, together with any successor to such mortgagee appointed pursuant thereto.

McDonnell Douglas: Means the McDonnell Douglas Corporation.

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

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, (b) in the case of a Loan Trustee, a Responsible Officer of such Loan Trustee or (c) in the case of a Second Mortgagee, a Responsible Officer of such Second Mortgagee.

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 Loan Trustee or Second Mortgagee 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 1997-2 Pass Through Trust Agreements relating to Continental Airlines Pass Through Trust, Series 1997-2A, Continental Airlines Pass Through Trust, Series 1997-2C and Continental Airlines Pass Through Trust, Series 1997-2D, 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.

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.

**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. 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 the Trust and the distribution thereof 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 held in the Trust and the distribution thereof to be made on such Distribution Date.

Postponed Notes: Means any Equipment Notes to be held in the Trust as to which a Postponement Notice shall have been delivered pursuant to Section 2.01(b).

Postponement Notice: Means an Officer's Certificate of the Company (1) requesting that the Trustee temporarily postpone the purchase pursuant to one or more of the Financing Agreements of certain of the Equipment Notes to a date which is later than the Issuance Date, (2) identifying the amount of the purchase price of each such Equipment Note and the aggregate purchase price for all such Equipment Notes and (3) with respect to each such Equipment Note, either (a) setting or resetting a new Transfer Date for payment by the Trustee of such purchase price and issuance of the related Equipment Note (subject to subsequent change from time to time in accordance with the relevant Financing Agreement), or (b) indicating that such new Transfer Date (which shall be on or prior to the Cut-off Date) will be set by subsequent written notice not less than one Business Day prior to such new Transfer Date (subject to subsequent change from time to time in accordance with the relevant Financing Agreement).

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).

**Purchase Agreement:** Means the Purchase Agreement dated June 17, 1997 among the Initial Purchasers and the Company, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**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 June 25, 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).

Responsible Officer: With respect to the Trustee, the Second Mortgagee and any Loan Trustee, means any officer in the Corporate Trust Office of the Trustee, Second Mortgagee or Loan 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 the 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.

Second Mortgage: Means the Second Trust Indenture and Mortgage dated as of the date hereof between the Company and the Loan Trustees.

Second Mortgagee: Means the bank or trust company designated as second mortgagee under the Second Mortgage together with any successor to such second mortgagee appointed pursuant thereto.

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 Payment: Means (i) any payment (other than a Scheduled Payment) in respect of, or any proceeds of, any Equipment Note, the Collateral (as defined in each Indenture) or the Collateral (as defined in the Second Mortgage), (ii) the amounts required to be distributed pursuant to the last paragraph of Section 2.01(b) or (iii) the amounts required to be distributed pursuant to the penultimate paragraph of Section 2.01(b).

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

Specified Investments: Means, with respect to investments to be made with Escrowed Funds pursuant to Section 2.01(b) hereof, (i) obligations of, or guaranteed by, the United States Government or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-2 or its equivalent by Moody's Investors Service, Inc. or at least A-2 or its equivalent by Standard & Poor's Ratings Group, (iii) certificates of deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof having a combined capital and surplus in excess of \$100,000,000, which banks or their holding companies have a short-term deposit rating of P1 by Moody's Investors Service, Inc. or its equivalent by Standard & Poor's Ratings Group; provided, however, that the aggregate amount at any one time so invested in certificates of deposit issued by any one bank shall not exceed 5% of such bank's capital and surplus, (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in clause (iii) above or any subsidiary thereof and (v) repurchase agreements with any financial institution having combined capital and surplus of at least \$100,000,000 with respect to any of the obligations described in clauses (i) through (iv) above as collateral; provided further that if all of the above investments are unavailable, all amounts to be invested may be used to purchase Federal Funds from an entity described in clause (iii) above.

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

Transfer Date: Has the meaning assigned to the term "Closing Date" in each Financing Agreement (as such "Closing Date" may be changed from time to time in accordance with the terms of such Financing Agreement).

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) subject to the Intercreditor Agreement, the Equipment Notes held as the property of the Trust and 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 Escrow Account, 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 such Equipment Note and (iii) all rights of the Trust and the Trustee, on behalf of the Trust, under the Intercreditor Agreement and the Liquidity Facility, 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 Facility.

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 Loan Trustee or the Second Mortgagee to the Trustee to take any action under any provision of this Agreement, the Company, such Loan Trustee or such Second Mortgagee, 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, any Loan Trustee or the Second Mortgagee. 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, any Loan Trustee and the Second Mortgagee, 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 and each of the Financing Agreements 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 Purchase Agreement, the Trustee shall execute, deliver, authenticate, issue and sell Initial Certificates in authorized denominations equaling in the aggregate the amount set forth, with respect to the Certificates, in Schedule II to the 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 Financing Agreements. On the Issuance Date, the Trustee shall purchase, pursuant to the terms and conditions of the Financing Agreements, the Equipment Notes (other than the Postponed Notes) contemplated to be purchased by the Trustee under the Financing Agreements at a purchase price equal to the consideration so received for the Certificates (less the aggregate amount of any Escrowed Funds). 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 prior to the Issuance Date, the Company may deliver to the Trustee a Postponement Notice relating to one or more Postponed Notes. The Trustee shall postpone the purchase of the Postponed Notes from the consideration received from the sale of Certificates and shall promptly deposit funds in an amount equal to the purchase price of such Postponed Notes (the "Escrowed Funds") into an escrow account (the "Escrow Account") with the Trustee to be maintained as a part of the Trust. The portion of Escrowed Funds so deposited with respect to any particular Postponed Notes shall be invested by the Trustee at the direction and risk of the Company in Specified Investments (i) maturing no later than any scheduled Transfer Date relating to such Postponed Notes or (ii) if no such Transfer Date has been scheduled, maturing on the next Business Day, or (iii) if the Company has given notice to the Trustee that such Postponed Notes will not be issued, maturing on the next applicable Special Distribution Date, if such investments are reasonably available for purchase. The Trustee shall make withdrawals from the Escrow Account only as provided in this Agreement. Upon request of the Company on one or more occasions and the satisfaction or waiver of the closing conditions specified in the applicable Financing Agreement on or prior to the Cut-off Date, the Trustee shall purchase the applicable Postponed Notes with Escrowed Funds

withdrawn from the Escrow Account. The purchase price shall equal the principal amount of such Postponed Notes.

The Trustee shall hold all Specified Investments until the maturity thereof and will not sell or otherwise transfer Specified Investments. If Specified Investments held in an Escrow Account mature prior to any applicable Transfer Date, any proceeds received on the maturity of such Specified Investments (including any earnings thereon) shall be reinvested by the Trustee at the direction and risk of the Company in Specified Investments maturing as provided in the preceding paragraph. The Company shall pay to the Trustee for deposit to the Escrow Account an amount equal to any losses on such Specified Investments as incurred.

On the initial Regular Distribution Date, the Company will pay (in immediately available funds) to the Trustee an amount equal to (i) the sum of (A) the interest that would have accrued, at a rate equal to the interest rate applicable to the Certificates, on any Postponed Notes purchased on or prior to the Cut-Off Date if such Postponed Notes had been issued on the Issuance Date, from and including the Issuance Date to but excluding the date of such purchase, and (B) the interest that would have accrued, at a rate equal to the interest rate applicable to the Certificates, on any Postponed Notes not purchased on or prior to the Cut-Off Date (other than any Postponed Notes for which a Special Distribution Date specified in either of the two immediately succeeding paragraphs has occurred on or prior to the initial Regular Distribution Date) if such Postponed Notes had been issued on the Issuance Date, from and including the Issuance Date to but excluding the initial Regular Distribution Date, minus (ii) the earnings on Specified Investments received (with respect to the portion of the Escrow Funds deposited with respect to the Postponed Notes described in sub-clauses (A) and (B) of clause (i) of this paragraph) by the Trustee from and including the Issuance Date to but excluding the initial Regular Distribution Date.

If the Company notifies the Trustee prior to the Cut-off Date that any Postponed Notes will not be issued on or prior to the Cut-off Date for any reason, on the next Special Distribution Date established pursuant to Section 4.02(c) for the distribution to the Certificateholders of Escrowed Funds with respect to the Postponed Notes designated in such notice (i) the Company shall pay to the Trustee for deposit in the Special

Payments Account, in immediately available funds, an amount equal to (A) the interest that would have accrued, on the Postponed Notes designated in such notice, at a rate equal to the interest rate applicable to the Certificates from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date, minus (B) the earnings on Specified Investments received (with respect to the portion of the Escrowed Funds deposited with respect to the Postponed Notes designated in such notice) by the Trustee from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date and (ii) the Trustee shall transfer an amount equal to that amount of Escrowed Funds that would have been used to purchase the Postponed Notes designated in such notice (together with the earnings described in clause (i)(B) of this paragraph above) plus the amount paid by the Company pursuant to clause (i) of this paragraph to the Special Payments Account for distribution as a Special Payment in accordance with the provisions hereof.

If, on the Cut-off Date, an amount equal to less than all of the initial Escrowed Funds (other than Escrowed Funds referred to in the immediately preceding paragraph) has been used to purchase Postponed Notes, on the Special Distribution Date established pursuant to Section 4.02(c) for the distribution to the Certificateholders of Escrowed Funds with respect to all of the Postponed Notes that have not been purchased on or prior to the Cut-off Date (other than any Postponed Notes referred to in the immediately preceding paragraph) (i) the Company shall pay to the Trustee for deposit in the Special Payments Account, in immediately available funds, an amount equal to (A) the interest that would have accrued on Postponed Notes originally contemplated to be purchased with such unused Escrowed Funds (other than Escrowed Funds referred to in the immediately preceding paragraph) but not so purchased at a rate equal to the interest rate applicable to the Certificates from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but

excluding such Special Distribution Date, minus (B) the earnings on Specified Investments received (with respect to the portion of the Escrowed Funds deposited with respect to the Postponed Notes described in this paragraph) by the Trustee from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date and (ii) the Trustee shall transfer such unused Escrowed Funds (together with the earnings described in clause (i)(B) of this paragraph above) and the amount paid by the Company pursuant to the clause (i) of this paragraph to the Special Payments Account for distribution as a Special Payment in accordance with the provisions hereof.

Section 2.02. 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 of the Equipment Notes acquired by the Trust 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 2.03. Limitation of Powers. The Trust is constituted solely for the purpose of making the investment in the Equipment Notes to be held in the Trust, 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 "7.149% Initial Pass Through Certificates, Series 1997-2B" and the Exchange Certificates shall be known as the "7.149% Exchange Pass Through Certificates, Series 1997-2B", 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.

(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 \$25,563,000.

(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 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 clauses (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 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."

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 Initial Certificates in authorized denominations equaling in the aggregate the amount set forth, with respect to the Trust, in Schedule II to the Purchase Agreement, evidencing the entire ownership of the Trust, which amount equals the aggregate principal amount of Equipment Notes which have been or may be purchased by the Trustee pursuant to each Financing Agreement. Thereafter, the Trustee shall duly execute, authenticate and deliver Certificates as herein provided.

(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 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 (including, without limitation, subject to the proviso to this sentence, Exchange Certificates) in authorized denominations and 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 exchanges of Initial Certificates for Exchange Certificates shall occur only after 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) and otherwise only in accordance with the terms of the Exchange Offer. 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, authenticate and deliver 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 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 sentence, 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 such Restricted Legend and otherwise in this Agreement and agrees that it will transfer such Certificate only as provided in such Restricted Legend and otherwise 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 Restricted Legend and otherwise 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 shall 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 Second Mortgagee or the Liquidity Provider, 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."

Without limitation of Section 3.06(f), by acceptance of any Certificate bearing the ERISA Legend, each Holder of such a Certificate acknowledges the restrictions set forth in such ERISA Legend. The Registrar shall refuse to register any transfer of any Certificate in violation of the restrictions set forth in such ERISA 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, 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 such Special Payment, 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 that the Trustee receives a notice from the Company that Postponed Notes will not be purchased pursuant to Section 2.01, such notice of Special Payment shall be mailed as soon as practicable after receipt of such notice from the Company and shall state the Special Distribution Date for such Special Payment, which shall occur 20 days after the date of such notice of Special Payment or (if such 20th day is not practicable) as soon as practicable thereafter. In the event that any Special Payment is to be made pursuant to the last paragraph of Section 2.01(b) hereof, on the Cut-Off Date (or, if such Cut-Off Date is not practicable, as soon as practicable after the Cut-Off Date), notice of such Special Payment shall be mailed stating the Special Distribution Date for such Special Payment, which shall occur 20 days after the date of such notice of such Special Payment (or, if such 20th day is not practicable, as soon as practicable thereafter). 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 premium, if any, payable upon the redemption or purchase of an Equipment Note 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 following information (per \$1,000 face amount Certificate as to (i) and (ii) below):

(i) the amount of such distribution allocable to principal and the amount allocable to premium, if any;

(ii) the amount of such distribution allocable to interest; and

(iii) 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) and (a)(ii) 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).

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. ss. 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 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 Trust 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).

(iii) By acceptance of its Certificate, each Certificateholder agrees that at any time after the occurrence and during the continuation of a Triggering Event, each Class D Certificateholder shall have the right (which shall not expire upon any purchase of the Class A Certificates pursuant to clause (i) above or the purchase of the Class A Certificates and the Certificates pursuant to clause (ii) above) to purchase all, but not less than all, of the Class A Certificates, the Certificates and the Class C Certificates upon ten days' written notice to the Trustee, the Class B Trustee, the Class C Trustee and each other Class D Certificateholder, provided that (A) if prior to the end of such ten-day period any other Class D Certificateholder notifies such purchasing Class D Certificateholder that such other Class D Certificateholder wants to participate in such purchase, then such other Class D Certificateholder may join with the purchasing Certificateholder to purchase all, but not less than all, of the Class A Certificates, the Certificates and the Class C

Certificates pro rata based on the Fractional Undivided Interest in the Class D Trust held by each such Class D Certificateholder and (B) if prior to the end of such ten day period any other Class D Certificateholder fails to notify the purchasing Class D Certificateholder of such other Class D Certificateholder's desire to participate in such a purchase, then such other Class D Certificateholder shall lose its right to purchase the Certificates, the Class B Certificates and the Class C 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 or any other Financing Document or on or in respect of the Certificates; provided, however, if such purchase occurs after a Record Date, such purchase price shall be reduced by the amount to be distributed hereunder on the Distribution Date following such Record Date (which deducted amounts shall remain distributable to, and may be retained by, the Certificateholders 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, the Certificates and the Class C 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) or Class D 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 Intercreditor Agreement, the Liquidity Facility, the Financing Documents and all Certificates 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 Intercreditor Agreement, the Liquidity Facility, the Financing Documents and all such Certificates. 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 Certificateholders 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 Certificate", "Class C Certificateholder", "Class C Trust", "Class C Trustee", "Class D Certificate", "Class D Certificateholder", "Class D Trust" and "Class D Trustee" 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 held in the Trust 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 held in the Trust, 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 held in the Trust, 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, 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 held in the Trust, 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 and/or the Second Mortgagee 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 held in the Trust, 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 and/or the Second Mortgagee 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 willful 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 known to the Trustee, the Trustee shall transmit by mail to the Company, the Loan Trustees, the Second Mortgagee 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 in 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 Loan Trustee or the Second Mortgagee;

(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 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 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 Loan Trustees or the Second Mortgagee 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 the Trustee pursuant to Sections 8.1 and 8.3 of each Financing Agreement.

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 Loan Trustees and the Second Mortgagee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Company, the Authorized Agents, the Loan Trustees, the Trustee and the Second Mortgagee 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 Loan Trustees and the Second Mortgagee.

(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 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 Loan Trustees, the Second Mortgagee 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 Loan Trustees and the Second Mortgagee 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 Loan Trustees and the Second Mortgagee (at their respective addresses 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 Loan Trustees and the Second Mortgagee. 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 Loan Trustees and the Second Mortgagee; 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 and the Financing Agreements 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 and the Financing Agreements;

(c) the execution, delivery and performance by the Trustee of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement and the Financing Agreements (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 and the Financing Agreements 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 and the Financing Agreements 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. The Trustee agrees to act as such withholding agent 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.

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 Financing Agreements 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 Registration Rights Agreement or the 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 Registration Rights Agreement or the 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 Registration Rights Agreement or the Liquidity Facility; or

(3) to correct or supplement any provision in this Agreement, the Intercreditor Agreement, the Registration Rights Agreement or the 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 Intercreditor Agreement, the Registration Rights Agreement or the Liquidity Facility, provided that any such action shall not materially adversely affect the interests of the Certificateholders; or, as provided in the Intercreditor Agreement, to give effect to or provide for a Replacement Liquidity Facility (as defined in the Intercreditor Agreement); 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 (but shall not be obligated to), 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, the Liquidity Facility, the Registration Rights Agreement or any Financing 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, the Liquidity Facility or the Registration Rights 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 of payments on the Equipment Notes held in the Trust 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 (or as prospective purchaser of any Postponed Notes) 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 Equipment Note, any Financing Document related thereto 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 (or, with respect to Postponed Notes, a prospective purchaser 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 (or, with respect to Postponed Notes, a prospective purchaser of) such Equipment Note or a Controlling Party and (c) how to vote (or direct the Subordination Agent to vote) any Equipment Note (or, with respect to Postponed Note, its commitment to acquire such Postponed 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 (or Postponed 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 and/or the Second Mortgagee, as the case may be, of such consent (or direct the Subordination Agent to consent and notify the relevant Loan Trustee and/or the Second Mortgagee, as the case may be, of such consent) to any amendment, modification, waiver or supplement under any Equipment Note (or Postponed Note), any Financing Document related thereto 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 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 execution of this Trust Agreement.

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 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, any Loan Trustee or the Second Mortgagee.

Section 12.04. Governing Law. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND THIS AGREEMENT AND THE CERTIFICATES SHALL BE GOVERNED BY 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.

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. 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: Gerald Laderman  
Title: Vice President

WILMINGTON TRUST COMPANY,  
as Trustee

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

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) 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 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.]\*

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.]\*\*

- -----  
\* Not to be included on the face of the Regulation S Global Certificate.

\*\* To be included on the face of each Global Certificate.

[[REGULATION S] GLOBAL CERTIFICATE]\*

CONTINENTAL AIRLINES PASS THROUGH TRUST, SERIES 1997-2B

7.149% Continental Airlines [Initial] [Exchange]  
Pass Through Certificate,  
Series 1997-2B

Final Maturity Date: December 30, 2006

CUSIP/Common Code No. \_\_\_\_\_

evidencing a fractional undivided interest in a trust, the property of which includes certain equipment notes each secured by an Aircraft owned by Continental Airlines, Inc.

\$25,563,000 Fractional Undivided Interest representing  
.003911904% 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 1997-2B (the "Trust") created pursuant to a Pass Through Trust Agreement, dated as of June 25, 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 "7.149% Continental Airlines [Initial] [Exchange] Pass Through Certificates, Series 1997-2B" (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 the Liquidity Facility (the "Trust Property"). Each issue of the Equipment

- -----  
\* To be included on the face of each Global Certificate.

Notes is secured by, among other things, a security interest in the Aircraft owned by the Company.

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 June 30 and December 30 (a "Regular Distribution Date"), commencing on December 30, 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 June 25, 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 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 (if it is filed), after being declared effective by the SEC, 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 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).]\*

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.

The Certificates are issuable only as registered Certificates without coupons in minimum denominations of [\$100,000]\*\* [\$1,000]\*\*\* 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

\* To be included only on each Initial Certificate.

\*\* To be included only on each Initial Certificate.

\*\*\* To be included only on each Exchange Certificate.

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.

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.

THIS CERTIFICATE SHALL BE GOVERNED BY 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  
1997-2B

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

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

## [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  
1997-2B, Continental Airlines Pass Through Certificates, Series  
1997-2B (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

B-2

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 1997-2B (the "Trust")  
Pass Through Certificates, Series 1997-2B  
(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 June 25, 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:

## SCHEDULE I

Aircraft Type -----	Aircraft Registration Number -----
Boeing 737-3T0	N12322
Boeing 737-3T0	N10323
Boeing 737-3T0	N14324
Boeing 737-3T0	N69333
Boeing 737-3T0	N14334
Boeing 737-3T0	N14335
McDonnell Douglas MD-82	N12811
McDonnell Douglas MD-82	N15820
McDonnell Douglas MD-82	N18833
McDonnell Douglas MD-82	N10834

-----  
PASS THROUGH TRUST AGREEMENT

Dated as of June 25, 1997

between

CONTINENTAL AIRLINES, INC.

and

WILMINGTON TRUST COMPANY,

as Trustee

Continental Airlines Pass Through Trust, Series 1997-2C

7.206% Initial Pass Through Certificates, Series 1997-2C

7.206% Exchange Pass Through Certificates, Series 1997-2C  
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Reconciliation and tie between Continental Airlines Pass Through Trust Agreement, Series 1997-2C dated as of June 25, 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 June 25, 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 1997-2C and the issuance of 7.206% Continental Airlines Pass Through Trust, Series 1997-2C Pass Through Certificates representing fractional undivided interests in the Trust.

## WITNESSETH:

WHEREAS, the Company wishes to purchase the six Boeing 737-3T0 aircraft and four McDonnell Douglas DC-9-82 aircraft listed in Schedule I hereto (the "Aircraft") and to finance the purchase price of each such Aircraft through the issuance pursuant to an Indenture, on a recourse basis, of four series of Equipment Notes relating to such 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;

WHEREAS, pursuant to the terms and conditions of this Agreement and each of the Financing Agreements to be entered into by the Trustee simultaneously with the execution and delivery of this Agreement, the Trustee on behalf of the Trust shall purchase one or more issues of Equipment Notes having the same interest rate as, and final maturity dates not later than the final Regular Distribution Date of, the Certificates issued hereunder and, subject to the Intercreditor Agreement, shall hold such Equipment Notes 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:** Has the meaning specified in the first recital to this Agreement.

**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 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).

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

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, the Second Mortgagee 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 August 31, 1997.

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

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 Account: Has the meaning specified in Section 2.01(b).

Escrowed Funds: Has the meaning specified in Section 2.01(b).

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 December 30, 2005.

Financing Agreements: Means each of the ten separate Participation Agreements relating to the Aircraft each dated the date hereof, among the Company, the Pass Through Trustee, the Other Trustees, the relevant Loan Trustee, the Second Mortgagee 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.

Financing Documents: With respect to any Equipment Note, means the related Indenture, the Second Mortgage and the related Financing Agreement.

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 ten separate trust indentures and mortgages relating to the Aircraft, 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 and Morgan Stanley & Co. Incorporated.

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 June 25, 1997 among the Trustee, the Other Trustees, the Liquidity Provider, 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.

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

Liquidity Facility: Means, initially, the Revolving Credit Agreement dated as of June 25, 1997 relating to the Certificates, between the Liquidity Provider and the Subordination Agent, as agent and trustee for the Trustee, and, from and after the replacement of such Agreement pursuant to the Intercreditor Agreement, the replacement liquidity facility (or facilities) therefor, in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms.

Liquidity Provider: Means, initially, Kredietbank N.V., acting through its New York Branch, 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 mortgagee under such Indenture, together with any successor to such mortgagee appointed pursuant thereto.

McDonnell Douglas: Means the McDonnell Douglas Corporation.

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

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, (b) in the case of a Loan Trustee, a Responsible Officer of such Loan Trustee or (c) in the case of a Second Mortgagee, a Responsible Officer of such Second Mortgagee.

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 Loan Trustee or Second Mortgagee 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 1997-2 Pass Through Trust Agreements relating to Continental Airlines Pass Through Trust, Series 1997-2A, Continental Airlines Pass Through Trust, Series 1997-2B and Continental Airlines Pass Through Trust, Series 1997-2D, 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.

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.

**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. 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 the Trust and the distribution thereof 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 held in the Trust and the distribution thereof to be made on such Distribution Date.

Postponed Notes: Means any Equipment Notes to be held in the Trust as to which a Postponement Notice shall have been delivered pursuant to Section 2.01(b).

Postponement Notice: Means an Officer's Certificate of the Company (1) requesting that the Trustee temporarily postpone the purchase pursuant to one or more of the Financing Agreements of certain of the Equipment Notes to a date which is later than the Issuance Date, (2) identifying the amount of the purchase price of each such Equipment Note and the aggregate purchase price for all such Equipment Notes and (3) with respect to each such Equipment Note, either (a) setting or resetting a new Transfer Date for payment by the Trustee of such purchase price and issuance of the related Equipment Note (subject to subsequent change from time to time in accordance with the relevant Financing Agreement), or (b) indicating that such new Transfer Date (which shall be on or prior to the Cut-off Date) will be set by subsequent written notice not less than one Business Day prior to such new Transfer Date (subject to subsequent change from time to time in accordance with the relevant Financing Agreement).

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).

Purchase Agreement: Means the Purchase Agreement dated June 17, 1997 among the Initial Purchasers and the Company, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

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 June 25, 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).

Responsible Officer: With respect to the Trustee, the Second Mortgagee and any Loan Trustee, means any officer in the Corporate Trust Office of the Trustee, Second Mortgagee or Loan 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 the 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.

Second Mortgage: Means the Second Trust Indenture and Mortgage dated as of the date hereof between the Company and the Loan Trustees.

Second Mortgagee: Means the bank or trust company designated as second mortgagee under the Second Mortgage together with any successor to such second mortgagee appointed pursuant thereto.

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 Payment: Means (i) any payment (other than a Scheduled Payment) in respect of, or any proceeds of, any Equipment Note, the Collateral (as defined in each

Indenture) or the Collateral (as defined in the Second Mortgage), (ii) the amounts required to be distributed pursuant to the last paragraph of Section 2.01(b) or (iii) the amounts required to be distributed pursuant to the penultimate paragraph of Section 2.01(b).

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

Specified Investments: Means, with respect to investments to be made with Escrowed Funds pursuant to Section 2.01(b) hereof, (i) obligations of, or guaranteed by, the United States Government or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-2 or its equivalent by Moody's Investors Service, Inc. or at least A-2 or its equivalent by Standard & Poor's Ratings Group, (iii) certificates of deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof having a combined capital and surplus in excess of \$100,000,000, which banks or their holding companies have a short-term deposit rating of P1 by Moody's Investors Service, Inc. or its equivalent by Standard & Poor's Ratings Group; provided, however, that the aggregate amount at any one time so invested in certificates of deposit issued by any one bank shall not exceed 5% of such bank's capital and surplus, (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in clause (iii) above or any subsidiary thereof and (v) repurchase agreements with any financial institution having combined capital and surplus of at least \$100,000,000 with respect to any of the obligations described in clauses (i) through (iv) above as collateral; provided further that if all of the above investments are unavailable, all amounts to be invested may be used to purchase Federal Funds from an entity described in clause (iii) above.

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

Transfer Date: Has the meaning assigned to the term "Closing

Date" in each Financing Agreement (as such "Closing Date" may be changed from time to time in accordance with the terms of such Financing Agreement).

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) subject to the Intercreditor Agreement, the Equipment Notes held as the property of the Trust and 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 Escrow Account, 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 such Equipment Note and (iii) all rights of the Trust and the Trustee, on behalf of the Trust, under the Intercreditor Agreement and the Liquidity Facility, 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 Facility.

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 Loan Trustee or the Second Mortgagee to the Trustee to take any action under any provision of this Agreement, the Company, such Loan Trustee or such Second Mortgagee, 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, any Loan Trustee or the Second Mortgagee. 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, any Loan Trustee and the Second Mortgagee, 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 and each of the Financing Agreements 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 Purchase Agreement, the Trustee shall execute, deliver, authenticate, issue and sell Initial Certificates in authorized denominations equaling in the aggregate the amount set forth, with respect to the Certificates, in Schedule II to the 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 Financing Agreements. On the Issuance Date, the Trustee shall purchase, pursuant to the terms and conditions of the Financing Agreements, the Equipment Notes (other than the Postponed Notes) contemplated to be purchased by the Trustee under the Financing Agreements at a purchase price equal to the consideration so received for the Certificates (less the aggregate amount of any Escrowed Funds). 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 prior to the Issuance Date, the Company may deliver to the Trustee a Postponement Notice relating to one or more Postponed Notes. The Trustee shall postpone the purchase of the Postponed Notes from the consideration received from the sale of Certificates and shall promptly deposit funds in an amount equal to the purchase price of such Postponed Notes (the "Escrowed Funds") into an escrow account (the "Escrow Account") with the Trustee to be maintained as a part of the Trust. The portion of Escrowed Funds so deposited with respect to any particular Postponed Notes shall be invested by the Trustee at the direction and risk of the Company in Specified Investments (i) maturing no later than any scheduled Transfer Date relating to such Postponed Notes or (ii) if no such Transfer Date has been scheduled, maturing on the next Business Day, or (iii) if the

Company has given notice to the Trustee that such Postponed Notes will not be issued, maturing on the next applicable Special Distribution Date, if such investments are reasonably available for purchase. The Trustee shall make withdrawals from the Escrow Account only as provided in this Agreement. Upon request of the Company on one or more occasions and the satisfaction or waiver of the closing conditions specified in the applicable Financing Agreement on or prior to the Cut-off Date, the Trustee shall purchase the applicable Postponed Notes with Escrowed Funds withdrawn from the Escrow Account. The purchase price shall equal the principal amount of such Postponed Notes.

The Trustee shall hold all Specified Investments until the maturity thereof and will not sell or otherwise transfer Specified Investments. If Specified Investments held in an Escrow Account mature prior to any applicable Transfer Date, any proceeds received on the maturity of such Specified Investments (including any earnings thereon) shall be reinvested by the Trustee at the direction and risk of the Company in Specified Investments maturing as provided in the preceding paragraph. The Company shall pay to the Trustee for deposit to the Escrow Account an amount equal to any losses on such Specified Investments as incurred.

On the initial Regular Distribution Date, the Company will pay (in immediately available funds) to the Trustee an amount equal to (i) the sum of (A) the interest that would have accrued, at a rate equal to the interest rate applicable to the Certificates, on any Postponed Notes purchased on or prior to the Cut-Off Date if such Postponed Notes had been issued on the Issuance Date, from and including the Issuance Date to but excluding the date of such purchase, and (B) the interest that would have accrued, at a rate equal to the interest rate applicable to the Certificates, on any Postponed Notes not purchased on or prior to the Cut-Off Date (other than any Postponed Notes for which a Special Distribution Date specified in either of the two immediately succeeding paragraphs has occurred on or prior to the initial Regular Distribution Date) if such Postponed Notes had been issued on the Issuance Date, from and including the Issuance Date to but excluding the initial Regular Distribution Date, minus (ii) the earnings on Specified Investments received (with respect to the portion of the Escrow Funds deposited with respect to the Postponed Notes described in sub-clauses (A) and (B) of clause (i) of this paragraph) by the

Trustee from and including the Issuance Date to but excluding the initial Regular Distribution Date.

If the Company notifies the Trustee prior to the Cut-off Date that any Postponed Notes will not be issued on or prior to the Cut-off Date for any reason, on the next Special Distribution Date established pursuant to Section 4.02(c) for the distribution to the Certificateholders of Escrowed Funds with respect to the Postponed Notes designated in such notice (i) the Company shall pay to the Trustee for deposit in the Special Payments Account, in immediately available funds, an amount equal to (A) the interest that would have accrued, on the Postponed Notes designated in such notice, at a rate equal to the interest rate applicable to the Certificates from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date, minus (B) the earnings on Specified Investments received (with respect to the portion of the Escrowed Funds deposited with respect to the Postponed Notes designated in such notice) by the Trustee from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date and (ii) the Trustee shall transfer an amount equal to that amount of Escrowed Funds that would have been used to purchase the Postponed Notes designated in such notice (together with the earnings described in clause (i)(B) of this paragraph above) plus the amount paid by the Company pursuant to clause (i) of this paragraph to the Special Payments Account for distribution as a Special Payment in accordance with the provisions hereof.

If, on the Cut-off Date, an amount equal to less than all of the initial Escrowed Funds (other than Escrowed Funds referred to in the immediately preceding paragraph) has been used to purchase Postponed Notes, on the Special Distribution Date established pursuant to Section 4.02(c) for the distribution to the Certificateholders of Escrowed Funds with respect to all of the Postponed Notes that have not been purchased on or prior to the Cut-off Date (other than any Postponed Notes referred to in the immediately preceding paragraph) (i) the Company shall pay to the Trustee for deposit in the Special Payments Account, in

immediately available funds, an amount equal to (A) the interest that would have accrued on Postponed Notes originally contemplated to be purchased with such unused Escrowed Funds (other than Escrowed Funds referred to in the immediately preceding paragraph) but not so purchased at a rate equal to the interest rate applicable to the Certificates from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date, minus (B) the earnings on Specified Investments received (with respect to the portion of the Escrowed Funds deposited with respect to the Postponed Notes described in this paragraph) by the Trustee from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date and (ii) the Trustee shall transfer such unused Escrowed Funds (together with the earnings described in clause (i)(B) of this paragraph above) and the amount paid by the Company pursuant to the clause (i) of this paragraph to the Special Payments Account for distribution as a Special Payment in accordance with the provisions hereof.

Section 2.02. 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 of the Equipment Notes acquired by the Trust 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 2.03. Limitation of Powers. The Trust is constituted solely for the purpose of making the investment in the Equipment Notes to be held in the Trust, 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 "7.206% Initial Pass Through Certificates, Series 1997-2C" and the Exchange Certificates shall be known as the "7.206% Exchange Pass Through Certificates, Series 1997-2C", 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.

(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 \$27,206,000.

(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 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 clauses (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 Initial Certificates in authorized denominations equaling in the aggregate the amount set forth, with respect to the Trust, in Schedule II to the Purchase Agreement, evidencing the entire ownership of the Trust, which amount equals the aggregate principal amount of Equipment Notes which have been or may be purchased by the Trustee pursuant to each Financing Agreement. Thereafter, the Trustee shall duly execute, authenticate and deliver Certificates as herein provided.

(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 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 (including, without limitation, subject to the proviso to this sentence, Exchange Certificates) in authorized denominations and 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 exchanges of Initial Certificates for Exchange Certificates shall occur only after 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) and otherwise only in accordance with the terms of the Exchange Offer. 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, authenticate and deliver 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 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 sentence, 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 such Restricted Legend and otherwise in this Agreement and agrees that it will transfer such Certificate only as provided in such Restricted Legend and otherwise 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 Restricted Legend and otherwise 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 shall 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 Second Mortgagee or the

Liquidity Provider, 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."

Without limitation of Section 3.06(f), by acceptance of any Certificate bearing the ERISA Legend, each Holder of such a Certificate acknowledges the restrictions set forth in such ERISA Legend. The Registrar shall refuse to register any transfer of any Certificate in violation of the restrictions set forth in such ERISA 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, 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 such Special Payment, 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 that the Trustee receives a notice from the Company that Postponed Notes will not be purchased pursuant to Section 2.01, such notice of Special Payment shall be mailed as soon as practicable after receipt of such notice from the Company and shall state the Special Distribution Date for such Special Payment, which shall occur 20 days after the date of such notice of Special Payment or (if such 20th day is not practicable) as soon as practicable thereafter. In the event that any Special Payment is to be made pursuant to the last paragraph of Section 2.01(b) hereof, on the Cut-Off Date (or, if such Cut-Off Date is not practicable, as soon as practicable after the Cut-Off Date), notice of such Special Payment shall be mailed stating the Special Distribution Date for such Special Payment, which shall occur 20 days after the date of such notice of such Special Payment (or, if such 20th day is not practicable, as soon as practicable thereafter). 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 premium, if any, payable upon the redemption or purchase of an Equipment Note 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 following information (per \$1,000 face amount Certificate as to (i) and (ii) below):

- (i) the amount of such distribution allocable to principal and the amount allocable to premium, if any;
- (ii) the amount of such distribution allocable to interest; and
- (iii) 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) and (a)(ii) 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).

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. ss. 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 Class D Certificateholder shall have the right (which shall not expire upon any purchase of the Class A Certificates pursuant to the Class B Trust Agreement or the purchase of the Class A Certificates and the Class B Certificates pursuant to paragraph (i) above) to purchase all, but not less than all, of the Class A Certificates, the Class B Certificates and the Certificates upon ten days' written notice to the Class A Trustee, the Class B Trustee, the Trustee and each other Class D Certificateholder, provided that (A) if prior to the end of such ten-day period any other Class D Certificateholder notifies such purchasing Class D Certificateholder that such other Class D Certificateholder wants to participate in such purchase, then such other Class D Certificateholder may join with the purchasing Class D Certificateholder to purchase all, but not less than all, of the Class A Certificates, the Class B Certificates and the Certificates pro rata based on the Fractional Undivided Interest in the Class D Trust held by each such Class D Certificateholder and (B) if prior to the end of such ten-day period any other Class D Certificateholder fails to notify the purchasing Class D Certificateholder of such other Class D Certificateholder's desire to participate in such a purchase, then such other Class D Certificateholder shall lose its right to purchase the Class A Certificates, the Class B 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 or any other Financing Document or on or in respect of the Certificates; provided, however, if such purchase occurs after a Record Date, such purchase price shall be reduced by the amount to be distributed hereunder on the Distribution Date following such Record Date (which deducted amounts shall remain distributable to, and may be retained by, the Certificateholders 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, the Class B 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 D 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 Intercreditor Agreement, the Liquidity Facility, the Financing Documents and all Certificates 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 Intercreditor Agreement, the Liquidity Facility, the Financing Documents and all such Certificates. 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 Certificateholders 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 B Certificate", "Class B Trust Agreement", "Class B Trustee", "Class D Certificateholder" and "Class D 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 held in the Trust 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 held in the Trust, 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 held in the Trust, 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, 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 held in the Trust, 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 and/or the Second Mortgagee 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 held in the Trust, 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 and/or the Second Mortgagee 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 willful 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 known to the Trustee, the Trustee shall transmit by mail to the Company, the Loan Trustees, the Second Mortgagee 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 in 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 Loan Trustee or the Second Mortgagee;

(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 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 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 Loan Trustees or the Second Mortgagee 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 the Trustee pursuant to Sections 8.1 and 8.3 of each Financing Agreement.

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 Loan Trustees and the Second Mortgagee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Company, the Authorized Agents, the Loan Trustees, the Trustee and the Second Mortgagee 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 Loan Trustees and the Second Mortgagee.

(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 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 Loan Trustees, the Second Mortgagee 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 Loan Trustees and the Second Mortgagee 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 Loan Trustees and the Second Mortgagee (at their respective addresses 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 Loan Trustees and the Second Mortgagee. 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 Loan Trustees and the Second Mortgagee; 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 and the Financing Agreements 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 and the Financing Agreements;

(c) the execution, delivery and performance by the Trustee of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement and the Financing Agreements (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 and the Financing Agreements 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 and the Financing Agreements 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. The Trustee agrees to act as such withholding agent 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.

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 Financing Agreements 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 Registration Rights Agreement or

the 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 Registration Rights Agreement or the 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 Registration Rights Agreement or the Liquidity Facility; or

(3) to correct or supplement any provision in this Agreement, the Intercreditor Agreement, the Registration Rights Agreement or the 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 Intercreditor Agreement, the Registration Rights Agreement or the Liquidity Facility, provided that any such action shall not materially adversely affect the interests of the Certificateholders; or, as provided in the Intercreditor Agreement, to give effect to or provide for a Replacement Liquidity Facility (as defined in the Intercreditor Agreement); 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 (but shall not be obligated to), 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, the Liquidity Facility, the Registration Rights Agreement or any Financing 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, the Liquidity Facility or the Registration Rights 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 of payments on the Equipment Notes held in the Trust 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 (or as prospective purchaser of any Postponed Notes) 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 Equipment Note, any Financing Document related thereto 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 (or, with respect to Postponed Notes, a prospective purchaser 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 (or, with respect to Postponed Notes, a prospective purchaser of) such Equipment Note or a Controlling Party and (c) how to vote (or direct the Subordination Agent to vote) any Equipment Note (or, with respect to Postponed Note, its commitment to acquire such Postponed 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 (or Postponed 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 and/or the Second Mortgagee, as the case may be, of such consent (or direct the Subordination Agent to consent and notify the relevant Loan Trustee and/or the Second Mortgagee, as the case may be, of such consent) to any amendment, modification, waiver or supplement under any Equipment Note (or Postponed Note), any Financing Document related thereto 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 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 execution of this Trust Agreement.

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 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, any Loan Trustee or the Second Mortgagee.

Section 12.04. Governing Law. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND THIS AGREEMENT AND THE CERTIFICATES SHALL BE GOVERNED BY 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.

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. 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: Gerald Laderman  
Title: Vice President

WILMINGTON TRUST COMPANY,  
as Trustee

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

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 REGULATIONS 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.]\*

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.]\*\*

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\* Not to be included on the face of the Regulation S Global Certificate.

\*\* To be included on the face of each Global Certificate.

[[REGULATION S] GLOBAL CERTIFICATE]\*

CONTINENTAL AIRLINES PASS THROUGH TRUST, SERIES 1997-2C

7.206% Continental Airlines [Initial] [Exchange]

Pass Through Certificate,

Series 1997-2C

Final Maturity Date: December 30, 2005

CUSIP/Common Code No. \_\_\_\_\_

evidencing a fractional undivided interest in a trust, the property of which includes certain equipment notes each secured by an Aircraft owned by Continental Airlines, Inc.

\$27,206,000 Fractional Undivided Interest representing  
.003675660% 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 1997-2C (the "Trust") created pursuant to a Pass Through Trust Agreement, dated as of June 25, 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 "7.206% Continental Airlines [Initial] [Exchange] Pass Through Certificates, Series 1997-2C" (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

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\* To be included on the face of each Global Certificate.

payments under the Intercreditor Agreement and the Liquidity Facility (the "Trust Property"). Each issue of the Equipment Notes is secured by, among other things, a security interest in the Aircraft owned by the Company.

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 June 30 and December 30 (a "Regular Distribution Date"), commencing on December 30, 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 June 25, 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 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 (if it is filed), after being declared effective by the SEC, 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 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).]\*

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.

The Certificates are issuable only as registered Certificates without coupons in minimum denominations of

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\* To be included only on each Initial Certificate.

[\$100,000]\*\* [\$1,000]\*\*\* 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.

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.

THIS CERTIFICATE SHALL BE GOVERNED BY 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.

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\*\* To be included only on each Initial Certificate.

\*\*\* To be included only on each Exchange Certificate.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated: \_\_\_\_\_, 1997

CONTINENTAL AIRLINES  
PASS THROUGH TRUST, SERIES  
1997-2C

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

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

## [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]  
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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  
1997-2C, Continental Airlines Pass Through Certificates, Series  
1997-2C (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 1997-2C (the "Trust")  
Pass Through Certificates, Series 1997-2C  
(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 June 25, 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:

## SCHEDULE I

Aircraft Type -----	Aircraft Registration Number -----
Boeing 737-3T0	N12322
Boeing 737-3T0	N10323
Boeing 737-3T0	N14324
Boeing 737-3T0	N69333
Boeing 737-3T0	N14334
Boeing 737-3T0	N14335
McDonnell Douglas MD-82	N12811
McDonnell Douglas MD-82	N15820
McDonnell Douglas MD-82	N18833
McDonnell Douglas MD-82	N10834

-----  
PASS THROUGH TRUST AGREEMENT

Dated as of June 25, 1997

between

CONTINENTAL AIRLINES, INC.

and

WILMINGTON TRUST COMPANY,

as Trustee

Continental Airlines Pass Through Trust, Series 1997-2D

7.522% Initial Pass Through Certificates, Series 1997-2D

7.522% Exchange Pass Through Certificates, Series 1997-2D  
-----

Reconciliation and tie between Continental Airlines Pass Through Trust Agreement, Series 1997-2D dated as of June 25, 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 June 25, 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 1997-2D and the issuance of 7.522% Continental Airlines Pass Through Trust, Series 1997-2D Pass Through Certificates representing fractional undivided interests in the Trust.

## WITNESSETH:

WHEREAS, the Company wishes to purchase the six Boeing 737-3T0 aircraft and four McDonnell Douglas DC-9-82 aircraft listed in Schedule I hereto (the "Aircraft") and to finance the purchase price of each such Aircraft through the issuance pursuant to an Indenture, on a recourse basis, of four series of Equipment Notes relating to such 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;

WHEREAS, pursuant to the terms and conditions of this Agreement and each of the Financing Agreements to be entered into by the Trustee simultaneously with the execution and delivery of this Agreement, the Trustee on behalf of the Trust shall purchase one or more issues of Equipment Notes having the same interest rate as, and final maturity dates not later than the final Regular Distribution Date of, the Certificates issued hereunder and, subject to the Intercreditor Agreement, shall hold such Equipment Notes 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: Has the meaning specified in the first recital to this Agreement.

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 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).

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

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, the Second Mortgagee 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 August 31, 1997.

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

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 Account: Has the meaning specified in Section 2.01(b).

Escrowed Funds: Has the meaning specified in Section 2.01(b).

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 June 30, 2001.

Financing Agreements: Means each of the ten separate Participation Agreements relating to the Aircraft each dated the date hereof, among the Company, the Pass Through Trustee, the Other Trustees, the relevant Loan Trustee, the Second Mortgagee 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.

Financing Documents: With respect to any Equipment Note, means the related Indenture, the Second Mortgage and the related Financing Agreement.

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 ten separate trust indentures and mortgages relating to the Aircraft, 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 and Morgan Stanley & Co. Incorporated.

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 June 25, 1997 among the Trustee, the Other Trustees, the Liquidity Provider, 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.

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

Liquidity Facility: Means, initially, the Revolving Credit Agreement dated as of June 25, 1997 relating to the Certificates, between the Liquidity Provider and the Subordination Agent, as agent and trustee for the Trustee, and, from and after the replacement of such Agreement pursuant to the Intercreditor Agreement, the replacement liquidity facility (or facilities) therefor, in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms.

Liquidity Provider: Means, initially, Kredietbank N.V., acting through its New York Branch, 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 mortgagee under such Indenture, together with any successor to such mortgagee appointed pursuant thereto.

McDonnell Douglas: Means the McDonnell Douglas Corporation.

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

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, (b) in the case of a Loan Trustee, a Responsible Officer of such Loan Trustee or (c) in the case of a Second Mortgagee, a Responsible Officer of such Second Mortgagee.

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 Loan Trustee or Second Mortgagee 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 1997-2 Pass Through Trust Agreements relating to Continental Airlines Pass Through Trust, Series 1997-2A, Continental Airlines Pass Through Trust, Series 1997-2B and Continental Airlines Pass Through Trust, Series 1997-2C, 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.

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.

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. 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 the Trust and the distribution thereof 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 held in the Trust and the distribution thereof to be made on such Distribution Date.

Postponed Notes: Means any Equipment Notes to be held in the Trust as to which a Postponement Notice shall have been delivered pursuant to Section 2.01(b).

Postponement Notice: Means an Officer's Certificate of the Company (1) requesting that the Trustee temporarily postpone the purchase pursuant to one or more of the Financing Agreements of certain of the Equipment Notes to a date which is later than the Issuance Date, (2) identifying the amount of the purchase price of each such Equipment Note and the aggregate purchase price for all such Equipment Notes and (3) with respect to each such Equipment Note, either (a) setting or resetting a new Transfer Date for payment by the Trustee of such purchase price and issuance of the related Equipment Note (subject to subsequent change from time to time in accordance with the relevant Financing Agreement), or (b) indicating that such new Transfer Date (which shall be on or prior to the Cut-off Date) will be set by subsequent written notice not less than one Business Day prior to such new Transfer Date (subject to subsequent change from time to time in accordance with the relevant Financing Agreement).

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).

**Purchase Agreement:** Means the Purchase Agreement dated June 17, 1997 among the Initial Purchasers and the Company, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**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 June 25, 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).

Responsible Officer: With respect to the Trustee, the Second Mortgagee and any Loan Trustee, means any officer in the Corporate Trust Office of the Trustee, Second Mortgagee or Loan 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 the 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.

**Second Mortgage:** Means the Second Trust Indenture and Mortgage dated as of the date hereof between the Company and the Loan Trustees.

**Second Mortgagee:** Means the bank or trust company designated as second mortgagee under the Second Mortgage together with any successor to such second mortgagee appointed pursuant thereto.

**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 Payment:** Means (i) any payment (other than a Scheduled Payment) in respect of, or any proceeds of, any Equipment Note, the Collateral (as defined in each Indenture) or the Collateral (as defined in the Second Mortgage), (ii) the amounts required to be distributed pursuant to the last paragraph of Section 2.01(b) or (iii) the amounts required to be distributed pursuant to the penultimate paragraph of Section 2.01(b).

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

**Specified Investments:** Means, with respect to investments to be made with Escrowed Funds pursuant to Section 2.01(b) hereof, (i) obligations of, or guaranteed by, the United States Government or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-2 or its equivalent by Moody's Investors Service, Inc. or at least A-2 or its equivalent by Standard & Poor's Ratings Group, (iii) certificates of

deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof having a combined capital and surplus in excess of \$100,000,000, which banks or their holding companies have a short-term deposit rating of P1 by Moody's Investors Service, Inc. or its equivalent by Standard & Poor's Ratings Group; provided, however, that the aggregate amount at any one time so invested in certificates of deposit issued by any one bank shall not exceed 5% of such bank's capital and surplus, (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in clause (iii) above or any subsidiary thereof and (v) repurchase agreements with any financial institution having combined capital and surplus of at least \$100,000,000 with respect to any of the obligations described in clauses (i) through (iv) above as collateral; provided further that if all of the above investments are unavailable, all amounts to be invested may be used to purchase Federal Funds from an entity described in clause (iii) above.

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

Transfer Date: Has the meaning assigned to the term "Closing Date" in each Financing Agreement (as such "Closing Date" may be changed from time to time in accordance with the terms of such Financing Agreement).

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) subject to the Intercreditor Agreement, the Equipment Notes held as the property of the Trust and 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 Escrow Account, 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 such Equipment Note and (iii) all rights of the Trust and the Trustee, on behalf of the Trust, under the Intercreditor Agreement and the Liquidity Facility, 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 Facility.

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 Loan Trustee or the Second Mortgagee to the Trustee to take any action under any provision of this Agreement, the Company, such Loan Trustee or such Second Mortgagee, 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, any Loan Trustee or the Second Mortgagee. 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, any Loan Trustee and the Second Mortgagee, 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 and each of the Financing Agreements 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 Purchase Agreement, the Trustee shall execute, deliver, authenticate, issue and sell Initial Certificates in authorized denominations equalling in the aggregate the amount set forth, with respect to the Certificates, in Schedule II to the 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 Financing Agreements. On the Issuance Date, the Trustee shall purchase, pursuant to the terms and conditions of the Financing Agreements, the Equipment Notes (other than the Postponed Notes) contemplated to be purchased by the Trustee under the Financing Agreements at a purchase price equal to the consideration so received for the Certificates (less the aggregate amount of any Escrowed Funds). 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 prior to the Issuance Date, the Company may deliver to the Trustee a Postponement Notice relating to one or more Postponed Notes. The Trustee shall postpone the purchase of the Postponed Notes from the consideration received from the sale of Certificates and shall promptly deposit funds in an amount equal to the purchase price of such Postponed Notes (the "Escrowed Funds") into an escrow account (the "Escrow Account") with the Trustee to be maintained as a part of the Trust. The portion of Escrowed Funds so deposited with respect to any particular Postponed Notes shall be invested by the Trustee at

the direction and risk of the Company in Specified Investments (i) maturing no later than any scheduled Transfer Date relating to such Postponed Notes or (ii) if no such Transfer Date has been scheduled, maturing on the next Business Day, or (iii) if the Company has given notice to the Trustee that such Postponed Notes will not be issued, maturing on the next applicable Special Distribution Date, if such investments are reasonably available for purchase. The Trustee shall make withdrawals from the Escrow Account only as provided in this Agreement. Upon request of the Company on one or more occasions and the satisfaction or waiver of the closing conditions specified in the applicable Financing Agreement on or prior to the Cut-off Date, the Trustee shall purchase the applicable Postponed Notes with Escrowed Funds withdrawn from the Escrow Account. The purchase price shall equal the principal amount of such Postponed Notes.

The Trustee shall hold all Specified Investments until the maturity thereof and will not sell or otherwise transfer Specified Investments. If Specified Investments held in an Escrow Account mature prior to any applicable Transfer Date, any proceeds received on the maturity of such Specified Investments (including any earnings thereon) shall be reinvested by the Trustee at the direction and risk of the Company in Specified Investments maturing as provided in the preceding paragraph. The Company shall pay to the Trustee for deposit to the Escrow Account an amount equal to any losses on such Specified Investments as incurred.

On the initial Regular Distribution Date, the Company will pay (in immediately available funds) to the Trustee an amount equal to (i) the sum of (A) the interest that would have accrued, at a rate equal to the interest rate applicable to the Certificates, on any Postponed Notes purchased on or prior to the Cut-Off Date if such Postponed Notes had been issued on the Issuance Date, from and including the Issuance Date to but excluding the date of such purchase, and (B) the interest that would have accrued, at a rate equal to the interest rate applicable to the Certificates, on any Postponed Notes not purchased on or prior to the Cut-Off Date (other than any Postponed Notes for which a Special Distribution Date specified in either of the two immediately succeeding paragraphs has occurred on or prior to the initial Regular Distribution Date) if such Postponed Notes had been issued on the Issuance Date, from and including the Issuance Date to but excluding the initial Regular Distribution Date, minus (ii) the earnings on Specified Investments received (with respect to the portion of the Escrow Funds deposited with respect to the Postponed Notes described in sub-clauses (A) and (B) of clause (i) of this paragraph) by the Trustee from and including the Issuance Date to but excluding the initial Regular Distribution Date.

If the Company notifies the Trustee prior to the Cut-off Date that any Postponed Notes will not be issued on or prior to the Cut-off Date for any reason, on the next Special Distribution Date established pursuant to Section 4.02(c) for the distribution to the Certificateholders of Escrowed Funds with respect to the Postponed Notes designated in such notice (i) the Company shall pay to the Trustee for deposit in the Special Payments Account, in immediately available funds, an amount equal to (A) the interest that would have accrued, on the Postponed Notes designated in such notice, at a rate equal to the interest rate applicable to the Certificates from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date, minus (B) the earnings on Specified Investments received (with respect to the portion of the Escrowed Funds deposited with respect to the Postponed Notes designated in such notice) by the Trustee from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date and (ii) the Trustee shall transfer an amount equal to that amount of Escrowed Funds that would have been used to purchase the Postponed Notes designated in such notice (together with the earnings described in clause (i)(B) of this paragraph above) plus the amount paid by the Company pursuant to clause (i) of this paragraph to the Special Payments Account for distribution as a Special Payment in accordance with the provisions hereof.

If, on the Cut-off Date, an amount equal to less than all of the initial Escrowed Funds (other than Escrowed Funds referred to in the immediately preceding paragraph) has been used to purchase Postponed Notes, on the Special Distribution Date established pursuant to Section 4.02(c) for the distribution to the Certificateholders of Escrowed Funds with respect to all of the Postponed Notes that have not been purchased on or prior to the Cut-off Date (other than any Postponed Notes referred to in the immediately preceding paragraph) (i) the Company shall pay to the Trustee for deposit in the Special Payments Account, in immediately available funds, an amount equal to (A) the interest that would have accrued on Postponed Notes originally contemplated to be purchased with such unused Escrowed Funds (other than Escrowed Funds referred to in the immediately preceding paragraph) but not so purchased at a rate equal to the interest rate applicable to the Certificates from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date, minus (B) the earnings on Specified Investments received (with respect to the portion of the Escrowed Funds deposited with respect to the Postponed Notes described in this paragraph) by the Trustee from and including the Issuance Date (if such Special Distribution Date shall occur on or prior to the initial Regular Distribution Date) or the

initial Regular Distribution Date (if such Special Distribution Date occurs after the initial Regular Distribution Date) to but excluding such Special Distribution Date and (ii) the Trustee shall transfer such unused Escrowed Funds (together with the earnings described in clause (i)(B) of this paragraph above) and the amount paid by the Company pursuant to the clause (i) of this paragraph to the Special Payments Account for distribution as a Special Payment in accordance with the provisions hereof.

Section 2.02. 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 of the Equipment Notes acquired by the Trust 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 2.03. Limitation of Powers. The Trust is constituted solely for the purpose of making the investment in the Equipment Notes to be held in the Trust, 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 "7.522% Initial Pass Through Certificates, Series 1997-2D" and the Exchange Certificates shall be known as the "7.522% Exchange Pass Through Certificates, Series 1997-2D", 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.

(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 \$27,369,000.

(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 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) Certificates issued pursuant to Section 3.05(b) in exchange for interests in a Restricted Global Certificate 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"). Certificates issued pursuant to Section 3.05(b) in exchange for interests in a Regulation S Global Certificate shall be issued substantially in the form of Exhibit A hereto 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 clauses (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 (including any Global Certificate issued upon registration of transfer, in exchange for or in lieu of such Certificates) or issued pursuant to Section 3.05(b) in exchange for interests in a Restricted Global Certificate 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) OR (B) 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 Initial Certificates in authorized denominations equalling in the aggregate the amount set forth, with respect to the Trust, in Schedule II to the Purchase Agreement, evidencing the entire ownership of the Trust, which amount equals the aggregate principal amount of Equipment Notes which have been or

may be purchased by the Trustee pursuant to each Financing Agreement. Thereafter, the Trustee shall duly execute, authenticate and deliver Certificates as herein provided.

(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 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 (including, without limitation, subject to the proviso to this sentence, Exchange Certificates) in authorized denominations and 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 exchanges of Initial Certificates for Exchange Certificates shall occur only after 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) and otherwise only in accordance with the terms of the Exchange Offer. 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, authenticate and deliver 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 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. Except as provided in the foregoing sentence, 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.

(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 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 interests in such Regulation S Global Certificate being transferred, and the Trustee shall 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 such Restricted Legend and otherwise in this Agreement and agrees that it will transfer such Certificate only as provided in such Restricted Legend and otherwise 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 Restricted Legend and otherwise 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 shall 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 Second Mortgagee or the Liquidity Provider, 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."

Without limitation of Section 3.06(f), by acceptance of any Certificate bearing the ERISA Legend, each Holder of such a Certificate acknowledges the restrictions set forth in such ERISA Legend. The Registrar shall refuse to register any transfer of any Certificate in violation of the restrictions set forth in such ERISA Legend.

#### ARTICLE IV

##### DISTRIBUTIONS; STATEMENTS TO 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, 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 such Special Payment, 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 that the Trustee receives a notice from the Company that Postponed Notes will not be purchased pursuant to Section 2.01, such notice of Special Payment shall be mailed as soon as practicable after receipt of such notice from the Company and shall state the Special Distribution Date for such Special Payment, which shall occur 20 days after the date of such

notice of Special Payment or (if such 20th day is not practicable) as soon as practicable thereafter. In the event that any Special Payment is to be made pursuant to the last paragraph of Section 2.01(b) hereof, on the Cut-Off Date (or, if such Cut-Off Date is not practicable, as soon as practicable after the Cut-Off Date), notice of such Special Payment shall be mailed stating the Special Distribution Date for such Special Payment, which shall occur 20 days after the date of such notice of such Special Payment (or, if such 20th day is not practicable, as soon as practicable thereafter). 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 premium, if any, payable upon the redemption or purchase of an Equipment Note 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 following information (per \$1,000 face amount Certificate as to (i) and (ii) below):

- (i) the amount of such distribution allocable to principal and the amount allocable to premium, if any;
- (ii) the amount of such distribution allocable to interest; and
- (iii) 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) and (a)(ii) 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).

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. ss. 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 Certificateholder shall have the right (which shall not expire upon any purchase of the Class A Certificates pursuant to the Class B Trust Agreement or the purchase of the Class A Certificates and the Class B Certificates pursuant to the Class C Trust Agreement) to purchase all, but not less than all, of the Class A Certificates, the Class B Certificates and the Class C Certificates upon ten days' written notice to the Class A Trustee, the Class B Trustee, the Class C 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, the Class B Certificates and the Class C Certificates pro rata based on the Fractional Undivided Interest in the Trust 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, the Class B Certificates and the Class C Certificates pursuant to this Section 6.01(b).

No such purchase of Class A Certificates, the Class B Certificates and the Class C 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, the Class B Certificates and the Class C 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 Other 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, the Class B Certificates and the Class C Certificates will be deemed to be purchased on the date payment of the purchase price is made notwithstanding the failure of the Class A Certificateholders, the Class B Certificateholders or the Class C Certificateholders, as the case may be, 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 Class A Certificateholders, the Class B Certificateholders or the Class C Certificateholders, as the case may be, will be to deliver the Class A Certificates, the Class B Certificates or the Class C 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 Class A Certificateholders, Class B Certificateholders or Class C Certificateholders, as the case may be, will comply with all the provisions of Section 3.04 of the Other Pass Through Trust Agreement for such Class to enable new Class A Certificates, Class B Certificates or Class C Certificates, as the case may be, 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 Class A Certificates, Class B Certificates or Class C Certificates, as the case may be, 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 Certificate", "Class C Trust Agreement" and "Class C Trustee" 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 held in the Trust 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 held in the Trust 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 held in the Trust, 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, 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 held in the Trust, 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 and/or the Second Mortgagee 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 held in the Trust, 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 and/or the Second Mortgagee 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 Intercreeitor 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 known to the Trustee, the Trustee shall transmit by mail to the Company, the Loan Trustees, the Second Mortgagee 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 in 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 Loan Trustee or the Second Mortgagee;

(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 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 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 Loan Trustees or the Second Mortgagee 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 the Trustee pursuant to Sections 8.1 and 8.3 of each Financing Agreement.

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 Loan Trustees and the Second Mortgagee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Company, the Authorized Agents, the Loan Trustees, the Trustee and the Second Mortgagee 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 Loan Trustees and the Second Mortgagee.

(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 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 Loan Trustees, the Second Mortgagee 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 Loan Trustees and the Second Mortgagee 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 Loan Trustees and the Second Mortgagee (at their respective addresses 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 Loan Trustees and the Second Mortgagee. 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 Loan Trustees and the Second Mortgagee; 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 and the Financing Agreements 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 and the Financing Agreements;

(c) the execution, delivery and performance by the Trustee of this Agreement, the Intercreditor Agreement, the Registration Rights Agreement and the Financing Agreements (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 and the Financing Agreements 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 and the Financing Agreements 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. The Trustee agrees to act as such withholding agent 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.

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 Financing Agreements 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 Registration Rights Agreement or

the 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 Registration Rights Agreement or the 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 Registration Rights Agreement or the Liquidity Facility; or

(3) to correct or supplement any provision in this Agreement, the Intercreditor Agreement, the Registration Rights Agreement or the 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 Intercreditor Agreement, the Registration Rights Agreement or the Liquidity Facility, provided that any such action shall not materially adversely affect the interests of the Certificateholders; or, as provided in the Intercreditor Agreement, to give effect to or provide for a Replacement Liquidity Facility (as defined in the Intercreditor Agreement); 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 (but shall not be obligated to), 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, the Liquidity Facility, the Registration Rights Agreement or any Financing 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, the Liquidity Facility or the Registration Rights 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 of payments on the Equipment Notes held in the Trust 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 (or as prospective purchaser of any Postponed Notes) 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 Equipment Note, any Financing Document related thereto 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 (or, with respect to Postponed Notes, a prospective purchaser 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 (or, with respect to Postponed Notes, a prospective purchaser of) such

Equipment Note or a Controlling Party and (c) how to vote (or direct the Subordination Agent to vote) any Equipment Note (or, with respect to Postponed Note, its commitment to acquire such Postponed 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 (or Postponed 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 and/or the Second Mortgagee, as the case may be, of such consent (or direct the Subordination Agent to consent and notify the relevant Loan Trustee and/or the Second Mortgagee, as the case may be, of such consent) to any amendment, modification, waiver or supplement under any Equipment Note (or Postponed Note), any Financing Document related thereto 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 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 execution of this Trust Agreement.

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 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, any Loan Trustee or the Second Mortgagee.

Section 12.04. Governing Law. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND THIS AGREEMENT AND THE CERTIFICATES SHALL BE GOVERNED BY 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.

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. 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: Gerald Laderman  
Title: Vice President

WILMINGTON TRUST COMPANY,  
as Trustee

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

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) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS CERTIFICATE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATIONS 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.]\*

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.])\*\*

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\* Not to be included on the face of the Regulation S Global Certificate.

\*\* To be included on the face of each Global Certificate.

## [[REGULATION S] GLOBAL CERTIFICATE]\*

CONTINENTAL AIRLINES PASS THROUGH TRUST, SERIES 1997-2D

7.522% Continental Airlines [Initial] [Exchange]  
 Pass Through Certificate,  
 Series 1997-2D

Final Maturity Date: June 30, 2001

CUSIP/Common Code No. \_\_\_\_\_

evidencing a fractional undivided interest in a trust, the property of which includes certain equipment notes each secured by an Aircraft owned by Continental Airlines, Inc.

\$27,369,000 Fractional Undivided Interest representing  
 .003653769% 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 1997-2D (the "Trust") created pursuant to a Pass Through Trust Agreement, dated as of June 25, 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 "7.522% Continental Airlines [Initial] [Exchange] Pass Through Certificates, Series 1997-2D" (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 the Liquidity Facility (the "Trust Property"). Each issue of the Equipment Notes is secured by, among other things, a security interest in the Aircraft owned by the Company.

\* 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 June 30 and December 30 (a "Regular Distribution Date"), commencing on December 30, 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 June 25, 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 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 (if it is filed), after being declared effective by the SEC, 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 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).]\*

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.

The Certificates are issuable only as registered Certificates without coupons in minimum denominations of

- - - - -  
\* To be included only on each Initial Certificate.

[\$100,000]\*\* [\$1,000]\*\* 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.

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.

THIS CERTIFICATE SHALL BE GOVERNED BY 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.

- - - - -  
\*\* To be included only on each Initial Certificate.

\*\*\* To be included only on each Exchange Certificate.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated: \_\_\_\_\_, 1997

CONTINENTAL AIRLINES  
PASS THROUGH TRUST, SERIES  
1997-2D

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

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

## [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  
1997-2D, Continental Airlines Pass Through Certificates, Series  
1997-2D (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

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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]

## SCHEDULE I

Aircraft Type -----	Aircraft Registration Number -----
Boeing 737-3T0	N12322
Boeing 737-3T0	N10323
Boeing 737-3T0	N14324
Boeing 737-3T0	N69333
Boeing 737-3T0	N14334
Boeing 737-3T0	N14335
McDonnell Douglas MD-82	N12811
McDonnell Douglas MD-82	N15820
McDonnell Douglas MD-82	N18833
McDonnell Douglas MD-82	N10834

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REVOLVING CREDIT AGREEMENT  
(1997-2A)

Dated as of June 25, 1997

between

WILMINGTON TRUST COMPANY,

as Subordination Agent,  
as agent and trustee for the  
Continental Airlines Pass Through Trust 1997-2A

as Borrower

and

KREDIETBANK N.V., NEW YORK BRANCH,

as Liquidity Provider

---

Relating to

Continental Airlines Pass Through Trust 1997-2A  
7.148% Continental Airlines Pass Through Certificates,  
Series 1997-2A

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## REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT dated as of June 25, 1997, between WILMINGTON TRUST COMPANY, a Delaware banking 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 KREDIETBANK N.V., acting through its New York branch (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 Downgrade Advance, an Applied Downgrade Advance or an Unpaid Advance, as the case may be.

"Applicable Liquidity Rate" has the meaning assigned to such term in Section 3.07(f).

"Applicable Margin" means (v) with respect to any Unpaid Advance or Applied Downgrade Advance that is a LIBOR Advance, 1.75% per annum, (w) with respect to any Final Advance that is a Base Rate Advance, 1.75% per annum, (x) with respect to any Interest Advance or Applied Downgrade Advance that is a Base Rate Advance, 0.75% per annum, (y) with respect to any Unapplied Downgrade Advance that is a LIBOR Advance, 0.45% per annum and (z) with respect to any Unapplied Downgrade Advance that is a Base Rate Advance, minus 0.55% per annum.

"Applied Downgrade Advance" has the meaning assigned to such term in Section 2.06(a).

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall for any day be equal to the higher of:

(i) the rate per annum announced from time to time by the Liquidity Provider as its base commercial lending rate, and

(ii) (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, plus one-half of one percent (1/2 of 1%), or (b) if the rate calculated pursuant to clause (a) above is not available for such date, the rate quoted by the Liquidity Provider, at approximately 11:00 A.M., New York City time on such day (or, if such day is not a Business Day, on the next preceding Business Day), to dealers in the New York Federal funds market for overnight Federal funds offerings of dollars by the Liquidity Provider, plus one-half of one percent (1/2 of 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 or pursuant to Section 6.01.

"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 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.

"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.

"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 or treaty (including any change in the official interpretation thereof) after the date hereof (excluding from change in applicable law or treaty for this purpose any addition of, or change in, any "anti-treaty shopping", "limitation on benefits", or similar provision in any treaty or other applicable law restricting the availability of treaty benefits (including without limitation any provision similar to the Protocol Amending the Convention Between the United States of America and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect

to Taxes on Income, signed at Washington on October 13, 1993)), 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.

"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.

"Expiry Date" means January 14, 2009.

"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 and ending on the next Regular Distribution Date (or ending, in the case of an Interest Period

applicable to any Unapplied Downgrade Advance, on the numerically corresponding day in the third or sixth calendar month after the first day of the applicable Interest Period and/or on the next Regular Distribution Date, as Continental may select by providing notice thereof to the Borrower and the Liquidity Provider no later than three Business Days prior to the commencement of such Interest Period, provided that if Continental shall not provide ----- such a notice at least three Business Days prior to the commencement of such Interest Period, then Continental shall be deemed to have selected an Interest Period 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 (or ending, in the case of an Interest Period applicable to any Unapplied Downgrade Advance, on the numerically corresponding day in the third or sixth calendar month after the first day of the applicable Interest Period and/or on the next Regular Distribution Date, as Continental may select by providing notice thereof to the Borrower and the Liquidity Provider no later than three Business Days prior to the commencement of such Interest Period, provided that if Continental shall not provide such a notice at least three Business Days prior to the commencement of such Interest Period, then Continental shall be deemed to have selected an Interest Period ending on the next Regular Distribution Date);

provided, however, that (I) if an Unapplied Downgrade Advance which is a LIBOR Advance becomes an Applied Downgrade Advance, the Interest Period then applicable to such Unapplied Downgrade Advance shall be applicable to such Applied Downgrade Advance, (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 date the Liquidity Provider makes the Final Advance (in the case of clause (x) above) or the Regular Distribution Date following

such conversion (in the case of clause (y) above) and (III) in the case of any Interest Period applicable to a Downgrade Advance, each Interest Period that would otherwise end on a day that is not a Business Day shall end on the next succeeding Business Day.

"Lending Office" means the lending office of the Liquidity Provider presently located at 125 West 55th Street, New York, New York 10019 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:

(i) the rate per annum appearing on display page 3750 (British Bankers Association-LIBOR) of the Dow Jones Markets Service (or any successor or substitute therefor) at approximately 11:00 A.M. (London time) two Business Days before the first day of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period, or

(ii) if (a) the rate calculated pursuant to clause (i) above is not available or (b) the Liquidity Provider determines in good faith, and certifies to the Borrower and Continental, prior to two Business Days prior to the commencement of such Interest Period, that the rate calculated pursuant to clause (i) above does not adequately and fairly reflect the cost to the Liquidity Provider of making and maintaining the relevant Advance during such Interest Period, the rate per annum at which deposits in dollars are offered for the relevant Interest Period by the Liquidity Provider to prime 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 LIBOR Advance to which such Interest Period is to apply and for a period of time comparable to such Interest Period, as quoted by the Liquidity Provider to the Borrower.

"Liquidity Event of Default" means the occurrence of either (a) the acceleration of all of the Equipment Notes or (b) a Continental Bankruptcy Event.

"Liquidity Indemnitee" means (i) the Liquidity Provider, (ii) each Affiliate of the Liquidity Provider, (iii) the directors, officers, employees, servants and agents of the Liquidity Provider and its Affiliates, and (iv) the successors and permitted assigns of the persons described in clauses (i) through (iii), 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 Downgrade Advance or a Final Advance, the Maximum Available Commitment shall be zero.

"Maximum Commitment" means initially \$8,101,025, as the same may be adjusted from time to time in accordance with Section 2.04(a); provided that the Maximum Commitment shall at no time exceed an amount equal to \$8,667,689.

"Non-Excluded Taxes" has the meaning specified in Section 3.03.

"Notice of Borrowing" has the meaning specified in Section 2.02(e).

"Notice of Conversion to Final Advance" means the Notice of Conversion to Final Advance substantially in the form of Annex IV to this Agreement.

"Notice of Replacement Subordination Agent" has the meaning specified in Section 3.08.

"Offering Memorandum" means the Offering Memorandum dated June 17, 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.

"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.

"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 date on which the Liquidity Provider makes the Final Advance; 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.

"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.

"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:

"Affiliate", "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 Certificates", "Class D Certificates", "Closing Date", "Continental", "Continental Bankruptcy Event", "Controlling Party", "Corporate Trust Office", "Distribution Date", "Downgraded Facility", "Equipment Notes", "Fee Letter", "Indenture", "Initial Purchasers", "Investment Earnings", "Liquidity Facility", "Loan Trustee", "Moody's", "Operative Agreements", "Participation Agreement", "Performing Equipment Note", "Person", "Pool Balance", "Postponed Notes", "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", "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 Series 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 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) [Intentionally Omitted].

(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 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 Class A Cash Collateral Account in accordance with said Section 3.6(c).

(d) A Final Advance shall be made by the Liquidity Provider without the necessity of a Notice of Borrowing at the option of the Liquidity Provider as provided in Section 6.01 in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the Class A Cash Collateral Account (in accordance with Section 3.6(i) of the Intercreditor Agreement).

(e) Each Borrowing (other than under Section 2.02(d)) shall be made on notice in writing (a "Notice of ----- Borrowing") in substantially the form required by Section 2.02(a) or 2.02(c), 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(c) or (d) hereof to fund the Class A Cash Collateral Account, the Liquidity Provider shall have no interest in or rights to the Class A Cash Collateral Account, such Advance or any other amounts from time to time on deposit in the Class A Cash Collateral Account; 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 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", the Maximum Commitment shall automatically be reduced or increased, as the case may be, to an amount equal to such adjusted Required Amount (as calculated by the Borrower). The Borrower shall give notice of any such automatic reduction or increase of the Maximum Commitment (substantially in the form of Annex III hereto) 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 Downgrade 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 Downgrade 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 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 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 Downgrade Advances. (a) Amounts advanced hereunder in respect of a Downgrade Advance shall be deposited in the Class A Cash Collateral Account, and invested and withdrawn from the Class A Cash Collateral Account as set forth in Sections 3.6(c) 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 Downgrade Advance, interest on the principal amount of any such Downgrade Advance as provided in Section 3.07; provided, however, that amounts in respect of a Downgrade Advance withdrawn from 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 an "Applied Downgrade 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 Downgrade Advance, the Liquidity Provider delivers a Notice of Conversion to Final Advance (substantially in the form of Annex IV to this Agreement) to the Borrower, such Downgrade 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 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 Downgrade Advances in a principal amount equal to the amount of such reduction, plus interest on the principal amount prepaid as provided in Section 3.07 hereof.

(b) At any time when an Applied Downgrade Advance (or any portion thereof) is outstanding, upon the deposit in 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 Required Amount at such time, (i) the aggregate outstanding principal amount of all Applied Downgrade Advances (and of Downgrade 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 Downgrade 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 Class A Cash Collateral Account after giving effect to any Applied Downgrade 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 in the order of priority required by the applicable provisions of Articles II and III of the Intercreditor Agreement.

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 amounts that constitute Scheduled Payments, Special Payments or payments under Section 8.1 of the Participation Agreements 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

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.

### ARTICLE III

#### OBLIGATIONS OF THE BORROWER

Section 3.01. Increased Costs. 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 (or its head office) which are attributable to its making or maintaining any 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"), (A) resulting from any change after the date of this Agreement in U.S. federal or state, or any 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 or state, 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); (2) imposes on the Liquidity Provider any other condition regarding this Agreement or any such Advance (other than with respect to Taxes) or (3) imposes or modifies any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, the Liquidity Provider (or its head office) (including any such Advances or any deposits referred to in the definition of LIBOR Rate) and (B) which the Liquidity Provider has certified to the Borrower and Continental are not included or reflected in the determination of the LIBOR Rate or the Base Rate. 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 3.01 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 3.01 and contain a representation of the Liquidity Provider to the Borrower and to Continental to the effect that it is the customary practice of the Liquidity Provider to charge its customers for Additional Costs in respect of such event. Without limiting the Liquidity Provider's notice obligations under the preceding sentence, the Borrower shall not be required to compensate the Liquidity Provider pursuant to this Section 3.01 for any Additional Costs incurred more than sixty days prior to the date that the Liquidity Provider notifies the Borrower of the Regulatory Change giving rise to such Additional Costs and of the Liquidity Provider's intention to claim compensation therefor. 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. If (1) the adoption, after the date hereof, of any applicable governmental law, rule or regulation regarding capital adequacy of banks or bank holding companies (or any change therein), (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 or comparable agency charged with the interpretation or administration thereof or (3) compliance by the Liquidity Provider (or its head office) 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 3.02 and contain a representation of the Liquidity Provider to the Borrower and to Continental to the effect that it is the customary practice of the Liquidity Provider to charge its customers for compensation in respect of such event. Without limiting the Liquidity Provider's notice obligations under the preceding sentence, the Borrower shall not be required to compensate the Liquidity Provider, in respect of an event described in this Section 3.02, for any amount attributable to any period which is more than sixty days prior to the date that the Liquidity Provider notifies the Borrower of such event and of the Liquidity Provider's intention to claim compensation therefor. 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 and any net increase in Taxes imposed on the Liquidity Provider as a result of any payment made pursuant to this Section 3.03) interest or any other such amounts payable under this Agreement at the rates or in the amounts specified in this Agreement.

If as a result of any Tax indemnified or payment made pursuant to this Section 3.03, the Liquidity Provider shall realize any tax savings, whether by credit, deduction or refund (including by way of offset), then the Liquidity Provider shall pay to Borrower an amount which, after subtraction of any further Tax savings the Liquidity Provider realizes as a result of the payment thereof and the addition of any Tax detriment suffered by the Liquidity Provider as a result of such payment, plus, in the case of any refund (including by way of offset) of any taxes giving rise to a payment hereunder, interest actually received or credited thereon, provided that if any Tax savings giving rise to a payment pursuant to this paragraph is subsequently lost or disallowed, the Borrower shall, upon written notice, repay such amounts to the Liquidity Provider provided further, that the payment of any amount to the Borrower pursuant to this Section 3.03(a) shall not be required if a Final Advance has been made and not yet reimbursed, but shall be deferred until such Final Advance has been fully reimbursed or shall be credited against the reimbursement obligation of the Borrower for such Final Advance.

The determination of any amount payable pursuant to this Section 3.03(a) shall be made by the Liquidity Provider and set forth in a certificate of an officer of the Liquidity Provider which certificate shall be final and conclusive, absent error manifest on the face of such certificate, provided that the Borrower may request verification of such payment amount, in which case the outside accounting firm regularly employed by the Liquidity Provider shall be requested to verify the calculation of such payment amount within 30 days, at the expense of the

Borrower, unless the payment amount is determined to be in error by more than five percent, in which case such expense shall be paid by the Liquidity Provider. The Liquidity Provider shall have sole control over the positions taken on its tax returns and filings. The Liquidity Provider shall in no event be required to disclose its tax returns or filings or any related records other than to the verifying accounting firm.

Whenever any Non-Excluded Tax is payable by the Borrower, promptly thereafter, the Borrower shall send to the Liquidity Provider copies of tax receipts evidencing such payment by the Borrower, if reasonably available to it, or other evidence of payment reasonably requested by the Liquidity Provider.

(b) 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 payable under Section 3.03(a) 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, to the extent the Liquidity Provider is legally entitled to do so, 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 The Bank of New York, One Wall Street, New York, New York 10286, ABA No. 021-000-081, for the account of Kredietbank New York, Account No. 802-3015618, Attention: Loan Administration (referencing Continental Airlines 1997-2 Liquidity Facility).

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 (other than a payment of interest on LIBOR Advances) 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 such extension of time shall in such case be included in the computation of payment of interest or fees, as the case may be.

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 Downgrade Advance, from and including the date on which the amount thereof was withdrawn from 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 Downgrade Advance, the date on which 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) 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 (or, in the case of a Final Advance, three Business Days following the date of such Final Advance). Thereafter, such Advance shall be a LIBOR Advance; provided that the Borrower (at the direction of the Controlling Party (so long as the Controlling Party is not the Liquidity Provider)) 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 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 until paid.

(f) 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. Subject to Section 5.02(b), 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 V 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, or any conversion of a LIBOR Advance to a Base Rate 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 each LIBOR Advance shall be converted to a Base Rate Advance (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 conversion; or (b) at the

expiration of the last Interest Period for such LIBOR Advance to expire before the effective date of any such change or request if such notice of the Liquidity Provider is provided to the Borrower prior to such expiration date, and otherwise at the expiration of the Interest Period for such LIBOR Advance in effect on the date of receipt of such notice of the Liquidity Provider. In the event any change of the nature described in the preceding sentence shall make it unlawful or impossible for the Liquidity Provider (or its Lending Office) to maintain or fund its Base Rate Advances, the Liquidity Provider shall have the right to cause a Replacement Liquidity Facility to be substituted for this Agreement, subject to (i) the satisfaction of the conditions precedent to the effectiveness of, and the other provisions regarding, a Replacement Liquidity Facility set forth in Section 3.6(e) of the Intercreditor Agreement and (ii) such Replacement Liquidity Facility and Replacement Liquidity Provider being reasonably acceptable to Continental.

#### 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 (in the case of each document delivered pursuant to paragraphs (i), (ii) and (iii) below), 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) which are in full force and effect in accordance with their respective terms;

(iv) A copy of the Offering Memorandum, with copies of the Appraisals attached thereto, and specimen copies of the Class A Certificates;

(v) Evidence that, on the Effective Date, the Class A Certificates, the Class B Certificates, the Class C Certificates and the Class D Certificates will receive long-term credit ratings from Moody's of not lower than AA, A, BBB- and BB, respectively, and from Standard & Poor's of not lower than A1, A3, Baa2 and Ba2, respectively;

(vi) 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);

(vii) 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;

(viii) 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 8.04(a) of the Trust Agreements 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

(ix) Such other documents, instruments, opinions and approvals as the Liquidity Provider shall have reasonably requested.

(b) The following statements shall be true on and as of the Effective Date:

(i) The representations and warranties contained in the Participation Agreements (other than the Participation Agreements with respect to any Postponed Notes) of each party thereto are true and correct on and as of the Effective Date as though made on and as of the Effective Date; and

(ii) 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 (other than this Section 4.01(e)).

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, except in the case of a Final Advance, 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 Advance 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.

#### 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, at its option, make a Final Advance to the Borrower before 12:00 Noon (New York City time) on a Business Day in accordance with Section 2.02(d) whereupon (i) the Liquidity Provider shall have no further obligation to make Advances hereunder, (ii) all other outstanding Advances shall be automatically converted into Final Advances for purposes of determining the Applicable Liquidity Rate for interest payable thereon, and (iii) subject to Sections 2.07 and 2.09 hereof, all Advances (including, without limitation, any Downgrade Advance and Applied Downgrade Advance), any accrued interest thereon and any other amounts outstanding hereunder shall become immediately due and payable to the Liquidity Provider. Any payment in respect of a Final Advance shall be made in the lawful money of the United States of America, to the Borrower in immediately available funds, by wire transfer to Wilmington Trust Company, One Rodney Square, 1100 N. Market Street, Wilmington, Delaware 19890, ABA No. 031-100-092, Account No. 42214-1, Attention: Corporate Trust Administration, Reference: Continental 1997-2 Class A Cash Collateral Account (or to such other account as the Borrower may from time to time designate to the Liquidity Provider for such purpose).

#### 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: KREDIETBANK N.V.  
New York Branch  
125 West 55th Street  
New York, NY 10019

Attention: General Manager  
Telephone: (212) 541-0600  
Telecopy: (212) 956-5580

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 8.1 of the Participation Agreements. 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 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 Fee Letter, the Intercreditor Agreement or any Participation 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 to the extent such Expense is (i) attributable to the gross negligence or willful misconduct of such Liquidity Indemnitee or any other Liquidity Indemnitee, (ii) ordinary and usual operating overhead expense or (iii) 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 Fee Letter or any other Operative Agreement to which it is a party. The indemnities contained in such Section 8.1, 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 and security 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 granting of participations 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 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 participation, 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 by the Borrower or the Liquidity Provider 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 of 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) if such party does not maintain an office for the transaction of its business in New York, 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 of 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. 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:

KREDIETBANK N.V., acting through its New York branch, as Liquidity Provider

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

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

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:

KREDIETBANK N.V., acting through its New York 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 KREDIETBANK N.V., acting through its New York branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-2A) dated as of June 25, 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 for the payment 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 and has not been paid 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 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 Certificates or the Class D Certificates or interest on the Class B Certificates, the Class C Certificates or the Class D 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 and (v) 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 3.6(b) 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, 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

DOWNGRADE ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to KREDIETBANK N.V., acting through its New York branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-2A) dated as of June 25, 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 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 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 Certificates or the Class D 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 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]

NOTICE OF AUTOMATIC REDUCTION OR INCREASE OF COMMITMENT

[Date]

Ladies and Gentlemen:

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby notifies Kredietbank N.V., acting through its New York branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement dated as of June 25, 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, pursuant to Section 2.04(a) of the Liquidity Agreement, the Commitment has been automatically reduced or increased to \$\_\_\_\_\_.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the \_ day of \_\_\_\_\_, \_\_\_\_.

WILMINGTONTRUST 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:

NOTICE OF CONVERSION TO FINAL ADVANCE

[Date]

WILMINGTON TRUST COMPANY  
as Subordination Agent, as Borrower  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0011

Attention: Corporate Trust Administration

Revolving Credit Agreement dated as of June 25, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust, 1997-2A, as Borrower, and Kredietbank N.V., acting through its New York branch (the "Liquidity Agreement")

-----

Ladies and Gentlemen:

You are hereby notified that pursuant to Section 2.06 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 convert the existing Downgrade Advance to a Final Advance.

THIS NOTICE IS THE "NOTICE OF CONVERSION TO FINAL ADVANCE" PROVIDED FOR UNDER THE LIQUIDITY AGREEMENT.

Very truly yours,

KREDIETBANK N.V.,  
NEW YORK BRANCH  
as Liquidity Provider

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

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

cc: Wilmington Trust Company,  
as Class A Trustee

NOTICE OF REPLACEMENT SUBORDINATION AGENT

[Date]

Attention:

Revolving Credit Agreement dated as of June 25, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust, 1997-2A, as Borrower, and Kredietbank N.V., acting through its New York 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  
(1997-2B)

Dated as of June 25, 1997

between

WILMINGTON TRUST COMPANY,

as Subordination Agent,  
as agent and trustee for the  
Continental Airlines Pass Through Trust 1997-2B

as Borrower

and

KREDIETBANK N.V., NEW YORK BRANCH,

as Liquidity Provider

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Relating to

Continental Airlines Pass Through Trust 1997-2B  
7.149% Continental Airlines Pass Through Certificates,  
Series 1997-2B

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## REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT dated as of June 25, 1997, between WILMINGTON TRUST COMPANY, a Delaware banking 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 KREDIETBANK N.V., acting through its New York branch (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 Downgrade Advance, an Applied Downgrade Advance or an Unpaid Advance, as the case may be.

"Applicable Liquidity Rate" has the meaning assigned to such term in Section 3.07(f).

"Applicable Margin" means (v) with respect to any Unpaid Advance or Applied Downgrade Advance that is a LIBOR Advance, 1.75% per annum, (w) with respect to any Final Advance that is a Base Rate Advance, 1.75% per annum, (x) with respect to any Interest Advance or Applied Downgrade Advance that is a Base Rate Advance, 0.75% per annum, (y) with respect to any Unapplied Downgrade Advance that is a LIBOR Advance, 0.45% per annum and (z) with respect to any Unapplied Downgrade Advance that is a Base Rate Advance, minus 0.55% per annum.

"Applied Downgrade Advance" has the meaning assigned to such term in Section 2.06(a).

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall for any day be equal to the higher of:

(i) the rate per annum announced from time to time by the Liquidity Provider as its base commercial lending rate, and

(ii) (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, plus one-half of one percent (1/2 of 1%), or (b) if the rate calculated pursuant to clause (a) above is not available for such date, the rate quoted by the Liquidity Provider, at approximately 11:00 A.M., New York City time on such day (or, if such day is not a Business Day, on the next preceding Business Day), to dealers in the New York Federal funds market for overnight Federal funds offerings of dollars by the Liquidity Provider, plus one-half of one percent (1/2 of 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 or pursuant to Section 6.01.

"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 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.

"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.

"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 or treaty (including any change in the official interpretation thereof) after the date hereof (excluding from change in applicable law or treaty for this purpose any addition of, or change in, any "anti-treaty shopping", "limitation on benefits", or similar provision in any treaty or other applicable law restricting the availability of treaty benefits (including without limitation any provision similar to the Protocol Amending the Convention Between the United States of America and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect

to Taxes on Income, signed at Washington on October 13, 1993)), 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.

"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.

"Expiry Date" means January 14, 2007.

"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 and ending on the next Regular Distribution Date (or ending, in the case of an Interest Period applicable to any

Unapplied Downgrade Advance, on the numerically corresponding day in the third or sixth calendar month after the first day of the applicable Interest Period and/or on the next Regular Distribution Date, as Continental may select by providing notice thereof to the Borrower and the Liquidity Provider no later than three Business Days prior to the commencement of such Interest Period, provided that if Continental shall not provide such a notice at least three Business Days prior to the commencement of such Interest Period, then Continental shall be deemed to have selected an Interest Period 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 (or ending, in the case of an Interest Period applicable to any Unapplied Downgrade Advance, on the numerically corresponding day in the third or sixth calendar month after the first day of the applicable Interest Period and/or on the next Regular Distribution Date, as Continental may select by providing notice thereof to the Borrower and the Liquidity Provider no later than three Business Days prior to the commencement of such Interest Period, provided that if Continental shall not provide such a notice at least three Business Days prior to the commencement of such Interest Period, then Continental shall be deemed to have selected an Interest Period ending on the next Regular Distribution Date);

provided, however, that (I) if an Unapplied Downgrade Advance which is a LIBOR Advance becomes an Applied Downgrade Advance, the Interest Period then applicable to such Unapplied Downgrade Advance shall be applicable to such Applied Downgrade Advance, (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 date the Liquidity Provider makes the Final Advance (in the case of clause (x) above) or the Regular Distribution Date following such conversion (in the case of clause (y) above) and (III) in the case of any Interest Period applicable to a Downgrade

Advance, each Interest Period that would otherwise end on a day that is not a Business Day shall end on the next succeeding Business Day.

"Lending Office" means the lending office of the Liquidity Provider presently located at 125 West 55th Street, New York, New York 10019 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:

(i) the rate per annum appearing on display page 3750 (British Bankers Association-LIBOR) of the Dow Jones Markets Service (or any successor or substitute therefor) at approximately 11:00 A.M. (London time) two Business Days before the first day of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period, or

(ii) if (a) the rate calculated pursuant to clause (i) above is not available or (b) the Liquidity Provider determines in good faith, and certifies to the Borrower and Continental, prior to two Business Days prior to the commencement of such Interest Period, that the rate calculated pursuant to clause (i) above does not adequately and fairly reflect the cost to the Liquidity Provider of making and maintaining the relevant Advance during such Interest Period, the rate per annum at which deposits in dollars are offered for the relevant Interest Period by the Liquidity Provider to prime 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 LIBOR Advance to which such Interest Period is to apply and for a period of time comparable to such

Interest Period, as quoted by the Liquidity Provider to the Borrower.

"Liquidity Event of Default" means the occurrence of either (a) the acceleration of all of the Equipment Notes or (b) a Continental Bankruptcy Event.

"Liquidity Indemnitee" means (i) the Liquidity Provider, (ii) each Affiliate of the Liquidity Provider, (iii) the directors, officers, employees, servants and agents of the Liquidity Provider and its Affiliates, and (iv) the successors and permitted assigns of the persons described in clauses (i) through (iii), 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 Downgrade Advance or a Final Advance, the Maximum Available Commitment shall be zero.

"Maximum Commitment" means initially \$2,766,630, as the same may be adjusted from time to time in accordance with Section 2.04(a); provided that the Maximum Commitment shall at no time exceed an amount equal to \$2,960,128.

"Non-Excluded Taxes" has the meaning specified in Section 3.03.

"Notice of Borrowing" has the meaning specified in Section 2.02(e).

"Notice of Conversion to Final Advance" means the Notice of Conversion to Final Advance substantially in the form of Annex IV to this Agreement.

"Notice of Replacement Subordination Agent" has the meaning specified in Section 3.08.

"Offering Memorandum" means the Offering Memorandum dated June 17, 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.

"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.

"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 date on which the Liquidity Provider makes the Final Advance; 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.

"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.

"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:

"Affiliate", "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 Certificates", "Class D Certificates", "Closing Date", "Continental", "Continental Bankruptcy Event", "Controlling Party", "Corporate Trust Office", "Distribution Date", "Downgraded Facility", "Equipment Notes", "Fee Letter", "Indenture", "Initial Purchasers", "Investment Earnings", "Liquidity Facility", "Loan Trustee", "Moody's", "Operative Agreements", "Participation Agreement", "Performing Equipment Note", "Person", "Pool Balance", "Postponed Notes", "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", "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 Series 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 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) [Intentionally Omitted].

(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 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 Class B Cash Collateral Account in accordance with said Section 3.6(c).

(d) A Final Advance shall be made by the Liquidity Provider without the necessity of a Notice of Borrowing at the option of the Liquidity Provider as provided in Section 6.01 in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the Class B Cash Collateral Account (in accordance with Section 3.6(i) of the Intercreditor Agreement).

(e) Each Borrowing (other than under Section 2.02(d)) shall be made on notice in writing (a "Notice of Borrowing") in substantially the form required by Section 2.02(a) or 2.02(c), 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(c) or (d) hereof to fund the Class B Cash Collateral Account, the Liquidity Provider shall have no interest in or rights to the Class B Cash Collateral Account, such Advance or any other amounts from time to time on deposit in the Class B Cash Collateral Account; 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 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", the Maximum Commitment shall automatically be reduced or increased, as the case may be, to an amount equal to such adjusted Required Amount (as calculated by the Borrower). The Borrower shall give notice of any such automatic reduction or increase of the Maximum Commitment (substantially in the form of Annex III hereto) 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 Downgrade 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 Downgrade 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 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 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 Downgrade Advances. (a) Amounts advanced hereunder in respect of a Downgrade Advance shall be deposited in the Class B Cash Collateral Account, and invested and withdrawn from the Class B Cash Collateral Account as set forth in Sections 3.6(c) 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 Downgrade Advance, interest on the principal amount of any such Downgrade Advance as provided in Section 3.07; provided, however, that

amounts in respect of a Downgrade Advance withdrawn from 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 an "Applied Downgrade 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 Downgrade Advance, the Liquidity Provider delivers a Notice of Conversion to Final Advance (substantially in the form of Annex IV to this Agreement) to the Borrower, such Downgrade 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 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 Downgrade Advances in a principal amount equal to the amount of such reduction, plus interest on the principal amount prepaid as provided in Section 3.07 hereof.

(b) At any time when an Applied Downgrade Advance (or any portion thereof) is outstanding, upon the deposit in 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 Required Amount at such time, (i) the aggregate outstanding principal amount of all Applied Downgrade Advances (and of Downgrade 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 Downgrade 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 Class B Cash Collateral Account after giving effect to any Applied Downgrade 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 in the order of priority required by the applicable provisions of Articles II and III of the Intercreditor Agreement.

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 amounts that constitute Scheduled Payments, Special Payments or payments under Section 8.1 of the Participation Agreements 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 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.

### ARTICLE III

#### OBLIGATIONS OF THE BORROWER

Section 3.01. Increased Costs. 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 (or its head office) which are attributable to its making or maintaining any 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"), (A) resulting from any change after the date of this Agreement in U.S. federal or state, or any 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 or state, 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); (2) imposes on the Liquidity Provider any other condition regarding this Agreement or any such Advance (other than with respect to Taxes) or (3) imposes or modifies any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, the Liquidity Provider (or its head office) (including any such Advances or any deposits referred to in the definition of LIBOR Rate) and (B) which the Liquidity Provider has certified to the Borrower and Continental are not included or reflected in the determination of the LIBOR Rate or the Base Rate. 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 3.01 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 3.01 and contain a representation of the Liquidity Provider to the Borrower and to Continental to the effect that it is the customary practice of the Liquidity Provider to charge its customers for Additional Costs in respect of such event. Without limiting the Liquidity Provider's notice obligations under the preceding sentence, the Borrower shall not be required to compensate the Liquidity Provider pursuant to this Section 3.01 for any Additional Costs incurred more than sixty days prior to the date that the Liquidity Provider notifies the Borrower of the Regulatory Change giving rise to such Additional Costs and of the Liquidity Provider's intention to claim compensation therefor. 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. If (1) the adoption, after the date hereof, of any applicable governmental law, rule or regulation regarding capital adequacy of banks or bank holding companies (or any change therein), (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 or comparable agency charged with the interpretation or administration thereof or (3) compliance by the Liquidity Provider (or its head office) 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 3.02 and contain a representation of the Liquidity Provider to the Borrower and to Continental to the effect that it is the customary practice of the Liquidity Provider to charge its customers for compensation in respect of such event. Without limiting the Liquidity Provider's notice obligations under the preceding sentence, the Borrower shall not be required to compensate the Liquidity Provider, in respect of an event described in this Section 3.02, for any amount attributable to any period which is more than sixty days prior to the date that the Liquidity Provider notifies the Borrower of such event and of the Liquidity Provider's intention to claim compensation therefor. 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 and any net increase in Taxes imposed on the Liquidity Provider as a result of any payment made pursuant to this Section 3.03) interest or any other such amounts payable under this Agreement at the rates or in the amounts specified in this Agreement.

If as a result of any Tax indemnified or payment made pursuant to this Section 3.03, the Liquidity Provider shall realize any tax savings, whether by credit, deduction or refund (including by way of offset), then the Liquidity Provider shall pay to Borrower an amount which, after subtraction of any further Tax savings the Liquidity Provider realizes as a result of the payment thereof and the addition of any Tax detriment suffered by the Liquidity Provider as a result of such payment, plus, in the case of any refund (including by way of offset) of any taxes giving rise to a payment hereunder, interest actually received or credited thereon, provided that if any Tax savings giving rise to a payment pursuant to this paragraph is subsequently lost or disallowed, the Borrower shall, upon written notice, repay such amounts to the Liquidity Provider provided further, that the payment of any amount to the Borrower pursuant to this Section 3.03(a) shall not be required if a Final Advance has been made and not yet reimbursed, but shall be deferred until such Final Advance has been fully reimbursed or shall be credited against the reimbursement obligation of the Borrower for such Final Advance.

The determination of any amount payable pursuant to this Section 3.03(a) shall be made by the Liquidity Provider and set forth in a certificate of an officer of the Liquidity Provider which certificate shall be final and conclusive, absent error manifest on the face of such certificate, provided that the Borrower may request verification of such payment amount, in which case the outside accounting firm regularly employed by the Liquidity Provider shall be requested to verify the calculation of such payment amount within 30 days, at the expense of the Borrower, unless the payment amount is determined to be in error by more than five percent, in which case such expense shall be

paid by the Liquidity Provider. The Liquidity Provider shall have sole control over the positions taken on its tax returns and filings. The Liquidity Provider shall in no event be required to disclose its tax returns or filings or any related records other than to the verifying accounting firm.

Whenever any Non-Excluded Tax is payable by the Borrower, promptly thereafter, the Borrower shall send to the Liquidity Provider copies of tax receipts evidencing such payment by the Borrower, if reasonably available to it, or other evidence of payment reasonably requested by the Liquidity Provider.

(b) 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 payable under Section 3.03(a) 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, to the extent the Liquidity Provider is legally entitled to do so, 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 The Bank of New York, One Wall Street, New York, New York 10286, ABA No. 021-000-081, for the account of Kredietbank New York, Account No. 802-3015618, Attention: Loan Administration (referencing Continental Airlines 1997-2 Liquidity Facility).

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 (other than a payment of interest on LIBOR Advances) 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 such extension of time shall in such case be included in the computation of payment of interest or fees, as the case may be.

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 Downgrade Advance, from and including the date on which the amount thereof was withdrawn from 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 Downgrade Advance, the date on which 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) 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 (or, in the case of a Final Advance, three Business Days following the date of such Final Advance). Thereafter, such Advance shall be a LIBOR Advance; provided that the Borrower (at the direction of the Controlling Party (so long as the Controlling Party is not the Liquidity Provider)) 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 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 until paid.

(f) 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. Subject to Section 5.02(b), 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 V 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, or any conversion of a LIBOR Advance to a Base Rate 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 each LIBOR Advance shall be converted to a Base Rate Advance (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 conversion; or (b) at the expiration of the last Interest Period for such LIBOR Advance to expire before the effective date of any such change or request if

such notice of the Liquidity Provider is provided to the Borrower prior to such expiration date, and otherwise at the expiration of the Interest Period for such LIBOR Advance in effect on the date of receipt of such notice of the Liquidity Provider. In the event any change of the nature described in the preceding sentence shall make it unlawful or impossible for the Liquidity Provider (or its Lending Office) to maintain or fund its Base Rate Advances, the Liquidity Provider shall have the right to cause a Replacement Liquidity Facility to be substituted for this Agreement, subject to (i) the satisfaction of the conditions precedent to the effectiveness of, and the other provisions regarding, a Replacement Liquidity Facility set forth in Section 3.6(e) of the Intercreditor Agreement and (ii) such Replacement Liquidity Facility and Replacement Liquidity Provider being reasonably acceptable to Continental.

#### 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 (in the case of each document delivered pursuant to paragraphs (i), (ii) and (iii) below), 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) which are in full force and effect in accordance with their respective terms;

(iv) A copy of the Offering Memorandum, with copies of the Appraisals attached thereto, and specimen copies of the Class B Certificates;

(v) Evidence that, on the Effective Date, the Class A Certificates, the Class B Certificates, the Class C Certificates and the Class D Certificates will receive long-term credit ratings from Moody's of not lower than AA, A, BBB- and BB, respectively, and from Standard & Poor's of not lower than A1, A3, Baa2 and Ba2, respectively;

(vi) 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);

(vii) 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;

(viii) 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 8.04(a) of the Trust Agreements 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

(ix) Such other documents, instruments, opinions and approvals as the Liquidity Provider shall have reasonably requested.

(b) The following statements shall be true on and as of the Effective Date:

(i) The representations and warranties contained in the Participation Agreements (other than the Participation Agreements with respect to any Postponed Notes) of each party thereto are true and correct on and as of the Effective Date as though made on and as of the Effective Date; and

(ii) 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 (other than this Section 4.01(e)).

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, except in the case of a Final Advance, 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 Advance 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.

#### 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, at its option, make a Final Advance to the Borrower before 12:00 Noon (New York City time) on a Business Day in accordance with Section 2.02(d) whereupon (i) the Liquidity Provider shall have no further obligation to make Advances hereunder, (ii) all other outstanding Advances shall be automatically converted into Final Advances for purposes of determining the Applicable Liquidity Rate for interest payable thereon, and (iii) subject to Sections 2.07 and 2.09 hereof, all Advances (including, without limitation, any Downgrade Advance and Applied Downgrade Advance), any accrued interest thereon and any other amounts outstanding hereunder shall become immediately due and payable to the Liquidity Provider. Any payment in respect of a Final Advance shall be made in the lawful money of the United States of America, to the Borrower in immediately available funds, by wire transfer to Wilmington Trust Company, One Rodney Square, 1100 N. Market Street, Wilmington, Delaware 19890, ABA No. 031-100-092, Account No. 42215-1, Attention: Corporate Trust Administration, Reference: Continental 1997-2 Class B Cash Collateral Account (or to such other account as the Borrower may from time to time designate to the Liquidity Provider for such purpose).

#### 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: KREDIETBANK N.V.  
New York Branch  
125 West 55th Street  
New York, NY 10019

Attention: General Manager  
Telephone: (212) 541-0600  
Telecopy: (212) 956-5580

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 8.1 of the Participation Agreements. 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 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 Fee Letter, the Intercreditor Agreement or any Participation 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 to the extent such Expense is (i) attributable to the gross negligence or willful misconduct of such Liquidity Indemnitee or any other Liquidity Indemnitee, (ii) ordinary and usual operating overhead expense or (iii) 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 Fee Letter or any other Operative Agreement to which it is a party. The indemnities contained in such Section 8.1, 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 and security 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 granting of participations 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 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 participation, 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 by the Borrower or the Liquidity Provider 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 of 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) if such party does not maintain an office for the transaction of its business in New York, 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 of 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. 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:

KREDIETBANK N.V., acting through its New York branch, as Liquidity Provider

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

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

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:

KREDIETBANK N.V., acting through its New York 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 KREDIETBANK N.V., acting through its New York branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-2B) dated as of June 25, 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 for the payment 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 and has not been paid pursuant to clause sixth of Section 3.2 of the Intercreditor Agreement or clause eighth 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 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 Certificates or the Class D Certificates or interest on the Class A Certificates, the Class C Certificates or the Class D 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 and (v) 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 3.6(b) 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, 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

DOWNGRADE ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to KREDIETBANK N.V., acting through its New York branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-2B) dated as of June 25, 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 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 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 Certificates or the Class D 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 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]

NOTICE OF AUTOMATIC REDUCTION OR INCREASE OF COMMITMENT

[Date]

Ladies and Gentlemen:

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby notifies Kredietbank N.V., acting through its New York branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement dated as of June 25, 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, pursuant to Section 2.04(a) of the Liquidity Agreement, the Commitment has been automatically reduced or increased to \$\_\_\_\_\_.

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 B Trust, as Borrower

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

NOTICE OF CONVERSION TO FINAL ADVANCE

[Date]

WILMINGTON TRUST COMPANY  
as Subordination Agent, as Borrower  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0011

Attention: Corporate Trust Administration

Revolving Credit Agreement dated as of June 25, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust, 1997-2B, as Borrower, and Kredietbank N.V., acting through its New York branch (the "Liquidity Agreement")

-----

Ladies and Gentlemen:

You are hereby notified that pursuant to Section 2.06 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 convert the existing Downgrade Advance to a Final Advance.

THIS NOTICE IS THE "NOTICE OF CONVERSION TO FINAL ADVANCE" PROVIDED FOR UNDER THE LIQUIDITY AGREEMENT.

Very truly yours,

KREDIETBANK N.V.,  
NEW YORK BRANCH  
as Liquidity Provider

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

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

cc: Wilmington Trust Company,  
as Class B Trustee

NOTICE OF REPLACEMENT SUBORDINATION AGENT

[Date]  
Attention:

Revolving Credit Agreement dated as of June 25, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust, 1997-2B, as Borrower, and Kredietbank N.V., acting through its New York 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  
(1997-2C)

Dated as of June 25, 1997

between

WILMINGTON TRUST COMPANY,

as Subordination Agent,  
as agent and trustee for the  
Continental Airlines Pass Through Trust 1997-2C

as Borrower

and

KREDIETBANK N.V., NEW YORK BRANCH,

as Liquidity Provider

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Relating to

Continental Airlines Pass Through Trust 1997-2C  
7.206% Continental Airlines Pass Through Certificates,  
Series 1997-2C

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## REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT dated as of June 25, 1997, between WILMINGTON TRUST COMPANY, a Delaware banking 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 Trust (as defined below) (the "Borrower"), and KREDIETBANK N.V., acting through its New York branch (the "Liquidity Provider").

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

WHEREAS, pursuant to the Class C 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 Trust is issuing the Class C Certificates; and

WHEREAS, the Borrower, in order to support the timely payment of a portion of the interest on the Class C 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 Downgrade Advance, an Applied Downgrade Advance or an Unpaid Advance, as the case may be.

"Applicable Liquidity Rate" has the meaning assigned to such term in Section 3.07(f).

"Applicable Margin" means (v) with respect to any Unpaid Advance or Applied Downgrade Advance that is a LIBOR Advance, 1.75% per annum, (w) with respect to any Final Advance that is a Base Rate Advance, 1.75% per annum, (x) with respect to any Interest Advance or Applied Downgrade Advance that is a Base Rate Advance, 0.75% per annum, (y) with respect to any Unapplied Downgrade Advance that is a LIBOR Advance, 0.45% per annum and (z) with respect to any Unapplied Downgrade Advance that is a Base Rate Advance, minus 0.55% per annum.

"Applied Downgrade Advance" has the meaning assigned to such term in Section 2.06(a).

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall for any day be equal to the higher of:

(i) the rate per annum announced from time to time by the Liquidity Provider as its base commercial lending rate, and

(ii) (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, plus one-half of one percent (1/2 of 1%), or (b) if the rate calculated pursuant to clause (a) above is not available for such date, the rate quoted by the Liquidity Provider, at approximately 11:00 A.M., New York City time on such day (or, if such day is not a Business Day, on the next preceding Business Day), to dealers in the New York Federal funds market for overnight Federal funds offerings of dollars by the Liquidity Provider, plus one-half of one percent (1/2 of 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 or pursuant to Section 6.01.

"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 Class C Certificate is outstanding, the city and state in which the Class C 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.

"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.

"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 or treaty (including any change in the official interpretation thereof) after the date hereof (excluding from change in applicable law or treaty for this purpose any addition of, or change in, any "anti-treaty shopping", "limitation on benefits", or similar provision in any treaty or other applicable law restricting the availability of treaty benefits (including without limitation any provision similar to the Protocol Amending the Convention Between the United States of America and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect

to Taxes on Income, signed at Washington on October 13, 1993)), 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.

"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.

"Expiry Date" means January 14, 2006.

"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 and ending on the next Regular Distribution Date (or ending, in the case of an Interest Period

applicable to any Unapplied Downgrade Advance, on the numerically corresponding day in the third or sixth calendar month after the first day of the applicable Interest Period and/or on the next Regular Distribution Date, as Continental may select by providing notice thereof to the Borrower and the Liquidity Provider no later than three Business Days prior to the commencement of such Interest Period, provided that if Continental shall not provide such a notice at least three Business Days prior to the commencement of such Interest Period, then Continental shall be deemed to have selected an Interest Period 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 (or ending, in the case of an Interest Period applicable to any Unapplied Downgrade Advance, on the numerically corresponding day in the third or sixth calendar month after the first day of the applicable Interest Period and/or on the next Regular Distribution Date, as Continental may select by providing notice thereof to the Borrower and the Liquidity Provider no later than three Business Days prior to the commencement of such Interest Period, provided that if Continental shall not provide such a notice at least three ----- Business Days prior to the commencement of such Interest Period, then Continental shall be deemed to have selected an Interest Period ending on the next Regular Distribution Date);

provided, however, that (I) if an Unapplied Downgrade Advance which is a LIBOR Advance becomes an Applied Downgrade Advance, the Interest Period then applicable to such Unapplied Downgrade Advance shall be applicable to such Applied Downgrade Advance, (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 date the Liquidity Provider makes the Final Advance (in the case of clause (x) above) or the Regular Distribution Date following

such conversion (in the case of clause (y) above) and (III) in the case of any Interest Period applicable to a Downgrade Advance, each Interest Period that would otherwise end on a day that is not a Business Day shall end on the next succeeding Business Day.

"Lending Office" means the lending office of the Liquidity Provider presently located at 125 West 55th Street, New York, New York 10019 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:

(i) the rate per annum appearing on display page 3750 (British Bankers Association-LIBOR) of the Dow Jones Markets Service (or any successor or substitute therefor) at approximately 11:00 A.M. (London time) two Business Days before the first day of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period, or

(ii) if (a) the rate calculated pursuant to clause (i) above is not available or (b) the Liquidity Provider determines in good faith, and certifies to the Borrower and Continental, prior to two Business Days prior to the commencement of such Interest Period, that the rate calculated pursuant to clause (i) above does not adequately and fairly reflect the cost to the Liquidity Provider of making and maintaining the relevant Advance during such Interest Period, the rate per annum at which deposits in dollars are offered for the relevant Interest Period by the Liquidity Provider to prime 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 LIBOR Advance to which such Interest Period is to apply and for a period of time comparable to such Interest Period, as quoted by the Liquidity Provider to the Borrower.

"Liquidity Event of Default" means the occurrence of either (a) the acceleration of all of the Equipment Notes or (b) a Continental Bankruptcy Event.

"Liquidity Indemnitee" means (i) the Liquidity Provider, (ii) each Affiliate of the Liquidity Provider, (iii) the directors, officers, employees, servants and agents of the Liquidity Provider and its Affiliates, and (iv) the successors and permitted assigns of the persons described in clauses (i) through (iii), 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 Downgrade Advance or a Final Advance, the Maximum Available Commitment shall be zero.

"Maximum Commitment" means initially \$2,967,925, as the same may be adjusted from time to time in accordance with Section 2.04(a); provided that the Maximum Commitment shall at no time exceed an amount equal to \$3,173,860.

"Non-Excluded Taxes" has the meaning specified in Section 3.03.

"Notice of Borrowing" has the meaning specified in Section 2.02(e).

"Notice of Conversion to Final Advance" means the Notice of Conversion to Final Advance substantially in the form of Annex IV to this Agreement.

"Notice of Replacement Subordination Agent" has the meaning specified in Section 3.08.

"Offering Memorandum" means the Offering Memorandum dated June 17, 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.

"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 Certificates, that would be payable on the Class C 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 Certificates on such day and without regard to expected future payments of principal on the Class C Certificates.

"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 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 date on which the Liquidity Provider makes the Final Advance; 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.

"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.

"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:

"Affiliate", "Certificates", "Class A Certificates", "Class B Certificates", "Class C Cash Collateral Account", "Class C Certificates", "Class C Certificateholders", "Class C Trust", "Class C Trust Agreement", "Class C Trustee", "Class D Certificates", "Closing Date", "Continental", "Continental Bankruptcy Event", "Controlling Party", "Corporate Trust Office", "Distribution Date", "Downgraded Facility", "Equipment Notes", "Fee Letter", "Indenture", "Initial Purchasers", "Investment Earnings", "Liquidity Facility", "Loan Trustee", "Moody's", "Operative Agreements", "Participation Agreement", "Performing Equipment Note", "Person", "Pool Balance", "Postponed Notes", "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", "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 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 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 Series C 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 interest on the Class C 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) [Intentionally Omitted].

(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 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 Class C Cash Collateral Account in accordance with said Section 3.6(c).

(d) A Final Advance shall be made by the Liquidity Provider without the necessity of a Notice of Borrowing at the option of the Liquidity Provider as provided in Section 6.01 in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the Class C Cash Collateral Account (in accordance with Section 3.6(i) of the Intercreditor Agreement).

(e) Each Borrowing (other than under Section 2.02(d)) shall be made on notice in writing (a "Notice of Borrowing") in substantially the form required by Section 2.02(a) or 2.02(c), 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(c) or (d) hereof to fund the Class C Cash Collateral Account, the Liquidity Provider shall have no interest in or rights to the Class C Cash Collateral Account, such Advance or any other amounts from time to time on deposit in the Class C Cash Collateral Account; 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 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 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", the Maximum Commitment shall automatically be reduced or increased, as the case may be, to an amount equal to such adjusted Required Amount (as calculated by the Borrower). The Borrower shall give notice of any such automatic reduction or increase of the Maximum Commitment (substantially in the form of Annex III hereto) 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 Downgrade 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 Downgrade 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 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 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 Downgrade Advances. (a) Amounts advanced hereunder in respect of a Downgrade Advance shall be deposited in the Class C Cash Collateral Account, and invested and withdrawn from the Class C Cash Collateral Account as set forth in Sections 3.6(c) 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 Downgrade Advance, interest on the principal amount of any such Downgrade Advance as provided in Section 3.07; provided, however, that amounts in respect of a Downgrade Advance withdrawn from the Class C Cash Collateral Account for the purpose of paying interest on the Class C Certificates in accordance with Section 3.6(f) of the Intercreditor Agreement (the amount of any such withdrawal being an "Applied Downgrade 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 Downgrade Advance, the Liquidity Provider delivers a Notice of Conversion to Final Advance (substantially in the form of Annex IV to this Agreement) to the Borrower, such Downgrade 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 Class C Cash Collateral Account on account of a reduction in the Required Amount, the Borrower shall repay to the Liquidity Provider a portion of the Downgrade Advances in a principal amount equal to the amount of such reduction, plus interest on the principal amount prepaid as provided in Section 3.07 hereof.

(b) At any time when an Applied Downgrade Advance (or any portion thereof) is outstanding, upon the deposit in the Class C 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 Required Amount at such time, (i) the aggregate outstanding principal amount of all Applied Downgrade Advances (and of Downgrade 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 Downgrade 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 Class C Cash Collateral Account after giving effect to any Applied Downgrade 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 in the order of priority required by the applicable provisions of Articles II and III of the Intercreditor Agreement.

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 amounts that constitute Scheduled Payments, Special Payments or payments under Section 8.1 of the Participation Agreements 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

Class C 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.

### ARTICLE III

#### OBLIGATIONS OF THE BORROWER

Section 3.01. Increased Costs. 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 (or its head office) which are attributable to its making or maintaining any 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"), (A) resulting from any change after the date of this Agreement in U.S. federal or state, or any 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 or state, 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); (2) imposes on the Liquidity Provider any other condition regarding this Agreement or any such Advance (other than with respect to Taxes) or (3) imposes or modifies any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, the Liquidity Provider (or its head office) (including any such Advances or any deposits referred to in the definition of LIBOR Rate) and (B) which the Liquidity Provider has certified to the Borrower and Continental are not included or reflected in the determination of the LIBOR Rate or the Base Rate. 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 3.01 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 3.01 and contain a representation of the Liquidity Provider to the Borrower and to Continental to the effect that it is the customary practice of the Liquidity Provider to charge its customers for Additional Costs in respect of such event. Without limiting the Liquidity Provider's notice obligations under the preceding sentence, the Borrower shall not be required to compensate the Liquidity Provider pursuant to this Section 3.01 for any Additional Costs incurred more than sixty days prior to the date that the Liquidity Provider notifies the Borrower of the Regulatory Change giving rise to such Additional Costs and of the Liquidity Provider's intention to claim compensation therefor. 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. If (1) the adoption, after the date hereof, of any applicable governmental law, rule or regulation regarding capital adequacy of banks or bank holding companies (or any change therein), (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 or comparable agency charged with the interpretation or administration thereof or (3) compliance by the Liquidity Provider (or its head office) 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 3.02 and contain a representation of the Liquidity Provider to the Borrower and to Continental to the effect that it is the customary practice of the Liquidity Provider to charge its customers for compensation in respect of such event. Without limiting the Liquidity Provider's notice obligations under the preceding sentence, the Borrower shall not be required to compensate the Liquidity Provider, in respect of an event described in this Section 3.02, for any amount attributable to any period which is more than sixty days prior to the date that the Liquidity Provider notifies the Borrower of such event and of the Liquidity Provider's intention to claim compensation therefor. 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 and any net increase in Taxes imposed on the Liquidity Provider as a result of any payment made pursuant to this Section 3.03) interest or any other such amounts payable under this Agreement at the rates or in the amounts specified in this Agreement.

If as a result of any Tax indemnified or payment made pursuant to this Section 3.03, the Liquidity Provider shall realize any tax savings, whether by credit, deduction or refund (including by way of offset), then the Liquidity Provider shall pay to Borrower an amount which, after subtraction of any further Tax savings the Liquidity Provider realizes as a result of the payment thereof and the addition of any Tax detriment suffered by the Liquidity Provider as a result of such payment, plus, in the case of any refund (including by way of offset) of any taxes giving rise to a payment hereunder, interest actually received or credited thereon, provided that if any Tax savings giving rise to a payment pursuant to this paragraph is subsequently lost or disallowed, the Borrower shall, upon written notice, repay such amounts to the Liquidity Provider provided further, that the payment of any amount to the Borrower pursuant to this Section 3.03(a) shall not be required if a Final Advance has been made and not yet reimbursed, but shall be deferred until such Final Advance has been fully reimbursed or shall be credited against the reimbursement obligation of the Borrower for such Final Advance.

The determination of any amount payable pursuant to this Section 3.03(a) shall be made by the Liquidity Provider and set forth in a certificate of an officer of the Liquidity Provider which certificate shall be final and conclusive, absent error manifest on the face of such certificate, provided that the Borrower may request verification of such payment amount, in which case the outside accounting firm regularly employed by the Liquidity Provider shall be requested to verify the calculation of such payment amount within 30 days, at the expense of the

Borrower, unless the payment amount is determined to be in error by more than five percent, in which case such expense shall be paid by the Liquidity Provider. The Liquidity Provider shall have sole control over the positions taken on its tax returns and filings. The Liquidity Provider shall in no event be required to disclose its tax returns or filings or any related records other than to the verifying accounting firm.

Whenever any Non-Excluded Tax is payable by the Borrower, promptly thereafter, the Borrower shall send to the Liquidity Provider copies of tax receipts evidencing such payment by the Borrower, if reasonably available to it, or other evidence of payment reasonably requested by the Liquidity Provider.

(b) 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 payable under Section 3.03(a) 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, to the extent the Liquidity Provider is legally entitled to do so, 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 The Bank of New York, One Wall Street, New York, New York 10286, ABA No. 021-000-081, for the account of Kredietbank New York, Account No. 802-3015618, Attention: Loan Administration (referencing Continental Airlines 1997-2 Liquidity Facility).

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 (other than a payment of interest on LIBOR Advances) 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 such extension of time shall in such case be included in the computation of payment of interest or fees, as the case may be.

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 Downgrade Advance, from and including the date on which the amount thereof was withdrawn from the Class C Cash Collateral Account to pay interest on the Class C Certificates) to but excluding the date such principal amount shall be paid in full (or, in the case of an Applied Downgrade Advance, the date on which the Class C 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) 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 (or, in the case of a Final Advance, three Business Days following the date of such Final Advance). Thereafter, such Advance shall be a LIBOR Advance; provided that the Borrower (at the direction of the Controlling Party (so long as the Controlling Party is not the Liquidity Provider)) 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 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 until paid.

(f) 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. Subject to Section 5.02(b), 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 V 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, or any conversion of a LIBOR Advance to a Base Rate 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 each LIBOR Advance shall be converted to a Base Rate Advance (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 conversion; or (b) at the

expiration of the last Interest Period for such LIBOR Advance to expire before the effective date of any such change or request if such notice of the Liquidity Provider is provided to the Borrower prior to such expiration date, and otherwise at the expiration of the Interest Period for such LIBOR Advance in effect on the date of receipt of such notice of the Liquidity Provider. In the event any change of the nature described in the preceding sentence shall make it unlawful or impossible for the Liquidity Provider (or its Lending Office) to maintain or fund its Base Rate Advances, the Liquidity Provider shall have the right to cause a Replacement Liquidity Facility to be substituted for this Agreement, subject to (i) the satisfaction of the conditions precedent to the effectiveness of, and the other provisions regarding, a Replacement Liquidity Facility set forth in Section 3.6(e) of the Intercreditor Agreement and (ii) such Replacement Liquidity Facility and Replacement Liquidity Provider being reasonably acceptable to Continental.

#### 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 (in the case of each document delivered pursuant to paragraphs (i), (ii) and (iii) below), 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) which are in full force and effect in accordance with their respective terms;

(iv) A copy of the Offering Memorandum, with copies of the Appraisals attached thereto, and specimen copies of the Class C Certificates;

(v) Evidence that, on the Effective Date, the Class A Certificates, the Class B Certificates, the Class C Certificates and the Class D Certificates will receive long-term credit ratings from Moody's of not lower than AA, A, BBB- and BB, respectively, and from Standard & Poor's of not lower than A1, A3, Baa2 and Ba2, respectively;

(vi) An executed copy of each document, instrument, certificate and opinion delivered on or before the Closing Date pursuant to the Class C 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);

(vii) 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;

(viii) 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 8.04(a) of the Trust Agreements 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

(ix) Such other documents, instruments, opinions and approvals as the Liquidity Provider shall have reasonably requested.

(b) The following statements shall be true on and as of the Effective Date:

(i) The representations and warranties contained in the Participation Agreements (other than the Participation Agreements with respect to any Postponed Notes) of each party thereto are true and correct on and as of the Effective Date as though made on and as of the Effective Date; and

(ii) 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 (other than this Section 4.01(e)).

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, except in the case of a Final Advance, 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 Advance 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.

#### 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, at its option, make a Final Advance to the Borrower before 12:00 Noon (New York City time) on a Business Day in accordance with Section 2.02(d) whereupon (i) the Liquidity Provider shall have no further obligation to make Advances hereunder, (ii) all other outstanding Advances shall be automatically converted into Final Advances for purposes of determining the Applicable Liquidity Rate for interest payable thereon, and (iii) subject to Sections 2.07 and 2.09 hereof, all Advances (including, without limitation, any Downgrade Advance and Applied Downgrade Advance), any accrued interest thereon and any other amounts outstanding hereunder shall become immediately due and payable to the Liquidity Provider. Any payment in respect of a Final Advance shall be made in the lawful money of the United States of America, to the Borrower in immediately available funds, by wire transfer to Wilmington Trust Company, One Rodney Square, 1100 N. Market Street, Wilmington, Delaware 19890, ABA No. 031-100-092, Account No. 42216-1, Attention: Corporate Trust Administration, Reference: Continental 1997-2 Class C Cash Collateral Account (or to such other account as the Borrower may from time to time designate to the Liquidity Provider for such purpose).

#### 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: KREDIETBANK N.V.  
New York Branch  
125 West 55th Street  
New York, NY 10019  
Attention: General Manager  
Telephone: (212) 541-0600  
Telecopy: (212) 956-5580

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 8.1 of the Participation Agreements. 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 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 Fee Letter, the Intercreditor Agreement or any Participation 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 to the extent such Expense is (i) attributable to the gross negligence or willful misconduct of such Liquidity Indemnitee or any other Liquidity Indemnitee, (ii) ordinary and usual operating overhead expense or (iii) 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 Fee Letter or any other Operative Agreement to which it is a party. The indemnities contained in such Section 8.1, 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 and security 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 granting of participations 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 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 participation, 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 by the Borrower or the Liquidity Provider 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 of 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) if such party does not maintain an office for the transaction of its business in New York, 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 of 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. 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 Trust, as Borrower

By: -----  
Name:  
Title:

KREDIETBANK N.V., acting through its New York branch, as Liquidity Provider

By: -----  
Name:  
Title:

By: -----  
Name:  
Title:

## INTEREST ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to KREDIETBANK N.V., acting through its New York branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-2C) dated as of June 25, 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 for the payment of the interest on the Class C Certificates which was payable on \_\_\_\_\_, \_\_\_\_ (the "Distribution Date") in accordance with the terms and provisions of the Class C Trust Agreement and the Class C Certificates and has not been paid pursuant to clause seventh of Section 3.2 of the Intercreditor Agreement or clause ninth 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 interest which was due and payable on the Class C 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 Certificates or the Class D Certificates or interest on the Class A Certificates, the Class B Certificates or the Class D Certificates, (iii) was computed in accordance with the provisions of the Class C Certificates, the Class C 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 and (v) 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 3.6(b) 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, 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

## DOWNGRADE ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby certifies to KREDIETBANK N.V., acting through its New York branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (1997-2C) dated as of June 25, 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 Class C 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 Class C 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 Certificates, or principal of, or interest or premium on, the Class A Certificates, the Class B Certificates or the Class D Certificates, (iii) was computed in accordance with the provisions of the Class C Certificates, the Class C 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 Class C 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]

NOTICE OF AUTOMATIC REDUCTION OR INCREASE OF COMMITMENT

[Date]

Ladies and Gentlemen:

The undersigned, a duly authorized signatory of the undersigned subordination agent (the "Borrower"), hereby notifies Kredietbank N.V., acting through its New York branch (the "Liquidity Provider"), with reference to the Revolving Credit Agreement dated as of June 25, 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, pursuant to Section 2.04(a) of the Liquidity Agreement, the Commitment has been automatically reduced or increased to \$\_\_\_\_\_.

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 Trust, as Borrower

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

NOTICE OF CONVERSION TO FINAL ADVANCE

[Date]

WILMINGTON TRUST COMPANY  
as Subordination Agent, as Borrower  
Rodney Square North  
1100 North Market Square  
Wilmington, DE 19890-0011

Attention: Corporate Trust Administration

Revolving Credit Agreement dated as of June 25, 1997, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the Continental Airlines Pass Through Trust, 1997-2C, as Borrower, and Kredietbank N.V., acting through its New York branch (the "Liquidity Agreement")

-----  
Ladies and Gentlemen:

You are hereby notified that pursuant to Section 2.06 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 convert the existing Downgrade Advance to a Final Advance.

THIS NOTICE IS THE "NOTICE OF CONVERSION TO FINAL ADVANCE" PROVIDED FOR UNDER THE LIQUIDITY AGREEMENT.

Very truly yours,

KREDIETBANK N.V.,  
NEW YORK BRANCH  
as Liquidity Provider

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

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

cc: Wilmington Trust Company,  
as Class C Trustee

NOTICE OF REPLACEMENT SUBORDINATION AGENT

[Date]

Attention:

Revolving Credit Agreement dated as of June 25, 1997, between  
Wilmington Trust Company, as Subordination Agent, as agent and trustee for the  
Continental Airlines Pass Through Trust, 1997-2C, as Borrower, and Kredietbank  
N.V., acting through its New York 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:

-----  
INTERCREDITOR AGREEMENT

Dated as of  
June 25, 1997

## AMONG

WILMINGTON TRUST COMPANY,  
not in its individual capacity  
but solely as Trustee under the  
Continental Airlines Pass Through Trust Series 1997-2A,  
Continental Airlines Pass Through Trust Series 1997-2B,  
Continental Airlines Pass Through Trust Series 1997-2C,  
and  
Continental Airlines Pass Through Trust Series 1997-2D

KREDIETBANK N.V., NEW YORK BRANCH

as Class A Liquidity Provider,  
as Class B Liquidity Provider and  
as Class C Liquidity Provider

## 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 June 25, 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); KREDIETBANK N.V., acting through its New York branch, as Class A Liquidity Provider, as Class B Liquidity Provider and as Class C 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, Continental proposes to issue on a recourse basis four series of Equipment Notes to finance the purchase of the Aircraft;

WHEREAS, pursuant to the Participation 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, the Liquidity Provider proposes to enter into three separate revolving credit agreements (each, a "Liquidity Facility") with the Subordination Agent, as agent for the Trustee of each Trust (other than the Class D 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 Provider, 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.

"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 (after giving effect to any Escrowed Funds Interest Distribution to be made on such Current Distribution Date with respect to such Certificates) and (y) the greater of:

(A) the difference between (x) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, the original aggregate face amount of the Certificates of such Trust), less (if applicable) the aggregate amount of Escrowed Funds for such Class of Certificates as of such immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, as of the Closing Date) thereafter distributed to the Certificateholders of such Class (instead of being used to purchase

Postponed Notes) pursuant to the Trust Agreement for such Class (excluding the interest component of any such distribution), 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 has been paid in full and such payments have been distributed to the holders of such Certificates, 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 (or, if the Current Distribution Date is the first Distribution Date, the original aggregate face amount of the Certificates of such Trust), less (if applicable) the aggregate amount of Escrowed Funds for such Class of Certificates as of such immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, as of the Closing Date) thereafter distributed to the Certificateholders of such Class (instead of being used to purchase Postponed Notes) pursuant to the Trust Agreement for such Class (excluding the interest component of any such distribution), 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 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, but in no event in an amount less than zero.

"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 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 & Agnew.

"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 or the Class C Cash Collateral Account, as applicable.

"Certificate" means a Class A Certificate, a Class B Certificate, a Class C Certificate or a Class D 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 Facility" means, initially, the Revolving Credit Agreement dated as of the date hereof, between the Subordination Agent, as agent and trustee for the Class A Trustee, and the Class A Liquidity Provider, and, from and after the replacement of 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 Provider" means Kredietbank N.V., acting through its New York branch, together with any Replacement Liquidity Provider which has issued a Replacement Liquidity Facility to replace the Class A Liquidity Facility pursuant to Section 3.6(e).

"Class A Trust" means the Continental Airlines Pass Through Trust Series 1997-2A created and administered pursuant to the Class A Trust Agreement.

"Class A Trust Agreement" means 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 Series 1997-2A 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 Facility" means, initially, the Revolving Credit Agreement dated as of the date hereof, between the Subordination Agent, as agent and trustee for the Class B Trustee, and the Class B Liquidity Provider, and, from and after the replacement of 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 Provider" means Kredietbank N.V., acting through its New York branch, together with any Replacement Liquidity Provider which has issued a Replacement Liquidity Facility to replace the Class B Liquidity Facility pursuant to Section 3.6(e).

"Class B Trust" means the Continental Airlines Pass Through Trust Series 1997-2B created and administered pursuant to the Class B Trust Agreement.

"Class B Trust Agreement" means 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 Series 1997-2B 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 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 Liquidity Facility pursuant to Section 3.6(c), 3.6(d) or 3.6(i) shall be deposited.

"Class C Certificateholder" means, at any time, any holder of one or more Class C Certificates.

"Class C Certificates" means the certificates issued by the Class C Trust, substantially in the form of Exhibit A to the Class C Trust Agreement, and authenticated by the Class C Trustee, representing fractional undivided interests in the Class C Trust, and any certificates issued in exchange therefor or replacement thereof pursuant to the terms of the Class C Trust Agreement and/or the Registration Rights Agreement (including, without limitation, any Exchange Certificates (as defined in the Class C Trust Agreement)).

"Class C Liquidity Facility" means, initially, the Revolving Credit Agreement dated as of the date hereof, between the Subordination Agent, as agent and trustee for the Class C Trustee, and the Class C Liquidity Provider, and, from and after the replacement of 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 Liquidity Provider" means Kredietbank N.V., acting through its New York branch, together with any Replacement Liquidity Provider which has issued a Replacement Liquidity Facility to replace the Class C Liquidity Facility pursuant to Section 3.6(e).

"Class C Trust" means the Continental Airlines Pass Through Trust Series 1997-2C created and administered pursuant to the Class C Trust Agreement.

"Class C Trust Agreement" means the Pass Through Trust Agreement dated as of the date hereof, between Continental and the Class C Trustee, governing the creation and administration of the Continental Airlines Pass Through Trust Series 1997-2C and the issuance of the Class C Certificates, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class C Trustee" means WTC, not in its individual capacity except as expressly set forth in the Class C Trust Agreement, but solely as trustee under the Class C Trust Agreement, together with any successor trustee appointed pursuant thereto.

"Class D Certificateholder" means, at any time, any holder of one or more Class D Certificates.

"Class D Certificates" means the certificates issued by the Class D Trust, substantially in the form of Exhibit A to the Class D Trust Agreement, and authenticated by the Class D Trustee, representing fractional undivided interests in the Class D Trust, and any certificates issued in exchange therefor or replacement thereof pursuant to the terms of the Class D Trust Agreement and/or the Registration Rights Agreement (including, without limitation, any Exchange Certificates (as defined in the Class D Trust Agreement)).

"Class D Trust" means the Continental Airlines Pass Through Trust Series 1997-2D created and administered pursuant to the Class D Trust Agreement.

"Class D Trust Agreement" means the Pass Through Trust Agreement dated as of the date hereof, between Continental and the Class D Trustee, governing the creation and administration of the Continental Airlines Pass Through Trust Series 1997-2D and the issuance of the Class D Certificates, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class D Trustee" means WTC, not in its individual capacity except as expressly set forth in the Class D Trust Agreement, but solely as trustee under the Class D Trust Agreement, together with any successor trustee appointed pursuant thereto.

"Closing Date" means June 25, 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 untermiated for a period of 60 days.

"Continental Provisions" has the meaning assigned to such term in Section 9.1(a).

"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.

"Designated Representatives" means the Subordination Agent Representatives, 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" or "\$" 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, Series C Equipment Notes and the Series D Equipment Notes, collectively, and in each case, any Equipment Notes issued in exchange therefor or replacement thereof pursuant to the terms of the Indentures.

"Escrowed Funds", with respect to the Certificates of any Class, has the meaning assigned to such term in the Trust Agreement for such Class.

"Escrowed Funds Interest Distribution" means, with respect to the Certificates of any Class, the interest component of any distribution to the Certificateholders of such Class on account of Escrowed Funds for such Class of Certificates, earnings thereon or payments by Continental pursuant to Section 2.01 of the Trust Agreement for such Class of Certificates.

"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 (after giving effect to any Escrowed Funds Interest Distribution to be made on such Current Distribution Date with respect to such Certificates) and (y) the difference between (A) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (or, if the Current

Distribution Date is the first Distribution Date, the original aggregate face amount of the Certificates of such Trust), less (if applicable) the aggregate amount of Escrowed Funds for such Class of Certificates as of such immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, as of the Closing Date) thereafter distributed to the Certificateholders of such Class (instead of being used to purchase Postponed Notes) pursuant to the Trust Agreement for such Class (excluding the interest component of any such distribution), 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 which have been sold pursuant to the terms hereof has been paid in full and such payments have been distributed to the holders of such Certificates. 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 the Fee Letter dated June 25, 1997 between Kredietbank N.V., acting through its New York branch, and the Subordination Agent with respect to the Liquidity Facilities, 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 and (y) the Pool Balance of such Certificates as of the immediately preceding Distribution Date. 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, December 30, 2008, (ii) with respect to the Class B Certificates, December 30, 2006, (iii) with respect to the Class C Certificates, December 30, 2005, and (iv) with respect to the Class D Certificates, June 30, 2001.

"Indenture" means each of the Trust Indentures entered into by the Loan Trustee and Continental, initially with respect to the aircraft set forth on Schedule I hereto, 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.

"Initial Purchasers" means Credit Suisse First Boston Corporation and Morgan Stanley & Co. Incorporated.

"Interest Drawing" has the meaning assigned to such term in Section 3.6(a).

"Interest Payment Date" means, with respect to any Liquidity Facility, each date on which interest is due and payable under Section 3.07(c) or (d) of such Liquidity Facility on a Downgrade Drawing, Non-Extension Drawing or Final Drawing thereunder.

"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.

"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 Facility" means, at any time, the Class A Liquidity Facility, the Class B Liquidity Facility, or the Class C Liquidity Facility, as applicable.

"Liquidity Obligations" means all principal, interest, fees and other amounts owing to the Liquidity Providers under the Liquidity Facilities, Section 8.1 of the Participation Agreements or the Fee Letter.

"Liquidity Provider" means, at any time, the Class A Liquidity Provider, the Class B Liquidity Provider, or the Class C Liquidity Provider, as applicable.

"Loan Trustee" means, with respect to any Indenture or the Second Mortgage, the loan trustee thereunder.

"LP Incumbency Certificate" has the meaning assigned to such term in Section 2.5(c).

"LP Representatives" has the meaning assigned to such term in Section 2.5(c).

"LTV Appraisals" has the meaning assigned to such term in Section 4.1(a).

"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 Indenture, the amount of the insurance proceeds paid to the Loan Trustee under the related Indenture and/or under the Second Mortgage 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 41.00%, for the Class B Certificates 55.00%, for the Class C Certificates 69.90% and for the Class D Certificates, 84.89%.

"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).

"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.

"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 3.6(d).

"Non-Performing Equipment Note" means an Equipment Note issued pursuant to an Indenture that is not a Performing Equipment Note.

"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 Second Mortgage, the Trust Agreements, the Purchase Agreement, 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.

"Participation Agreement" mean, with respect to each Indenture, the "Participation Agreement" referred to therein.

"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 Indenture related to such Equipment Note 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. 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.

"Postponed Notes", with respect to the Certificates of any Class, has the meaning assigned to such term in the Trust Agreement for such Class.

"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 or Class C 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 as of June 17, 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 June 30 and December 30, commencing on December 30, 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, one or more irrevocable revolving credit agreements issued by one or more Persons 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 an aggregate 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 for such Liquidity Facility and issued by a Person(s) having short-term unsecured debt ratings issued by each Rating Agency which are equal to or higher than the Threshold Rating. Without limitation of the form that a Replacement Liquidity Facility otherwise may have pursuant to the preceding sentence, a Replacement Liquidity Facility for any Class of Certificates may have a stated expiration date earlier than 15 days after the Final Maturity Date of such Class of Certificates so long as such Replacement Liquidity Facility provides for a Non-Extension Drawing as contemplated by Section 3.6(d) hereof.

"Replacement Liquidity Provider" means a Person who issues a Replacement Liquidity Facility.

"Required Amount" means, with respect to the Liquidity Facility, or the Cash Collateral Account, for 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.

"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 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.

"Second Mortgage" means the Second Mortgage dated as of the date hereof entered into by the Loan Trustee and Continental, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Series A Equipment Notes" means the 7.148% Series A Equipment Notes issued pursuant to each Indenture by Continental, 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 7.149% Series B Equipment Notes issued pursuant to each Indenture by Continental, 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 7.206% Series C Equipment Notes issued pursuant to each Indenture by Continental, 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 D Equipment Notes" means the 7.522% Series D Equipment Notes issued pursuant to each Indenture by Continental, 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, Trust Indenture Estate (as defined in each Indenture) or Collateral (as defined in the Second Mortgage).

"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, 7.148% per annum, (ii) with respect to the Class B Certificates, 7.149% per annum, (iii) with respect to the Class C Certificates, 7.206% per annum, and (iv) with respect to the Class D Certificates, 7.522% 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) (if it is filed) , after being declared effective by the SEC (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.

"Subordination Agent Incumbency Certificate" has the meaning assigned to such term in Section 2.5(a).

"Subordination Agent Representatives" has the meaning assigned to such term in Section 2.5(a).

"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.

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

"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 or (z) the occurrence of a Continental Bankruptcy Event.

"Trust" means any of the Class A Trust, the Class B Trust, the Class C Trust or the Class D 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 Trust Agreement or the Class D Trust Agreement.

"Trustee" means any of the Class A Trustee, the Class B Trustee, the Class C Trustee or the Class D Trustee.

"Trustee Incumbency Certificate" has the meaning assigned to such term in Section 2.5(b).

"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(b).

"Written Notice" means, from the Subordination Agent, any Trustee or any Liquidity Provider, a written instrument executed by the Designated Representative of such Person. 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 or payments under Section 8.1 of the Participation Agreements, 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 that none of the Trustees, Loan Trustees, 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 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

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 (or, in the case of any amount on deposit in the Cash Collateral Account with respect to any Liquidity Facility (with respect to such Liquidity Facility, the "Relevant Amount"), (A) in the case of a portion of the Relevant Amount equal to the amount scheduled to be paid to the Liquidity Provider with respect to such Liquidity Facility on the Regular Distribution Date next following the date of such investment in accordance with clause (iv), (v) or (vi) of Section 3.6(f), the Business Day immediately preceding such Regular Distribution Date, or (B) in the case of a portion of the Relevant Amount equal to the Relevant Amount minus the amount described in clause (A) above, the Business Day immediately preceding the scheduled Interest Payment Date with respect to such Liquidity Facility 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 at the direction of Continental (or, if and to the extent so specified to the Subordination Agent by Continental with respect to any Liquidity Facility, the Liquidity Provider with respect to such Liquidity Facility); provided further, however, that following the making of a Downgrade Drawing under any initial Liquidity Facility (i) the Subordination Agent shall invest and reinvest the amounts in the Cash Collateral Account with respect to such Liquidity Facility in Eligible Investments pursuant to the written instructions of the Liquidity Provider funding such Drawing, which instructions shall be reasonably acceptable to Continental, and (ii) if the Subordination Agent shall be investing such amounts in the Cash Collateral Account in Eligible Investments in accordance with the instructions of such Liquidity Provider pursuant to clause (i) above, such Liquidity Provider shall use reasonable efforts to cause the amounts in the Cash Collateral Account with respect to such Liquidity Facility to be invested in Eligible Investments which yield at least an amount equal to the interest (excluding the Applicable Margin (as defined in the relevant Liquidity Facility)) that is payable to such Liquidity Provider in respect of such Downgrade Drawing pursuant to Section 3.07 of such Liquidity Facility (it being understood that it may not be feasible to obtain such a yield); 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 or the Second Mortgage 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 Downgrade Advance or Applied Non-Extension Advance (if applicable in connection with a Replacement Liquidity Facility) (each 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 Cash Collateral Account had been previously funded as provided in Section 3.6(f), to fund such Cash Collateral Account up to its Required Amount shall be deposited in such Cash Collateral 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 relevant Cash Collateral Account an amount equal to such Cash Collateral Account's Required Amount shall be deposited in such Cash Collateral 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 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, such amount as shall be required to pay in full Expected Distributions to the holders of Class C Certificates on such Special Distribution Date shall be distributed to the Class C Trustee;

eighth, such amount as shall be required to pay in full Expected Distributions to the holders of Class D Certificates on such Special Distribution Date shall be distributed to the Class D Trustee; and

ninth, 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 (after giving effect to any Escrowed Funds Interest Distribution to be made on such Current Distribution Date with respect to 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)".

(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 Continental in respect of any Trustee or any Liquidity Provider (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 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, the Subordination Agent shall furnish to each Liquidity Provider and each Trustee, and from time to time thereafter may furnish to each Liquidity Provider and each Trustee, at the Subordination Agent's discretion, or upon any Liquidity Provider's or Trustee's request (which request shall not be made more than one time in any 12-month period), a certificate (a "Subordination Agent Incumbency Certificate") of a Responsible Officer of the Subordination Agent certifying as to the incumbency and specimen signatures of the officers of the Subordination Agent and the attorney-in-fact and agents of the Subordination Agent (the "Subordination Agent Representatives") authorized to give Written Notices on behalf of the Subordination Agent hereunder. Until each Liquidity Provider and Trustee receives a subsequent Subordination Agent Incumbency Certificate, it shall be entitled to rely on the last Subordination Agent Incumbency Certificate delivered to it hereunder.

(b) 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.

(c) 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 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 Subordination Agent Representatives and 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 and (in the case of clause (ii) below) the Second Mortgage 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 under such Indenture, in taking, or refraining from taking, any action (x) 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), or (y) under the Second Mortgage, by the Controlling Party.

(b) The Person who shall be the "Controlling Party" with respect to any Indenture and the Second Mortgage shall be: (w) the Class A Trustee; (x) upon payment of Final Distributions to the holders of Class A Certificates, the Class B Trustee; (y) upon payment of Final Distributions to the holders of Class B Certificates, the Class C Trustee; and (z) upon payment of Final Distributions to the holders of Class C Certificates, the Class D Trustee. 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, the Liquidity Provider with the highest outstanding amount of Liquidity Obligations 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 and the Second Mortgage at any time from and including the last day of such 18-month period.

(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 Certificates, the Class C Trustee shall separately set forth the amounts to be paid in accordance with clause "seventh" of Section 3.2 hereof;

(iv) With respect to the Class D Certificates, the Class D Trustee shall separately set forth the amounts to be paid in accordance with clause "eighth" 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 "ninth" 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 Certificates, the Class C Trustee shall separately set forth the amounts to be paid in accordance with clauses "first" (to reimburse payments made by the Class C Certificateholders pursuant to subclause (iii) of clause "first" of Section 3.3 hereof) and "ninth" of Section 3.3 hereof;

(iv) With respect to the Class D Certificates, the Class D Trustee shall separately set forth the amounts to be paid in accordance with clauses "first" (to reimburse payments made by the Class D Certificateholders pursuant to subclause (iii) of clause "first" of Section 3.3 hereof) and "tenth" 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 "tenth" of Section 3.2 and clauses "first" through "eleventh" 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 and unpaid, and due or to become due on such Distribution Date, on all Liquidity Obligations (at the rate, or in the amount, provided in the applicable Liquidity Facility) 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 Cash Collateral Account had been previously funded as provided in Section 3.6(f), to fund such Cash Collateral Account up to its Required Amount shall be deposited in such Cash Collateral 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 relevant Cash Collateral Account an amount equal to such Cash Collateral Account's Required Amount shall be deposited in such Cash Collateral 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 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, such amount as shall be required to pay in full Expected Distributions to the holders of the Class C Certificates on such Distribution Date shall be distributed to the Class C Trustee;

eighth, such amount as shall be required to pay in full Expected Distributions to the holders of the Class D Certificates on such Distribution Date shall be distributed to the Class D Trustee;

ninth, 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

tenth, 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 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 Cash Collateral 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 Cash Collateral 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 relevant Cash Collateral Account an amount equal to such Cash Collateral 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 Cash Collateral 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, with respect to any particular Liquidity Facility, either 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 Required Amount for the relevant Class (less the amount of any repayments of 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;

ninth, such amount remaining as shall be required to pay in full Adjusted Expected Distributions on the Class C Certificates shall be distributed to the Class C Trustee;

tenth, such amount remaining as shall be required to pay in full Adjusted Expected Distributions on the Class D Certificates shall be distributed to the Class D Trustee; and

eleventh, 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 3.4. Certain Payments. (a) 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.

(b) On any Interest Payment Date under each Liquidity Facility which is not a Distribution Date, the Subordination Agent shall pay to the Liquidity Provider under such Liquidity Facility from, and to the extent of, amounts on deposit in the Collection Account, an amount equal to the amount of interest then due and payable to such Liquidity Provider under such Liquidity Facility.

(c) Except as otherwise provided in Section 3.3 hereof, if the Subordination Agent receives any Scheduled Payment after the Scheduled Payment Date relating thereto, but prior to such payment becoming an Overdue Scheduled Payment, then the Subordination Agent shall deposit such Scheduled Payment in the Collection Account and promptly distribute such Scheduled Payment in accordance with the priority of distributions set forth in Section 3.2 hereof; provided, that for the purposes of this Section 3.4(c) only, each reference in clause "second" or "ninth" of Section 3.2 to "Distribution Date" shall be deemed to mean the actual date of payment of such Scheduled Payment and each reference in clause "fifth", "sixth", "seventh" or "eighth" of Section 3.2 to "Distribution Date" shall be deemed to refer to such Scheduled Payment Date.

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 or the Class C 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 the Liquidity Facility with respect to such Class of Certificates in an amount equal to the lesser of (i) 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 Facility 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 Facility 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 and (iii) all payments received by the Subordination Agent in respect of an Interest Drawing under the Class C Liquidity Facility and all amounts withdrawn by the Subordination Agent from the Class C Cash Collateral Account, and payable in each case to the Class C Certificateholders, shall be promptly distributed to the Class C 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 30 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 30th day (or if such 30th 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, provided that the initial Liquidity Provider shall not be replaced by Continental as a Liquidity Provider with respect to any Class of Certificates prior to the fifth anniversary of the Closing Date unless (A) there shall have become due to the initial Liquidity Provider, or the initial Liquidity Provider shall have demanded, amounts pursuant to Section 3.01, 3.02 or 3.03 of any Liquidity Facility and the replacement of the initial Liquidity Provider would reduce or eliminate the obligation to pay such amounts or, Continental determines in good faith that there is a substantial likelihood that the initial Liquidity Provider will have the right to claim any such amounts (unless the initial Liquidity Provider waives, in writing, any right it may have to claim such amounts), which determination shall be set forth in a certificate delivered by Continental to the initial Liquidity Provider setting forth the basis for such determination and accompanied by an opinion of outside counsel selected by Continental and reasonably acceptable to the initial Liquidity Provider verifying the legal conclusions, if any, of such certificate relating to such basis, provided, that in the case of any likely claim for such amounts based upon any proposed, or proposed change in, law, rule, regulation, interpretation, directive, requirement, request or administrative practice, such opinion may assume the adoption or promulgation of such proposed matter, (B) it shall become unlawful or impossible for the initial Liquidity Provider (or its Lending Office) to maintain or fund its LIBOR Advances as described in Section 3.10 of any Liquidity Facility, (C) the short-term unsecured debt rating of the initial Liquidity Provider is downgraded by Standard & Poor's from A-1+ to A-1 and there is a resulting downgrade in the rating by any Rating Agency of any Class of Certificates, (D) a Downgrade Drawing shall have occurred under any Liquidity Facility or (E) the initial Liquidity Provider shall have breached any of its payment (including, without limitation, funding) obligations under any Liquidity Facility. 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 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 any such Replacement Liquidity Facility shall materially adversely affect the rights, remedies,

interests or obligations of the Class A Certificateholders, the Class B Certificateholders or the Class C 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 (vii) 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 and to the extent so requested by Continental or the Liquidity Provider being replaced, execute and deliver any certificate or other instrument required in order to terminate the replaced Liquidity Facility, shall surrender the replaced Liquidity Facility to the Liquidity Provider being replaced and shall 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(s) and (2) the replacement of the applicable Liquidity Facility with the applicable Replacement Liquidity Facility and (z) each 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 each 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 the Class A Liquidity Facility, the Class B Liquidity Facility or the Class C 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 in the Cash Collateral 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 Class A Cash Collateral Account, the Class B Cash Collateral Account, or the Class C Cash Collateral Account,

respectively. All amounts on deposit in any Cash Collateral Account shall be invested and reinvested in Eligible Investments in accordance with Section 2.2(b) hereof. Investment Earnings on amounts on deposit in the Cash Collateral Account with respect to each Liquidity Facility shall be deposited in the Collection Account on each Interest Payment Date under such Liquidity Facility and applied on such Interest Payment Date in accordance with Section 3.2, 3.3 or 3.4 (as applicable). 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 Cash Collateral Account 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 the Class A Cash Collateral Account, and pay to the Class A Trustee, an amount equal to the lesser of (x) 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 the Class A Cash Collateral 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 the Class B Cash Collateral Account, and pay to the Class B Trustee, an amount equal to the lesser of (x) 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 the Class B Cash Collateral 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 Certificates (at the Stated Interest Rate for the Class C Certificates) from any other source, withdraw from the Class C Cash Collateral Account, and pay to the Class C Trustee, an amount equal to the lesser of (x) an amount necessary to pay accrued and unpaid interest (at the Stated Interest Rate for the Class C Certificates) on such Class C Certificates and (y) the amount on deposit in the Class C Cash Collateral Account;

(iv) 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, the Subordination Agent shall withdraw from the Class A Cash Collateral Account an amount equal to the excess, if any, of the amount on deposit in the Class A Cash Collateral Account over the Required Amount for the Class A Cash Collateral Account and shall first, pay such amount to the 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;

(v) 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, the Subordination Agent shall withdraw from the Class B Cash Collateral Account an amount equal to the excess, if any, of the amount on deposit in the Class B Cash Collateral Account over the Required Amount for the Class B Cash Collateral 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;

(vi) on each date on which the Pool Balance of the Class C Trust shall have been reduced by payments made to the Class C Certificateholders pursuant to Section 2.4, 3.2 or 3.3 hereof, the Subordination Agent shall withdraw from the Class C Cash Collateral Account an amount equal to the excess, if any, of the amount on deposit in the Class C Cash Collateral Account over the Required Amount for the Class C Cash Collateral Account and shall first, pay such amount to the relevant Class C Liquidity Provider until the Liquidity Obligations (with respect to the Class C Certificates) owing to such Liquidity Provider shall have been paid in full, and second, deposit any remaining amount in the Collection Account; and

(vii) 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 the Cash Collateral Account for such Class of Certificates, the Subordination Agent shall withdraw all amounts on deposit in such Cash Collateral 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 the 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 Cash Collateral Account pursuant to clauses (i), (ii) or (iii) 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 Cash Collateral 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. A Liquidity Provider with respect to any Liquidity Facility may, in accordance with and to the extent permitted by the terms of such Liquidity Facility, make a drawing in an amount equal to the Maximum Available Amount with respect to such Liquidity Facility (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 Facility 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 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 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 and (to the extent applicable) the Second Mortgage, 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 of Accelerating such Equipment Notes in accordance with the provisions of such Indenture. Subject to 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) 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 and (y) the occurrence of a Continental Bankruptcy Event, without the consent of each Trustee, 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.

(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 and the Second Mortgage, instruct the Loan Trustee under such Indenture or (to the extent applicable) the Second Mortgage, as the case may be, 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 and the Class C 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 8.1 of the Participation Agreements. 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 and the last sentence of this Section 9.1(a), 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 with the consent of such Trustee (acting without any consent of the Certificateholders of the related Class) if such supplement, modification or amendment cures an ambiguity or inconsistency or does not materially adversely affect such Trustee or the holders of the related Class of Certificates (or as otherwise permitted under Section 9.01 of the relevant Trust Agreement); 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), the last sentence of this Section 9.1(a) 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 ability to replace any Liquidity Facility or with respect to its payment obligations under any Participation Agreement or 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. If the Replacement Liquidity Facility for any Liquidity Facility in accordance with Section 3.6(e) hereof is to be comprised of more than one instrument as contemplated by the definition of the term "Replacement Liquidity Facility", then each of the parties hereto agrees to amend this Agreement to incorporate appropriate mechanics for multiple Liquidity Facilities for an individual Trust.

(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, the related Participation Agreement, or the Second Mortgage or other related document, (i) if no Indenture Default shall have occurred and be continuing with respect to such Indenture (or, in the case of the Second Mortgage, any Indenture), 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 (or, in the case of the Second Mortgage, with respect to the requisite aggregate principal amount of Equipment Notes under all of the Indentures) and (ii) if any Indenture Default shall have occurred and be continuing with respect to such Indenture (or, in the case of the Second Mortgage, any 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 principal or interest payable by Continental under any Equipment Note issued under any Indenture in respect of an Aircraft; and provided further that no amendment of or supplement to any Indenture, Participation Agreement or other Operative Agreement or waiver or modification of the terms of,

or consent under, any thereof, shall without the consent of each Liquidity Provider, have any of the effects listed in the proviso to, or the last sentence of, Section 10.01(a) of the Indentures.

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 the Liquidity Provider, addressed to it at its office at:

Kredietbank N.V.  
 New York Branch  
 125 West 55th Street  
 New York, New York 10019  
 Attention: General Manager  
 Telecopy: (212) 956-5580

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.

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: Roseline K. Maney  
Title: Senior Financial  
Services Officer

KREDIETBANK N.V., acting through its  
New York branch,  
as Class A Liquidity Provider,  
Class B Liquidity Provider and  
Class C Liquidity Provider

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

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

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:  
Title:

KREDIETBANK N.V., acting through its  
New York branch,  
as Class A Liquidity Provider,  
Class B Liquidity Provider and  
Class C Liquidity Provider

By \_\_\_\_\_  
Name: Raymond F. Murray  
Title: Vice President

By \_\_\_\_\_  
Name: Robert Snauffer  
Title: Vice President

WILMINGTON TRUST COMPANY  
not in its individual capacity except  
as expressly set forth herein but solely as  
Subordination Agent and trustee

By -----  
Name: Roseline K. Maney  
Title: Senior Financial  
Services Officer

SCHEDULE I to  
INTERCREDITOR AGREEMENT

Aircraft Type -----	Aircraft Registration Number -----
Boeing 737-3T0	N12322
Boeing 737-3T0	N10323
Boeing 737-3T0	N14324
Boeing 737-3T0	N69333
Boeing 737-3T0	N14334
Boeing 737-3T0	N14335
McDonnell Douglas MD-82	N12811
McDonnell Douglas MD-82	N15820
McDonnell Douglas MD-82	N18833
McDonnell Douglas MD-82	N10834

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Exchange and Registration Rights Agreement

Dated as of June 25, 1997

among

Continental Airlines, Inc.

Wilmington Trust Company

as Trustee under

Continental Airlines

Pass Through Trust, Series 1997-2A

Continental Airlines

Pass Through Trust, Series 1997-2B

Continental Airlines

Pass Through Trust, Series 1997-2C

Continental Airlines

Pass Through Trust, Series 1997-2D

and

Credit Suisse First Boston Corporation

and

Morgan Stanley & Co. Incorporated.

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## EXCHANGE AND REGISTRATION RIGHTS AGREEMENT

THIS EXCHANGE AND REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into as of June 25, 1997, among (i) Continental Airlines, Inc., a Delaware corporation (the "Company"), (ii) Wilmington Trust Company, as trustee under each of the Trusts (as defined below) and (iii) Credit Suisse First Boston Corporation and Morgan Stanley & Co. Incorporated (together, the "Purchasers").

This Agreement is made pursuant to the Purchase Agreement dated June 17, 1997 among the Company and the Purchasers (the "Purchase Agreement"), which provides that the Trustee will issue and sell \$74,862,000 principal amount of the pass through certificates of the Class A Trust, \$25,563,000 principal amount of the pass through certificates of the Class B Trust, \$27,206,000 principal amount of the pass through certificates of the Class C Trust and \$27,369,000 principal amount of the pass through certificates of the Class D Trust (the Class A Trust, Class B Trust, Class C Trust and Class D Trust together, the "Trusts" and such pass through certificates of the Trusts, together, the "Initial Certificates"). 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 1997-2A.

"Class B Trust" shall mean the Continental Airlines Pass Through Trust, Series 1997-2B.

"Class C Trust" shall mean the Continental Airlines Pass Through Trust, Series 1997-2C.

"Class D Trust" shall mean the Continental Airlines Pass Through Trust, Series 1997-2D.

"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.

"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.

"Exchange Certificates" shall mean the pass through certificates issued under the Pass Through Trust Agreements 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.

"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 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.

"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.

"Trusts" shall have the meaning set forth in the preamble of this Agreement.

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 Equipment Notes 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. In the event that the Shelf Registration Statement (if it is filed), after it is declared effective by the SEC, 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 Equipment Notes 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).

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;

(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;

(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) 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 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 as may be required for the Pass Through Trust Agreements 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 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 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 security holders, including underwriting discounts and commissions and fees and expenses of counsel to the selling security holders.

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 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 Registrable 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, 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.

(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. 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.

(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: Gerald Laderman  
Title: Vice President

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

By: CREDIT SUISSE FIRST BOSTON CORPORATION

By: -----  
Name:  
Title:

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

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

[EXECUTION COPY]

CONTINENTAL AIRLINES, INC.

\$155,000,000

Pass Through Certificates, Series 1997-2A,  
1997-2B, 1997-2C and 1997-2D

PURCHASE AGREEMENT

June 17, 1997

CREDIT SUISSE FIRST BOSTON CORPORATION and  
MORGAN STANLEY & CO. INCORPORATEDc/o Credit Suisse First Boston Corporation  
11 Madison Avenue  
New York, New York 10010-3629

Ladies and Gentlemen:

1. Introductory. Continental Airlines, Inc., a Delaware corporation (the "Company"), proposes that Wilmington Trust Company, as trustee under each of the Trusts (as hereinafter defined) (each a "Trustee"), issue and sell to Credit Suisse First Boston Corporation ("CSFBC") and Morgan Stanley & Co. Incorporated (collectively, the "Purchasers") its pass through certificates in the aggregate principal amounts set forth on Schedule I hereto and with the interest rates and final distribution dates set forth on Schedule II hereto (the "Offered Certificates") on the terms and conditions stated herein and in Schedule III.

The Offered Certificates will be issued under four separate Pass Through Trust Agreements, each between the Company and the relevant Trustee, each to be dated as of June 25, 1997 (collectively, the "Pass Through Trust Agreements") relating to the creation and administration of Continental Airlines Pass Through Trust 1997-2A (the "Class A Trust"), Continental Airlines Pass Through Trust 1997-2B (the "Class B Trust"), Continental Airlines Pass Through Trust 1997-2C (the "Class C Trust") and Continental Airlines Pass Through Trust

1997-2D (the "Class D Trust", and, together with the Class A Trust, Class B Trust and Class C Trust, the "Trusts").

Certain amounts of interest payable on the Offered Certificates will be entitled to the benefits of separate liquidity facilities. Kredietbank N.V., acting through its New York Branch (the "Liquidity Provider"), and Wilmington Trust Company, as subordination agent and as trustee under the Intercreditor Agreement referred to hereinbelow (the "Subordination Agent"), will enter into separate revolving credit agreements with respect to each Trust (other than the Class D Trust) (each, a "Liquidity Facility") to be dated as of June 25, 1997 for the benefit of the holders of the Offered Certificates. The Liquidity Provider and the holders of the Offered Certificates will be entitled to the benefits of an Intercreditor Agreement to be dated as of June 25, 1997 (the "Intercreditor Agreement") among the Trustees, the Subordination Agent and the Liquidity Provider.

Capitalized terms used but not defined herein have the meanings assigned to them in the Pass Through Trust Agreements, or, if not defined therein, the meanings specified in the Intercreditor Agreement or, if not defined therein, the meanings specified in the Financing Agreements (as defined in the Pass Through Trust Agreements); provided that, as used in this Agreement, the term "Operative Agreements" shall mean the Financing Agreements, the Registration Rights Agreement (as hereinafter defined), the Pass Through Trust Agreements, the Second Mortgage and the Indentures.

The Company understands that the Purchasers propose to make an offering of the Offered Certificates on the terms, subject to the conditions and in the manner set forth in the Offering Circular (as hereinafter defined) and Section 4 hereof, as soon as the Purchasers deem advisable after this Agreement has been executed and delivered.

The holders of the Offered Certificates will be entitled to the benefits of an Exchange and Registration Rights Agreement, in a form reasonably satisfactory to the Purchasers (the "Registration Rights Agreement"), pursuant to which the Company will file a registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "Commission") registering the Exchange Certificates referred to in such Registration Rights Agreement (the "Exchange Certificates") or the Offered Certificates under the Securities Act of 1933, as amended (the "Securities Act").

The parties hereto agree as follows:

2. Representations and Warranties. (a) The Company represents and warrants to, and agrees with, the several Purchasers that:

(i) In connection with the sale of the Offered Certificates, the Company has prepared a preliminary offering circular dated June 13, 1997 (the "Preliminary Offering Circular"), and a final offering circular dated the date of this Agreement (such final

offering circular, in the form first furnished to the Purchasers for use in connection with the offering of the Offered Certificates, the "Offering Circular"). The Company hereby confirms that it has authorized the use of the Preliminary Offering Circular and the Offering Circular in connection with the offer and resale of the Offered Certificates by the Purchasers. On the date of this Agreement, the Offering Circular does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from the Offering Circular made in reliance upon and in conformity with information relating to any Purchaser furnished to the Company in writing by such Purchaser through CSFBC ("Purchaser Information") expressly for use therein.

(ii) The Company has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Delaware, with power and authority (corporate and other) to own, lease and operate its property and to conduct its business as described in the Offering Circular; and the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the condition (financial or otherwise), business, properties or results of operations of the Company and its consolidated subsidiaries taken as a whole (a "Material Adverse Effect"). All of the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable.

(iii) Each of Continental Micronesia, Inc., Air Micronesia, Inc. and Continental Express, Inc. (together, the "Subsidiaries") has been duly incorporated and is an existing corporation in good standing under the laws of the jurisdiction of its incorporation, with power and authority (corporate and other) to own, lease and operate its properties and conduct its business as described in the Offering Circular; each Subsidiary is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect; all of the issued and outstanding capital stock of each Subsidiary has been duly authorized and validly issued and is fully paid and nonassessable; and except as described in the Offering Circular, each Subsidiary's capital stock owned by the Company, directly or through subsidiaries, is owned free from liens, encumbrances and defects.

(iv) Except as described in the Offering Circular, the Company is not in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which it is a party or by which it may be bound or to which any of its

properties may be subject, except for such defaults that would not have a Material Adverse Effect. The execution, delivery and performance of this Agreement and the Operative Agreements to which the Company is or will be a party and the consummation of the transactions contemplated herein and therein have been duly authorized by all necessary corporate action of the Company and will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance (other than any lien, charge or encumbrance created under any Indenture or the Second Mortgage) upon any property or assets of the Company pursuant to, any indenture, loan agreement, contract or other instrument to which the Company is a party or by which the Company may be bound or to which any of the property or assets of the Company is subject, which breach, default, lien, charge or encumbrance, individually or in the aggregate, would have a Material Adverse Effect, nor will any such execution, delivery or performance result in any violation of the provisions of the charter or by-laws of the Company or any statute, rule, regulation or order of any governmental agency or body or any court having jurisdiction over the Company.

(v) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required for the valid authorization, execution and delivery by the Company of this Agreement and the Operative Agreements to which the Company is or will be a party and for the consummation of the transactions contemplated herein and therein, except such as may be required under (A) the securities or Blue Sky laws of the various states, (B) the Securities Act, the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") or rules of the National Association of Securities Dealers, Inc. in connection with the registration of the Offered Certificates under the Securities Act pursuant to the Registration Rights Agreement, (C) the Sections of Title 49 of the United States Code relating to aviation, as amended (the "Aviation Act") and filings or recordings with the Federal Aviation Administration (the "FAA") and (D) the Uniform Commercial Code as is in effect in the State of Texas and the State of Utah and filings thereunder, which filings referred to in the preceding clause (C) and this clause (D) shall have been made or obtained relating to each Aircraft on or prior to the Closing Date (except for such filings with respect to the Postponed Notes which shall have been made or obtained on or prior to the date of issuance of the Postponed Notes).

(vi) This Agreement has been duly executed and delivered by the Company, and the other Operative Agreements to which the Company is or will be a party will be duly executed and delivered by the Company on or prior to the Closing Date or the applicable Transfer Date, as the case may be.

(vii) The Operative Agreements to which the Company is or will be a party will constitute, when duly executed and delivered by the Company, assuming that such Operative Agreements have been duly authorized, executed and delivered by, and

constitute the legal, valid and binding obligations of, each other party thereto, the legal, valid and binding obligations of the Company enforceable in accordance with their terms, except (A) as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws now or hereinafter in effect relating to creditors' rights generally, (B) as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), (C) that the enforceability of the Indentures and the Second Mortgage may also be limited by applicable laws which may affect the remedies provided therein but which do not affect the validity of the Indentures and the Second Mortgage or make such remedies inadequate for the practical realization of the benefits intended to be provided thereby and (D) with respect to indemnification and contribution provisions, as enforcement thereof may be limited by applicable law.

(viii) The consolidated financial statements of the Company included in the Offering Circular, together with the related notes thereto, present fairly in all material respects the financial position of the Company and its consolidated subsidiaries at the dates indicated and the consolidated results of operations and cash flows of the Company and its consolidated subsidiaries for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved, except as otherwise stated in the Offering Circular.

(ix) The Company 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, holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code, as amended, for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo.

(x) On or prior to the Closing Date, the issuance of the Offered Certificates will be duly authorized by the Trustee. When executed, authenticated, issued and delivered in the manner provided for in the Pass Through Trust Agreements and sold and paid for as provided in this Agreement, the Offered Certificates will be legally and validly issued and will be entitled to the benefits of the related Pass Through Trust Agreements.

(xi) On or prior to the Closing Date, the issuance of the Equipment Notes to be issued under each Indenture will be duly authorized by the Company and when duly executed and delivered by the Company and duly authenticated by the related Loan Trustee in accordance with the terms of such Indenture, will be duly issued under such Indenture and will constitute the valid and binding obligations of the Company and the holders thereof will be entitled to the benefits of such Indenture.

(xii) Except as disclosed in the Offering Circular, the Company and the Subsidiaries have good and marketable title to all real properties and all other properties and assets owned by them, in each case free from liens, encumbrances and defects except where the failure to have such title would not have a Material Adverse Effect; and except as disclosed in the Offering Circular, the Company and the Subsidiaries hold any leased real or personal property under valid and enforceable leases with no exceptions that would have a Material Adverse Effect.

(xiii) Except as disclosed in the Offering Circular, there is no action, suit or proceeding before or by any governmental agency or body or court, domestic or foreign, now pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries or any of their respective properties that could reasonably be expected to result in a Material Adverse Effect or that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated by this Agreement or the Operative Agreements.

(xiv) Except as disclosed in the Offering Circular, no labor disputes with the employees of the Company or any Subsidiary exist or to the knowledge of the Company are imminent that could reasonably be expected to have a Material Adverse Effect.

(xv) Each of the Company and the Subsidiaries has all necessary consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all federal, state, local and other governmental authorities, all self-regulatory organizations and all courts and other tribunals, to own, lease, license and use its properties and assets and to conduct its business in the manner described in the Offering Circular, except to the extent that the failure to so obtain, declare or file would not have a Material Adverse Effect.

(xvi) The Operative Agreements to which the Company is or will be a party will, upon execution and delivery thereof, conform in all material respects to the descriptions thereof contained in the Offering Circular.

(xvii) Except as disclosed in the Offering Circular, neither the Company nor any of the Subsidiaries is in violation of any statute, rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances (collectively, "environmental laws"), owns or operates any real property contaminated with any substance that is subject to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim individually or in the aggregate is reasonably expected to have a Material Adverse Effect; and the Company is not aware of any pending investigation which might lead to such a claim that is reasonably expected to have a Material Adverse Effect.

(xviii) The accountants that examined and issued an auditors report with respect to the consolidated financial statements of the Company included in the Offering Circular are independent public accountants within the meaning of the Securities Act and the regulations thereunder.

(xix) Neither the Company nor any of the Trusts is an "investment company", or an entity "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act"), in each case required to register under the Investment Company Act; and, after giving effect to the offering and sale of the Offered Certificates and the application of the proceeds thereof as described in the Offering Circular, none of the Trusts will be an "investment company", or an entity "controlled" by an "investment company", as defined in the Investment Company Act, in each case required to register under the Investment Company Act.

(xx) The Offered Certificates satisfy the eligibility requirements of Rule 144A(d)(3) under the Securities Act.

(xxi) Assuming the accuracy of the representations and warranties and compliance with the agreements made by the Purchasers in this Agreement, (A) the offer and sale of the Offered Certificates to the Purchasers in the manner contemplated by this Agreement and (B) any offer and sale of the Equipment Notes that may be deemed to occur by virtue of such offer and sale of the Offered Certificates will be exempt from the registration requirement of the Securities Act by reason of Section 4(2) thereof and Regulation S thereunder and, except as required under the Registration Rights Agreement, it is not necessary to qualify any of the Indentures or Pass Through Trust Agreements under the TIA in respect of any such offer or sale.

(xxii) Neither the Company nor any of its affiliates, nor any person acting on their behalf, nor to the Company's knowledge any Trust, (A) has, within the six-month period prior to the date hereof, offered or sold in the United States or to any U.S. Person (as such terms are defined in Regulation S under the Securities Act) the Offered Certificates or any security of the same class or series as the Offered Certificates or (B) has offered or will offer or sell the Offered Certificates (x) in the United States by means of any form of "general solicitation" or "general advertising" within the meaning of Rule 502(c) under the Securities Act or (y) with respect to any securities sold in reliance on Rule 903 of Regulation S under the Securities Act, by means of any "directed selling efforts" within the meaning of Rule 902(b) of Regulation S; provided, however, that for purposes of this representation the Continental Airlines Pass Through Certificates, Series 1997-1 shall not be deemed to be a security of the same class or series as the Offered Certificates. The Company has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Certificates except for this Agreement.

(xxiii) No appraiser providing an appraisal annexed to the Offering Circular (an "Appraiser") is an affiliate of the Company or, to the knowledge of the Company, has a substantial interest, direct or indirect, in the Company. To the knowledge of the Company, none of the officers and directors of any of such Appraisers are connected with the Company or any of its affiliates as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

3. Purchase, Sale and Delivery of Offered Certificates. On the basis of the representations, warranties and agreements herein contained, but subject to the terms and the conditions herein set forth, the Company agrees to cause the Trustees to sell to the Purchasers, and the Purchasers agree, severally and not jointly, to purchase from the Trustees, the respective principal amounts of Offered Certificates set forth opposite the names of the Purchasers in Schedule I hereto, at a purchase price of 100% of the principal amount thereof.

The Company will cause each Trust to issue and deliver against payment of the purchase price the Offered Certificates purchased by each Purchaser hereunder and to be offered and sold by the Purchasers in reliance on Regulation S under the Securities Act (the "Regulation S Securities") in the form of one or more global securities in definitive, fully registered form without interest coupons (the "Regulation S Global Securities") which will be deposited with the related Trustee as custodian for The Depository Trust Company ("DTC") and registered in the name of a nominee of DTC, for the respective accounts of the DTC participants for Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear"), and Cedel Bank societe anonyme ("Cedel"). On or prior to the 40th day after the later of the day on which the Offered Certificates are first offered to persons other than distributors (as defined in Regulation S under the Securities Act) and the Closing Date, beneficial interests in the Regulation S Global Securities may be held only through Euroclear and Cedel. Regulation S Securities will be available only in book-entry form, except in the limited circumstances described in the Offering Circular.

The Company will cause each Trust to issue and deliver against payment of the purchase price the Offered Certificates to be purchased by each Purchaser hereunder and to be offered and sold by each Purchaser to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) ("QIBs") in reliance on Rule 144A under the Securities Act (the "144A Securities") in the form of one or more permanent global securities in definitive, fully registered form without interest coupons (the "Restricted Global Securities" and, together with the Regulation S Global Securities, the "Global Securities") which will be deposited with the related Trustee as custodian for DTC and registered in the name of a nominee of DTC for credit to the respective accounts of the Purchasers. Each Restricted Global Security shall include the legend regarding restrictions on transfer set forth under "Transfer Restrictions" in the Offering Circular. The Regulation S Securities issued by each Trust and the 144A Securities issued by each Trust shall be assigned separate CUSIP numbers.

Payment for the Offered Certificates issued by each Trust shall be made by the Purchasers in federal (same day) funds by official check or checks or wire transfer to an account previously designated to CSFBC by the Company at a bank acceptable to CSFBC drawn to the order of the Trustee under such Trust, at 10:00 A.M. (New York time), on June 25, 1997, or at such other time not later than seven full business days thereafter as CSFBC and the Company determine, such time being herein referred to as the "Closing Date", against delivery to the related Trustee as custodian for DTC, at the offices of Milbank, Tweed, Hadley & McCloy, 1 Chase Manhattan Plaza, New York, New York 10005 (or at such other location as may be agreed to by CSFBC and the Company) of (i) the Regulation S Global Securities representing all of the Regulation S Securities for the respective accounts of the DTC participants for Euroclear and Cedel and (ii) the Restricted Global Securities representing all of the 144A Securities. The Regulation S Global Securities and the Restricted Global Securities will be made available for checking at the office of Milbank, Tweed, Hadley & McCloy (or at such other location as may be agreed to by CSFBC and the Company) at least 24 hours prior to the Closing Date.

Notwithstanding the foregoing, any Offered Certificates sold by the Purchasers pursuant to Section 4(c) hereof to Institutional Accredited Investors (as hereinafter defined) who are not QIBs and are not purchasers of interests in the Regulation S Global Securities shall be issued in definitive, fully registered form without interest coupons ("Definitive Securities") and shall bear the legend relating thereto set forth under "Transfer Restrictions" in the Offering Circular, but shall be paid for in the manner set forth in the preceding paragraph. Upon transfer of Definitive Securities to a QIB or in accordance with Regulation S under the Securities Act, such Definitive Securities will be exchanged for an interest in the appropriate Global Security. Definitive Securities shall be registered in such names and in such authorized denominations as the Purchasers may request not less than two full business days in advance of the Closing Date.

As compensation for the Purchasers' commitments, the Company will pay to CSFBC for the accounts of the Purchasers in federal (same day) funds by official check or checks the amount set forth in Schedule III hereto, as underwriting commissions and other compensation for the sale of the Offered Certificates under this Agreement, which amount shall be allocated among the Purchasers in the manner determined by CSFBC and the other Purchaser. Such payment will be made on the Closing Date simultaneously with the issuance and sale of the Offered Certificates to the Purchasers.

4. Representations and Agreements of the Purchasers; Resale by the Purchasers.

(a) Each Purchaser severally represents and warrants to the Company that it is an "accredited investor" within the meaning of Regulation D under the Securities Act.

(b) Each Purchaser severally acknowledges that the Offered Certificates have not been registered under the Securities Act and may not be offered or sold within the

United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Purchaser severally represents and agrees that it has offered and sold the Offered Certificates and will offer and sell the Offered Certificates (i) as part of their distribution at any time only (x) to QIBs in compliance with Rule 144A under the Securities Act, (y) in the case of CSFBC or any other Purchaser authorized by CSFBC, to a limited number of Institutional Accredited Investors in accordance with subsection (c) of this Section 4 (other than the Class D Certificates) and (z) outside the United States to persons other than U.S. persons ("foreign purchasers") in accordance with Rule 903 of Regulation S under the Securities Act and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date only (x) to QIBs in compliance with Rule 144A under the Securities Act and (y) outside the United States to foreign purchasers in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither such Purchaser nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts with respect to the Offered Certificates, and such Purchaser, its affiliates and all persons acting on its or their behalf have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. Each Purchaser severally agrees that, at or prior to confirmation of sale of the Offered Certificates, other than a sale pursuant to Rule 144A under the Securities Act or to an Institutional Accredited Investor, such Purchaser will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Offered Certificates from it during the restricted period a confirmation or notice to substantially the following effect:

The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date except in accordance with Rule 144A under the Securities Act. Terms used above have the meanings given to them by Regulation S.

Terms used in this subsection (b) have the meanings given to them by Regulation S under the Securities Act.

(c) CSFBC and any other Purchaser authorized by CSFBC may offer and sell Offered Certificates (other than the Class D Certificates) in definitive, fully registered form to a limited number of institutions, each of which is reasonably believed by the applicable Purchaser to be an "accredited investor" within the meaning of Rule 501(a)(1), (2), or (3) or (7) under the Securities Act or an entity in which all of the equity owners are

accredited investors within the meaning of Rule 501(a)(1), (2) or (3) under the Securities Act (each, an "Institutional Accredited Investor"); provided that each such Institutional Accredited Investor executes and delivers to such Purchaser and the Company, prior to the consummation of any sale of Offered Certificates (other than the Class D Certificates) to such Institutional Accredited Investor, an Accredited Investor Letter in substantially the form attached as Appendix III to the Offering Circular (an "Accredited Investor Letter").

(d) Each Purchaser severally represents and agrees that: (i) it has not offered or sold and prior to the date six months after the date of issue of the Offered Certificates will not offer or sell any Offered Certificates to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Offered Certificates in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on, and will only issue or pass on, in the United Kingdom any document received by it in connection with the issue of the Offered Certificates to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investments Advertisements) (Exemptions) Order 1996 or is person to whom such document may otherwise lawfully be issued or passed on.

(e) Each Purchaser severally agrees that it and each of its affiliates has not entered and will not enter into any contractual arrangement with any distributor (as that term is defined for purposes of Regulation S under the Securities Act) with respect to the distribution of the Offered Certificates except for any such arrangements with the other Purchasers or affiliates of the other Purchasers or with the prior written consent of the Company.

(f) Each Purchaser severally represents and agrees that neither it nor any person acting on its behalf has engaged or will engage in any form of "general solicitation" or "general advertising" within the meaning of Rule 502(c) under the Securities Act in connection with any offer or sale of Offered Certificates in the United States. Each Purchaser severally agrees, with respect to resales made in reliance on Rule 144A under the Securities Act of any of the Offered Certificates, to deliver, either with the confirmation of such resale or otherwise prior to settlement of such resale, a notice to the effect that the resale of such Offered Certificates has been made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

5. Certain Agreements of the Company. The Company agrees with the several Purchasers that:

(a) The Company will advise CSFBC promptly of any proposal to amend or supplement the Offering Circular and will not effect such amendment or supplementation without CSFBC's consent, which consent will not be unreasonably withheld. If, at any time prior to the completion of the resale of the Offered Certificates by the Purchasers any event occurs as a result of which the Offering Circular as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, the Company promptly upon obtaining knowledge thereof will notify CSFBC of each such event and promptly will prepare, at its own expense, an amendment or supplement which will correct such statement or omission. Neither CSFBC's consent to, nor the Purchasers' delivery to offerees or investors of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 6.

(b) Notwithstanding any provision of paragraph (a) to the contrary, the Company's obligations under paragraph (a) shall terminate on the earlier to occur of (i) the effective date of an exchange offer registration statement or shelf registration statement with respect to the Offered Certificates filed pursuant to the Registration Rights Agreement and (ii) the date upon which the Purchasers and their affiliates cease to hold Offered Certificates acquired as part of their initial distributions; provided that the costs and expenses of performing such obligations at any time after one year from the Closing Date shall be paid by the Purchasers.

(c) The Company will furnish to CSFBC copies of the Preliminary Offering Circular, the Offering Circular and all amendments and supplements to such documents, in each case as soon as available and in such quantities as CSFBC reasonably requests. So long as any of the Offered Certificates are Registrable Certificates (as defined in the Registration Rights Agreement), at any time when the Company is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company will provide to any holder of such restricted securities, or to any prospective purchaser of such restricted securities designated by a holder, upon the request of such holder or prospective purchaser, any information required to be delivered to holders and prospective purchasers of the Offered Certificates pursuant to Rule 144A(d)(4) under the Securities Act. This covenant is intended to be for the benefit of the holders, and prospective purchasers designated by such holders from time to time, of such restricted securities.

(d) The Company will arrange for the qualification of the Offered Certificates for sale under the applicable securities or "blue sky" laws of such jurisdictions in the

United States as CSFBC reasonably designates and will continue such qualifications in effect so long as required for the resale of the Offered Certificates by the Purchasers; provided that the Company will not be required to (i) qualify as a foreign corporation or as a dealer in securities, (ii) file a general consent to service of process or (iii) subject itself to taxation in any such jurisdiction.

(e) During the period of ten years hereafter, the Company will promptly furnish to CSFBC, upon request, and to the other Purchaser, upon request, a copy of its Annual Report on Form 10-K and any definitive proxy statement of the Company filed with the Commission under the Exchange Act or mailed to its stockholders.

(f) During the period of two years after the Closing Date, the Company will, upon request, furnish to CSFBC, the other Purchaser and any holder of Offered Certificates a copy of the restrictions on transfer applicable to such certificates.

(g) During the period of two years after the Closing Date, the Company will not, and will not permit any of its affiliates (as defined in Rule 144 under the Securities Act) to, resell any of the Offered Certificates that have been reacquired by any of them.

(h) During the period of two years after the Closing Date (or, if shorter, the period beginning on the Closing Date and ending on the date on which there ceases to be any Registrable Certificates), the Company will not be or become an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act, or a closed-end investment company required to be registered, but not registered, under the Investment Company Act.

(i) As between the Company and the Purchasers, the Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and distribution of the Preliminary Offering Circular, the Offering Circular and any amendments thereof or supplements thereto, (ii) the preparation, printing and distribution of this Agreement, the Operative Agreements and any Blue Sky Memorandum or Legal Investment Survey by the Purchasers' counsel, (iii) the delivery of the Offered Certificates to the Purchasers, (iv) the reasonable fees and disbursements of the counsel and accountants for the Company, (v) the expenses of qualifying the Offered Certificates under state securities laws in accordance with the provisions of paragraph (d) of this Section, including filing fees and the reasonable fees and disbursements of counsel for the Purchasers in connection therewith, (vi) to the extent the Company is so required under any Operative Agreement to which it is or becomes a party, the fees and expenses of the Loan Trustees, the Subordination Agent, the Trustees and the Liquidity Provider and the reasonable fees and disbursements of their respective counsel, (vii) any fees charged by rating agencies for rating the Offered

Certificates, (viii) the reasonable fees and disbursements of counsel for the Purchasers in excess of \$65,000, (ix) any fees of the National Association of Securities Dealers, Inc. ("NASD") with respect to admitting the Class D Certificates for trading in the PORTAL Market, (x) all reasonable travel, lodging and other expenses of the Purchasers and the Company's officers and employees and any other expenses in connection with attending or hosting meetings with prospective purchasers of Offered Certificates, (xi) all fees and expenses relating to appraisals of the Aircraft and (xii) all other reasonable out-of-pocket expenses incurred by the Purchasers in connection with the transactions contemplated by this Agreement.

(j) In connection with the offering, until CSFBC shall have notified the Company and the other Purchaser of the completion of the resale of the Offered Certificates, neither the Company nor any of its affiliates has bid for or purchased or will bid for or purchase, either alone or with one or more other persons, for any account in which it or any of its affiliates has a beneficial interest any Offered Certificates; and neither it nor any of its affiliates will make bids or purchases for the purpose of creating actual, or apparent, active trading in, or of raising the price of, the Offered Certificates.

6. Conditions of the Obligations of the Purchasers. The obligations of the Purchasers to purchase and pay for the Offered Certificates will be subject to the accuracy, as of the Closing Date, of the representations and warranties on the part of the Company, to the accuracy, as of the Closing Date, of the statements of officers of the Company made in writing pursuant to the provisions of this Agreement, to the performance by the Company of its obligations hereunder and to the following additional conditions precedent:

(a) Subsequent to the date of this Agreement and prior to the Closing Date,

(i) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities (except for any pass through certificates) by any "nationally recognized statistical rating organization", as such term is defined for purposes of Rule 436(g)(2) under the Securities Act; and

(ii) there shall not have occurred any change, or any development involving a prospective change, in the condition (financial or otherwise) business, properties or results of operations, of the Company and its consolidated subsidiaries, taken as a whole, from that set forth in the Preliminary Offering Circular that, in your judgment, is material and adverse and that makes it, in your judgment, impracticable to market the Offered Certificates on the terms and in the manner contemplated in the Offering Circular.

(b) The Purchasers shall have received a letter, dated the date of this Agreement, of Ernst & Young LLP in form and substance satisfactory to the Purchasers.

(c) On the Closing Date, the Purchasers shall have received:

(i) The favorable opinion, dated as of the Closing Date, of Hughes Hubbard & Reed LLP, counsel for the Company, in form and substance reasonably satisfactory to counsel for the Purchasers.

(ii) The favorable opinion, dated as of the Closing Date from Jeffery A. Smisek, Executive Vice President and General Counsel of the Company, in form and substance reasonably satisfactory to counsel for the Purchasers.

(iii) The favorable opinion, dated as of the Closing Date, of Richards, Layton & Finger, counsel for Wilmington Trust Company, individually and as Trustee and Subordination Agent, in form and substance reasonably satisfactory to counsel for the Purchasers.

(iv) The favorable opinion, dated as of the Closing Date, of White & Case, special counsel for the Liquidity Provider, in form and substance reasonably satisfactory to counsel for the Purchasers.

(v) The favorable opinion, dated as of the Closing Date, of the manager of the legal department of the Liquidity Provider, in form and substance reasonably satisfactory to counsel for the Purchasers.

(vi) The favorable opinion, dated as of the Closing Date, of Milbank, Tweed, Hadley & McCloy, counsel for the Purchasers, with respect to the validity of the Offered Certificates, the Offering Circular, the exemption from registration for the offer and sale of the Offered Certificates to the several Purchasers and the resales by the several Purchasers as contemplated hereby and other related matters as CSFBC may require, and the Company shall have furnished to such counsel such documents as they reasonably request for the purpose of enabling them to pass upon such matters.

(d) Each of the Appraisers shall have furnished to the Purchasers a letter from such Appraiser, addressed to the Company and dated the Closing Date, confirming that such Appraiser and each of its directors and officers (i) is not an affiliate of the Company or any of its affiliates, (ii) does not have any substantial interest, direct or indirect, in the Company or any of its affiliates and (iii) is not connected with the Company or any of its affiliates as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

(e) The Purchasers shall have received a certificate, dated the Closing Date, of the President or any Vice President and a principal financial or accounting officer of the Company in which such officers shall state that, to the best of their knowledge after reasonable investigation, the representations and warranties of the Company in this Agreement are true and correct on and as of the Closing Date as if made on the Closing Date, that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date, and that, subsequent to March 31, 1997 there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or otherwise), business, properties or results of operations of the Company and its subsidiaries taken as a whole, except as set forth in or contemplated by the Offering Circular.

(f) The Purchasers shall have received a letter, dated the Closing Date, of Ernst & Young LLP which meets the requirements of subsection (b) of this Section, except that the specified date referred to in such subsection will be a date not more than five days prior to the Closing Date for the purposes of this subsection.

(g) At the Closing Date, each of the Operative Agreements (other than any Indenture that may be entered into with respect to a Transfer Date occurring after the Closing Date) shall have been duly executed and delivered by each of the parties thereto; the representations and warranties of the Company contained in the Financing Agreements shall be true and correct as of the Closing Date (except to the extent that they relate solely to an earlier date in which case they shall be true and correct as of such earlier date) and the Purchasers shall have received a certificate of the President or a Vice President of the Company, dated as of the Closing Date, to such effect. The Company agrees to furnish to the Purchasers, promptly after the applicable Transfer Date, a copy of each opinion required to be delivered under the applicable Financing Agreement on such Transfer Date addressed to the Purchasers and of such other documents furnished on such Transfer Date in connection with the fulfillment of the conditions precedent therein as the Purchasers or counsel for the Purchasers may reasonably request.

(h) At the Closing Date, the Registration Rights Agreement shall be in full force and effect.

(i) On the Closing Date, the Offered Certificates shall be rated "AA", in the case of the Offered Certificates of the Class A Trust, "A", in the case of the Offered Certificates of the Class B Trust, "BBB-", in the case of the Offered Certificates of the Class C Trust, and "BB", in the case of the Offered Certificates of the Class D Trust, by Standard & Poor's Ratings Services; and "A1", in the case of the Offered Certificates of the Class A Trust, "A3", in the case of the Offered Certificates of the Class B Trust,

"Baa2" in the case of the Offered Certificates of the Class C Trust, and "Ba2", in the case of the Offered Certificates of the Class D Trust, by Moody's Investors Service, Inc.

(j) On the Closing Date, the Class D Certificates shall have been designated PORTAL securities in accordance with the rules and regulations adopted by the NASD relating to trading in the PORTAL Market and to permit the Offered Certificates to be eligible for clearance and settlement through DTC.

The Company will furnish the Purchasers with such conformed copies of such opinions, certificates, letters and documents as the Purchasers reasonably request. CSFBC may in its sole discretion waive on behalf of the Purchasers compliance with any conditions to the obligations of the Purchasers hereunder.

#### 7. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless each Purchaser, and each Person, if any, who controls such Purchaser within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, or is under common control with, such Purchaser, from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred by any Purchaser or any such controlling or affiliated person in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Circular or the Offering Circular (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 Purchaser Information provided expressly for use in the Preliminary Offering Circular or the Offering Circular; provided, however, that the foregoing indemnity agreement with respect to any Preliminary Offering Circular shall not inure to the benefit of any Purchaser from whom the person asserting any such losses, claims, damages or liabilities purchased Offered Certificates, or to the benefit of any person controlling such Purchaser, if a copy of the Offering Circular (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 Purchaser to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of the Offered Certificates to such person, and if the Offering Circular (as so amended or supplemented) would have cured the defect giving rise to such losses, claims, damages or liabilities.

(b) Each Purchaser agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Purchaser but only with reference to Purchaser Information furnished expressly for use in either the Preliminary Offering Circular or the Offering Circular or any amendments or supplements 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 (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 all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by CSFBC in the case of parties indemnified pursuant to paragraph (a) above and by the Company in the case of parties indemnified pursuant to paragraph (b) above. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested in writing an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 90 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement, unless such fees and expenses are being disputed in good faith. No indemnifying party shall, without the prior written

consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) To the extent the indemnification provided for in paragraph (a) or (b) of this Section 7 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 (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Purchasers, on the other hand, from the offering of such Offered Certificates or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Purchasers 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 benefits received by the Company on the one hand and the Purchasers on the other hand in connection with the offering of such Offered Certificates shall be deemed to be in the same respective proportions as the net proceeds from the offering of such Offered Certificates (before deducting expenses) received by the Company and the total discounts and commissions received by the Purchasers in respect thereof bear to the aggregate offering price of such Offered Certificates. The relative fault of the Company on the one hand and of the Purchasers on the other hand 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 Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Purchasers' respective obligations to contribute pursuant to this Section 7 are several in proportion to the respective principal amount of Offered Certificates they have purchased hereunder, and not joint.

(e) The Company and the Purchasers agree that it would not be just or equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Purchasers were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or

defending any such action or claim. Notwithstanding the provisions of this Section 7, no Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Certificates resold by it in the initial placement of such Offered Certificates were offered to investors exceeds the amount of any damages that such Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The indemnity and contribution provisions contained in this Section 7 and the representations and warranties of the Company contained in this Agreement 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 the Purchasers or any person controlling the Purchasers or by or on behalf of the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Offered Certificates. The remedies provided for in this Section 7 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.

8. Default of Purchasers. If either Purchaser defaults in its obligations to purchase Offered Certificates hereunder and the aggregate principal amount of the Offered Certificates that such defaulting Purchaser agreed but failed to purchase does not exceed 10% of the total principal amount of the Offered Certificates, CSFBC may make arrangements satisfactory to the Company for the purchase of such Offered Certificates by other persons, including the other Purchaser, but if no such arrangements are made by the Closing Date, the non-defaulting Purchaser shall be obligated to purchase the Offered Certificates that such defaulting Purchaser agreed but failed to purchase. If either Purchaser so defaults and the aggregate principal amount of the Offered Certificates with respect to which such default or defaults occurs exceeds 10% of the total principal amount of the Offered Certificates and arrangements satisfactory to CSFBC and the Company for the purchase of such Offered Certificates by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Purchaser or the Company, except as provided in Section 9. As used in this Agreement, the term "Purchaser" includes any person substituted for a Purchaser under this Section. Nothing herein will relieve a defaulting Purchaser from liability for its default.

9. Survival of Certain Representations and Obligations. The respective indemnities, agreements, representations, warranties and other statements of the parties to this Agreement or their officers set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any party to this Agreement or any of their respective representatives, officers or directors or any controlling person and will survive delivery of and payment for the Offered Certificates. If for any reason the purchase of the Offered Certificates by the Purchasers is not

consummated, the Company shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 5 and the respective obligations of the Company and the Purchasers pursuant to Section 7 shall remain in effect. If the purchase of the Offered Certificates by the Purchasers is not consummated for any reason other than solely because of the occurrence of the termination of the Agreement pursuant to Section 8 or 10, the Company will reimburse the Purchasers for all out-of-pocket expenses (including reasonable fees and disbursements of counsel) reasonably incurred by them in connection with the offering of such Offered Certificates and comply with its obligations under Section 5(i).

10. Termination. This Agreement shall be subject to termination by notice given by CSFBC to the Company, if (a) after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange or the National Association of Securities Dealers, Inc., (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in CSFBC's judgment, is material and adverse and (b) in the case of any of the events specified in clauses (a)(i) through (iv), such event singly or together with any other such event makes it, in CSFBC's judgment, impracticable to market the Offered Certificates on the terms and in the manner contemplated in the Offering Circular.

11. Notices. All communications hereunder will be in writing and will be mailed, delivered or sent by facsimile transmission and confirmed:

to the Purchasers at:

c/o Credit Suisse First Boston Corporation  
11 Madison Avenue  
New York, New York 10010-3629  
Attention: Transactions Advisory Group  
Facsimile number: (212) 325-8278

(provided, however, that any notice to a Purchaser pursuant to Section 7 will be sent by facsimile transmission, delivered or telegraphed and confirmed to such Purchaser)

PARTICIPATION AGREEMENT 322  
Dated as of June 25, 1997

Among

CONTINENTAL AIRLINES, INC.,  
Owner,

and

WILMINGTON TRUST COMPANY,  
Not in its individual capacity  
except as expressly provided herein,  
but solely as Mortgagee, Second Mortgagee, Subordination  
Agent under the Intercreditor Agreement and Pass  
Through Trustee under each of the Pass Through Agreements

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One Boeing Model 737-3T0 Aircraft  
Bearing Manufacturer's Serial No. 23373  
and U.S. Registration No. N12322

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EXHIBIT F	-	Form of Trust Indenture

PARTICIPATION AGREEMENT 322, dated as of June 25, 1997 (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 Second Mortgagee (the "Second Mortgagee"), (d) WILMINGTON TRUST COMPANY, not in its individual capacity, except as expressly provided herein, but solely as Pass Through Trustee under each of the Pass Through Trust Agreements, (each, a "Pass Through Trustee") and (e) 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, Owner Participant and Owner Trustee have entered into the Aircraft Purchase Agreement, pursuant to which, among other things, the Owner Trustee has agreed to sell to Owner and Owner has agreed to purchase from the Owner Trustee, 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. Each 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 Pass Through Trust to purchase from Owner, on behalf of the related 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, at the Closing contemplated by the Agreement, will enter 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 Owner shall apply the proceeds of the issuances of the Equipment Notes to the payment of the purchase price of the Aircraft in the manner provided herein and for no other purpose.

F. 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

##### 2.1 MAKING OF LOANS AND ISSUANCE OF EQUIPMENT NOTES

Subject to the terms and conditions of this Agreement, at the Closing:

- (a) Each 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 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 Pass Through Trustee.

## 2.2 PAYMENTS

The proceeds of each secured loan made by each Pass Through Trustee to the Owner as provided in Section 2.1 shall be made available by such Pass Through Trustee causing a wire transfer of such proceeds to the account of the "Applicable Indenture Trustee" (as defined in the Aircraft Purchase Agreement) with respect to the Aircraft in payment of a portion of the "Net Purchase Price" (as defined in the Aircraft Purchase Agreement) for the Aircraft.

## SECTION 3. CLOSING; TERMINATION

### 3.1 CLOSING

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. Owner shall give to Mortgagee and each Pass Through Trustee at least two Business Days' advance notice (or, in the case of any adjourned Closing, one Business Days' advance notice) of the Closing Date. If on a scheduled Closing Date the Closing shall not occur for any reason, the Closing shall be deemed adjourned to the next Business Day or to such other Business Day as Owner shall specify by written notice to the Mortgagee and each Pass Through Trustee prior to 6 P.M. New York time on the scheduled Closing Date, provided that in no event shall the Closing Date be adjourned beyond August 31, 1997.

### 3.2 TERMINATION

This Agreement shall terminate if the Closing shall not have occurred on or before August 31, 1997.

## SECTION 4. CONDITIONS PRECEDENT

### 4.1 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE PASS THROUGH TRUSTEES

The obligation of each 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 Pass Through Trustee, against confirmation that the loan proceeds have been made available to Owner, all in accordance with Section 2.

## 4.1.2 DELIVERY OF DOCUMENTS

The Subordination Agent on behalf of each Pass Through Trustee shall have received executed counterparts or conformed copies of the following documents:

- (i) this Agreement;
- (ii) the Trust Indenture in substantially the form of Exhibit F hereto;
- (iii) the initial Trust Indenture Supplement;
- (iv) the Second Mortgage;
- (v) the Second Mortgage Supplement No. 1 and any subsequent Second Mortgage Supplement executed by Owner and the Second Mortgagee on or prior to the Closing Date;
- (vi) the Owner Trustee Bill of Sale and the FAA Bill 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 and Second Mortgagee, substantially in the form of Exhibit C;

(D) an opinion of Milbank, Tweed, Hadley & McCloy, special counsel for the initial purchasers of the Pass Through Certificates, substantially in the form set forth in Exhibit D; and

(E) an opinion of Lytle Soule & Curlee, special counsel in Oklahoma City, Oklahoma, substantially in the form of Exhibit E;

(xi) the broker's report and insurance certificates required by Section 4.06 of the Trust Indenture;

(xii) the Aircraft Purchase Agreement;

(xiii) the Existing Indenture Release;

(xiv) the Termination of Lease; and

(xv) the acknowledgment of the "Applicable Indenture Trustee" (as defined in the Aircraft Purchase Agreement) with respect to the Aircraft of receipt of the proceeds of the secured loan pursuant to Section 2 and the application thereof to the "Net Purchase Price" (as defined in the Aircraft Purchase Agreement).

#### 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 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 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 Aircraft 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.

## 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.

#### 4.2 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, Second 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 CONDITIONS PRECEDENT TO OBLIGATIONS OF SECOND MORTGAGEE

The obligation of Second Mortgagee to execute and deliver the Second Mortgage (if not previously done) and the Second Mortgage Supplement relating to the Aircraft on the Closing Date is subject to the satisfaction or waiver by Second Mortgagee, on or prior to the Closing Date, of the conditions precedent set forth below in this Section 4.4.

##### 4.4.1 DOCUMENTS

Executed originals of the agreements, instruments, certificates or documents described in Section 4.1.2 shall have been received by Second 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 Second Mortgagee.

## 4.4.2 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 Second Mortgagee.

## 4.5 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, Mortgagee and Second 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, Mortgagee and Second 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 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 or Second 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. Upon consummation of the Closing, the Owner will purchase the Aircraft pursuant to Section 2.01 of the Aircraft Purchase Agreement.

#### 5.1.7 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.

#### 5.1.8 NO EVENT OF LOSS

No Event of Loss has occurred with respect to the Aircraft.

#### 5.1.9 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.

(d) The Owner Trustee Bill of Sale and the FAA Bill of Sale are effective to convey title to the Aircraft to the Owner. Upon consummation of the Closing, the Owner will have good title to the Aircraft, free and clear of all Liens, except Permitted Liens.

#### 5.1.10 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 or the Second Mortgage, 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.

#### 5.1.11 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, other than the fees and expenses payable by Owner to the initial purchasers of the Pass Through Certificates.

#### 5.1.12 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, Second 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, Second 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, Second 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, Second 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, Second Mortgagee, a Pass Through Trustee or Subordination Agent), or result in the creation of any Lien (other than the lien of the Trust Indenture and the Second Mortgage) upon any property of WTC, in its individual capacity or as Mortgagee, Second 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, Second Mortgagee, a Pass Through Trustee or Subordination Agent, is a party or by which WTC, in its individual capacity or as Mortgagee, Second 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, Second 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, Second 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, Second 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, Second 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, Second 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, Second 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, Second 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, Second 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 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 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, Second Mortgagee, any 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, Mortgagee and Second 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 and Second 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 or Second 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 re-filing of the Trust Indenture, the Second Mortgage and any supplements thereto, including, without limitation, the Trust Indenture Supplement and Second Mortgage Supplement No. 1, as shall be necessary to continue the perfection and priority of the Lien created by the Trust Indenture and the Second Mortgage in the Collateral.

(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 and Second 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 and Second Mortgagee annually after such registration, commencing with the calendar year after such registration is effected, an opinion of special counsel reasonably satisfactory to Mortgagee and Second 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 and the Second Mortgage in the Collateral, 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 or the Second Mortgage, 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, Second Mortgagee, each 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, Second Mortgagee, a 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 or the Second Mortgage 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, Second Mortgagee, a 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 and Second

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, Mortgagee and Second 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, Mortgagee and Second 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 or Second 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, the form of Equipment Note set forth in the Trust Indenture and the Second Mortgage.

(b) 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) and the other covenants of the Note Holders contained in the Operative Agreements.

#### 6.4 AGREEMENTS

##### 6.4.1 QUIET ENJOYMENT

Each Pass Through Trustee, Subordination Agent, each Note Holder, Mortgagee and Second 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 Trust Indenture and the Second Mortgage to the quiet enjoyment, possession and use of the Aircraft.

##### 6.4.2 CONSENTS

Each Pass Through Trustee, Subordination Agent, Mortgagee and Second 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 Pass Through Trustee, Subordination Agent, Mortgagee, Second 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 (or the provisions thereof to

the extent required to be complied with under the Second Mortgage) 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 (or the provisions thereof to the extent required to be complied with under the Second Mortgage).

#### 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 (other than the Second Mortgage or any Second Mortgage Supplement), shall have been paid in full.

#### 6.4.5 FOREIGN REGISTRATION

Each Note Holder, Mortgagee and Second 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 and Second Mortgagee shall have received an opinion of counsel (subject to customary exceptions) reasonably satisfactory to the Mortgagee and

Second Mortgagee addressed to Mortgagee and Second 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 and the Second Mortgagee on the Owner's right, title and interest in and to the Aircraft shall continue, in the case of the Trust Indenture, as a valid and duly perfected first priority security interest and, in the case of the Second Mortgage, as a valid and duly perfected second 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 and the Second 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 and the Second 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 the Second Mortgagee (or any Affiliate of the Mortgagee or the Second Mortgagee), for the Mortgagee or the Second 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.

(E) there shall not exist possessory rights in favor of the government of such country or of the Permitted Air Carrier (including, without limitation, a defense of sovereign immunity) that would, upon the bankruptcy of the Permitted Air Carrier or upon the occurrence of an Event of Default, prevent the return of the Aircraft pursuant to the Trust Indenture.

(b) In addition, as a condition precedent to any change in registration Owner shall have given to Mortgagee and the Second Mortgagee assurances reasonably satisfactory to Mortgagee and the Second 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, Mortgagee and the Second Mortgagee in connection with such change of registry, including, without limitation (1) the reasonable fees and disbursements of counsel to Mortgagee and the Second 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 and the Second 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 and the Second 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, Mortgagee and Second 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, Mortgagee and Second 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, Second 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, Second 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

#### 8.1.1 INDEMNITY

Whether or not any of the transactions contemplated hereby are consummated, Owner shall indemnify, protect, defend and hold harmless each Indemnitee from, against and in respect of, and shall pay on a net after-tax basis, any and all Expenses of any kind or nature whatsoever that may be imposed on, incurred by or asserted against any Indemnitee, relating to, resulting from, or arising out of or in connection with, any one or more of the following:

(a) The Operative Agreements, the Pass Through Agreements, or the enforcement of any of the terms of any of the Operative Agreements or the Pass Through Agreements;

(b) The Aircraft, the Airframe, any Engine or any Part, including, without limitation, with respect thereto, (i) the manufacture, design, purchase, acceptance, nonacceptance or rejection, ownership, registration, reregistration, deregistration, delivery, nondelivery, lease, sublease, assignment, possession, use or non-use, operation, maintenance, testing, repair, overhaul, condition, alteration, modification, addition, improvement, storage, airworthiness, replacement, repair, sale, substitution, return, abandonment, redelivery or other disposition of the Aircraft, any Engine or any Part, (ii) any claim or penalty arising out of violations of applicable Laws by Owner (or any Permitted Lessee), (iii) tort liability, whether

or not arising out of the negligence of any Indemnitee (whether active, passive or imputed), (iv) death or property damage of passengers, shippers or others, (v) environmental control, noise or pollution and (vi) any Liens in respect of the Aircraft, any Engine or any Part;

(c) The offer, sale, or delivery of any Equipment Notes, Pass Through Certificates or any interest therein or represented thereby; and

(d) Any breach of or failure to perform or observe, or any other noncompliance with, any covenant or agreement or other obligation to be performed by Owner under any Operative Agreement to which it is party or any Pass Through Agreement or the falsity of any representation or warranty of Owner in any Operative Agreement to which it is party or any Pass Through Agreement.

#### 8.1.2 EXCEPTIONS

Notwithstanding anything contained in Section 8.1.1, Owner shall not be required to indemnify, protect, defend and hold harmless any Indemnitee pursuant to Section 8.1.1 in respect of any Expense of such Indemnitee:

(a) For any Taxes or a loss of Tax benefit, whether or not Owner is required to indemnify therefor pursuant to Section 8.3;

(b) Except to the extent attributable to acts or events occurring prior thereto, acts or events (other than acts or events related to the performance by Owner of its obligations pursuant to the terms of the Operative Agreements) that occur after the Trust Indenture is required to be terminated in accordance with Section 11.01 of the Trust Indenture and the Collateral is required to be released from the Lien of the Second Mortgage pursuant to Section 11.01 of the Second Mortgage; provided, that nothing in this clause (b) shall be deemed to exclude or limit any claim that any Indemnitee may have under applicable Law by reason of an Event of Default or for damages from Owner for breach of Owner's covenants contained in the Operative Agreements or to release Owner from any of its obligations under the Operative Agreements that expressly provide for performance after termination of the Trust Indenture;

(c) To the extent attributable to any Transfer (voluntary or involuntary) by or on behalf of such Indemnitee of any Equipment Note or interest therein, except for out-of-pocket

costs and expenses incurred as a result of any such Transfer pursuant to the exercise of remedies under any Operative Agreement;

(d) To the extent incurred by or asserted against an Indemnitee as a result of any "prohibited transaction", within the meaning of Section 406 of ERISA or Section 4975(c)(1) of the Code;

(e) To the extent attributable to the gross negligence or willful misconduct of such Indemnitee or any related Indemnitee (as defined below) (other than gross negligence or willful misconduct imputed to such person by reason of its interest in the Aircraft or any Operative Agreement);

(f) If another provision of an Operative Agreement or a Pass Through Agreement specifies the extent of Owner's responsibility or obligation with respect to such Expense, to the extent arising from other than failure of Owner to comply with such specified responsibility or obligation;

(g) To the extent attributable to the incorrectness or breach of any representation or warranty of such Indemnitee or any related Indemnitee contained in or made pursuant to any Operative Agreement or any Pass Through Agreement;

(h) To the extent attributable to the failure by such Indemnitee or any related Indemnitee to perform or observe any agreement, covenant or condition on its part to be performed or observed in any Operative Agreement or any Pass Through Agreement;

(i) To the extent attributable to the offer or sale by such Indemnitee or any related Indemnitee of any interest in the Aircraft, the Equipment Notes, the Pass Through Certificates, or any similar interest, in violation of the Securities Act or other applicable federal, state or foreign securities Laws (other than any thereof caused by acts or omissions of Owner);

(j) (i) With respect to any Indemnitee (other than Mortgagee), to the extent attributable to the failure of the Mortgagee to distribute funds received and distributable by it in accordance with the Trust Indenture, (ii) with respect to any Indemnitee (other than the Second Mortgagee), to the extent attributable to the failure of the Second Mortgagee to distribute funds received and distributable by it in accordance with the

Second Mortgage, (iii) with respect to any Indemnatee (other than the Subordination Agent), to the extent attributable to the failure of the Subordination Agent to distribute funds received and distributable by it in accordance with the Intercreditor Agreement, (iv) with respect to any Indemnatee (other than the Pass Through Trustees), to the extent attributable to the failure of a Pass Through Trustee to distribute funds received and distributable by it in accordance with the Pass Through Trust Agreements, (v) with respect to Mortgagee, to the extent attributable to the negligence or willful misconduct of Mortgagee in the distribution of funds received and distributable by it in accordance with the Trust Indenture, (vi) with respect to the Second Mortgagee, to the extent attributable to the negligence or willful misconduct of the Second Mortgagee in the distribution of funds received and distributable by it in accordance with the Second Mortgage, (vii) with respect to the Subordination Agent, to the extent attributable to the negligence or willful misconduct of the Subordination Agent in the distribution of funds received and distributable by it in accordance with the Intercreditor Agreement, and (viii) with respect to the Pass Through Trustees, to the extent attributable to the negligence or willful misconduct of a Pass Through Trustee in the distribution of funds received and distributable by it in accordance with the Pass Through Trust Agreements;

(k) Other than during the continuation of an Event of Default, to the extent attributable to the authorization or giving or withholding of any future amendments, supplements, waivers or consents with respect to any Operative Agreement or Pass Through Agreement other than such as have been requested by Owner or as are required by or made pursuant to the terms of the Operative Agreements or Pass Through Agreements (unless such requirement results from the actions of an Indemnatee not required by or made pursuant to the Operative Agreements or the Pass Through Agreements);

(l) To the extent attributable to any amount which any Indemnatee expressly agrees to pay or such Indemnatee expressly agrees shall not be paid by or be reimbursed by Owner;

(m) To the extent that it is an ordinary and usual operating or overhead expense; or

(n) For any Lien attributable to such Indemnatee or any related Indemnatee.

For purposes of this Section 8.1, a Person shall be considered a "related" Indemnitee with respect to an Indemnitee if such Person is an Affiliate or employer of such Indemnitee, a director, officer, employee, agent, or servant of such Indemnitee or any such Affiliate or a successor or permitted assignee of any of the foregoing.

#### 8.1.3 SEPARATE AGREEMENT

This Agreement constitutes a separate agreement with respect to each Indemnitee and is enforceable directly by each such Indemnitee.

#### 8.1.4 NOTICE

If a claim for any Expense that an Indemnitee shall be indemnified against under this Section 8.1 is made, such Indemnitee shall give prompt written notice thereof to Owner. Notwithstanding the foregoing, the failure of any Indemnitee to notify Owner as provided in this Section 8.1.4, or in Section 8.1.5, shall not release Owner from any of its obligations to indemnify such Indemnitee hereunder, except to the extent that such failure results in an additional Expense to Owner (in which event Owner shall not be responsible for such additional expense) or materially impairs Owner's ability to contest such claim.

#### 8.1.5 NOTICE OF PROCEEDINGS; DEFENSE OF CLAIMS; LIMITATIONS

(a) In case any action, suit or proceeding shall be brought against any Indemnitee for which Owner is responsible under this Section 8.1, such Indemnitee shall notify Owner of the commencement thereof and Owner may, at its expense, participate in and to the extent that it shall wish (subject to the provisions of the following paragraph), assume and control the defense thereof and, subject to Section 8.1.5(c), settle or compromise the same.

(b) Owner or its insurer(s) shall have the right, at its or their expense, to investigate or, if Owner or its insurer(s) shall agree not to dispute liability to the Indemnitee giving notice of such action, suit or proceeding under this Section 8.1.5 for indemnification hereunder or under any insurance policies pursuant to which coverage is sought, control the defense of, any action, suit or proceeding, relating to any Expense for which indemnification is sought pursuant to this

Section 8.1, and each Indemnitee shall cooperate with Owner or its insurer(s) with respect thereto; provided, that Owner shall not be entitled to control the defense of any such action, suit, proceeding or compromise any such Expense during the continuance of any Special Default or Event of Default. In connection with any such action, suit or proceeding being controlled by Owner, such Indemnitee shall have the right to participate therein, at its sole cost and expense, with counsel reasonably satisfactory to Owner; provided, that such Indemnitee's participation does not, in the reasonable opinion of the independent counsel appointed by the Owner or its insurers to conduct such proceedings, interfere with the defense of such case.

(c) In no event shall any Indemnitee enter into a settlement or other compromise with respect to any Expense without the prior written consent of Owner, which consent shall not be unreasonably withheld or delayed, unless such Indemnitee waives its right to be indemnified with respect to such Expense under this Section 8.1.

(d) In the case of any Expense indemnified by the Owner hereunder which is covered by a policy of insurance maintained by Owner pursuant to Section 4.06 of the Indenture or Section 4.01 of the Second Mortgage, at Owner's expense, each Indemnitee agrees to cooperate with the insurers in the exercise of their rights to investigate, defend or compromise such Expense as may be required to retain the benefits of such insurance with respect to such Expense.

(e) If an Indemnitee is not a party to this Agreement, Owner may require such Indemnitee to agree in writing to the terms of this Section 8 and Section 12.8 prior to making any payment to such Indemnitee under this Section 8.

(f) Nothing contained in this Section 8.1.5 shall be deemed to require an Indemnitee to contest any Expense or to assume responsibility for or control of any judicial proceeding with respect thereto.

#### 8.1.6 INFORMATION

Owner will provide the relevant Indemnitee with such information not within the control of such Indemnitee, as is in Owner's control or is reasonably available to Owner, which such Indemnitee may reasonably request and will otherwise cooperate with such Indemnitee so as to enable such Indemnitee to fulfill

its obligations under Section 8.1.5. The Indemnitee shall supply Owner with such information not within the control of Owner, as is in such Indemnitee's control or is reasonably available to such Indemnitee, which Owner may reasonably request to control or participate in any proceeding to the extent permitted by Section 8.1.5.

#### 8.1.7 EFFECT OF OTHER INDEMNITIES; SUBROGATION; FURTHER ASSURANCES

Upon the payment in full by Owner of any indemnity provided for under this Agreement, Owner, without any further action and to the full extent permitted by Law, will be subrogated to all rights and remedies of the person indemnified (other than with respect to any of such Indemnitee's insurance policies or in connection with any indemnity claim such Indemnitee may have under Section 6.03 or 8.01 of the Trust Indenture or Section 6.03 or 8.01 of the Second Mortgage) in respect of the matter as to which such indemnity was paid. Each Indemnitee will give such further assurances or agreements and cooperate with Owner to permit Owner to pursue such claims, if any, to the extent reasonably requested by Owner and at Owner's expense.

#### 8.1.8 REFUNDS

If an Indemnitee receives any refund, in whole or in part, with respect to any Expense paid by Owner hereunder, it will promptly pay the amount refunded (but not an amount in excess of the amount Owner or any of its insurers has paid in respect of such Expense) over to Owner unless a Special Default or an Event of Default shall have occurred and be continuing, in which case such amounts shall be paid over to Mortgagee or, if the Lien of the Trust Indenture has been discharged but the Collateral is not required to be released from the Lien of the Second Mortgage, to the Second Mortgagee, to hold as security for Owner's obligations under the Operative Agreements or, if requested by Owner, applied to satisfy such obligations.

### 8.2 EXPENSES

#### 8.2.1 INVOICES AND PAYMENT

The Mortgagee, the Second Mortgagee, the 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 the Second Mortgagee, and (ii) all reasonable out-of-pocket costs and expenses (including the reasonable fees and disbursements of counsel) incurred by Mortgagee, the Second 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

##### 8.3.1 GENERAL

Except as provided in Section 8.3.2, Owner agrees that each payment paid by Owner under the Equipment Notes, and any other payment or indemnity paid by Owner to a Tax Indemnitee under any Operative Agreement, shall be free of all withholdings or deductions with respect to Taxes of any nature (other than U.S. federal, state or local withholding taxes on, based on or measured by gross or net income), and in the event that Owner shall be required by applicable law to make any such withholding or deduction for any such payment (x) Owner shall make all such withholdings or deductions, (y) the amount payable by Owner shall be increased so that after making all required withholdings or deductions such Tax Indemnitee receives the same amount that it would have received had no such withholdings or deductions been made, and (z) Owner shall pay the full amount withheld or deducted to the relevant Taxing Authority in accordance with applicable law. Except as provided in Section 8.3.2 and whether or not any of the transactions contemplated hereby are consummated, Owner shall pay, indemnify, protect, defend and hold each Tax Indemnitee harmless from all Taxes imposed by any Taxing Authority that may from time to time be imposed on or asserted against any Tax Indemnitee or the Aircraft, the Airframe, any Engine or any Part or any interest in any of the foregoing (whether or not indemnified against by any other Person), upon or with respect to the Operative Agreements or the transactions or payments contemplated thereby, including but not limited to any

Tax imposed upon or with respect to (x) the Aircraft, the Airframe, any Engine, any Part, any Operative Agreement (including without limitation any Equipment Notes) or any data or any other thing delivered or to be delivered under an Operative Agreement, (y) the purchase, manufacture, acceptance, rejection, sale, transfer of title, return, ownership, mortgaging, delivery, transport, charter, rental, lease, re-lease, sublease, assignment, possession, repossession, presence, use, condition, storage, preparation, maintenance, modification, alteration, improvement, operation, registration, transfer or change of registration, reregistration, repair, replacement, overhaul, location, control, the imposition of any Lien, financing, refinancing requested by the Owner, abandonment or other disposition of the Aircraft, the Airframe, any Engine, any Part, any data or any other thing delivered or to be delivered under an Operative Agreement or (z) interest, fees or any other income, proceeds, receipts or earnings, whether actual or deemed, arising upon, in connection with, or in respect of, any of the Operative Agreements (including the property or income or other proceeds with respect to property held as part of the Collateral) or the transactions contemplated thereby.

#### 8.3.2 CERTAIN EXCEPTIONS

The provisions of Section 8.3.1 shall not apply to, and Owner shall have no liability hereunder for, Taxes:

(a) imposed on a Tax Indemnitee by the federal government of the United States or any Taxing Authority or governmental subdivision of the United States or therein (including any state or local Taxing Authority) (i) on, based on, or measured by, gross or net income or gross or net receipts, including capital gains taxes, excess profits taxes, minimum taxes from tax preferences, alternative minimum taxes, branch profits taxes, accumulated earnings taxes, personal holding company taxes, succession taxes and estate taxes, and any withholding taxes on, based on or measured by gross or net income or receipts or (ii) on, or with respect to, or measured by, capital or net worth or in the nature of a franchise tax or a tax for the privilege of doing business (other than, in the case of clause (i) or (ii), sales, use, license or property Taxes);

(b) imposed on a Tax Indemnitee by any Taxing Authority or governmental subdivision thereof or therein outside of the United States (including any Taxing Authority in or of a territory,

possession or commonwealth of the United States) (i) on, based on, or measured by, gross or net income or gross or net receipts, including capital gains taxes, excess profits taxes, minimum taxes from tax preferences, alternative minimum taxes, branch profits taxes, accumulated earnings taxes, personal holding company taxes, succession taxes and estate taxes, and any withholding taxes on, based on or measured by gross or net income or receipts or (ii) on, or with respect to, or measured by, capital or net worth or in the nature of a franchise tax or a tax for the privilege of doing business (other than, in the case of clause (i) or (ii), (A) sales, use, license or property Taxes, or (B) any Taxes imposed by any Taxing Authority (other than a Taxing Authority within whose jurisdiction such Tax Indemnitee is incorporated or organized or maintains its principal place of business) if such Tax Indemnitee would not have been subject to Taxes of such type by such jurisdiction but for (I) the location, use or operation of the Aircraft, the Airframe, any Engine or any Part thereof by an Owner Person within the jurisdiction of the Taxing Authority imposing such Tax, or (II) the activities of any Owner Person in such jurisdiction, including, but not limited to, use of any other aircraft by Owner in such jurisdiction, (III) the status of any Owner Person as a foreign entity or as an entity owned in whole or in part by foreign persons, (IV) Owner having made (or having been deemed to have made) payments to such Tax Indemnitee from the relevant jurisdiction or (V) in the case of the Pass Through Trustees, the Note Holders or any related Tax Indemnitee, the Owner being incorporated or organized or maintaining a place of business or conducting activities in such jurisdiction);

(c) on, or with respect to, or measured by, any trustee fees, commissions or compensation received by the Pass Through Trustee, Subordination Agent, Mortgagee or Second Mortgagee;

(d) that are being contested as provided in Section 8.3.4 hereof;

(e) imposed on any Tax Indemnitee to the extent that such Taxes result from the gross negligence or willful misconduct of such Tax Indemnitee or any Affiliate thereof;

(f) imposed on or with respect to a Tax Indemnitee (including the transferee in those cases in which the Tax on transfer is imposed on, or is collected from, the transferee) as a result of a transfer or other disposition (including a deemed

transfer or disposition) by such Tax Indemnitee or a related Tax Indemnitee of any interest in the Aircraft, the Airframe, any Engine or any Part, any interest arising under the Operative Agreements or any Equipment Note or as a result of a transfer or disposition (including a deemed transfer or disposition) of any interest in a Tax Indemnitee (other than (A) a substitution or replacement of the Aircraft, the Airframe, any Engine or any Part by an Owner Person that is treated for Tax purposes as a transfer or disposition, or (B) a transfer pursuant to an exercise of remedies upon an Event of Default that shall have occurred and have been continuing);

(g) Taxes in excess of those that would have been imposed had there not been a transfer or other disposition by or to such Tax Indemnitee or a related Tax Indemnitee described in paragraph (f) above;

(h) consisting of any interest, penalties or additions to tax imposed on a Tax Indemnitee as a result of (in whole or in part) failure of such Tax Indemnitee or a related Tax Indemnitee to file any return properly and timely, unless such failure shall be caused by the failure of Owner to fulfill its obligations, if any, under Section 8.3.6 with respect to such return;

(i) resulting from, or that would not have been imposed but for, any Liens arising as a result of claims against, or acts or omissions of, or otherwise attributable to such Tax Indemnitee or a related Tax Indemnitee that the Owner is not obligated to discharge under the Operative Agreements;

(j) imposed on any Tax Indemnitee as a result of the breach by such Tax Indemnitee or a related Tax Indemnitee of any covenant of such Tax Indemnitee or any Affiliate thereof contained in any Operative Agreement or the inaccuracy of any representation or warranty by such Tax Indemnitee or any Affiliate thereof in any Operative Agreement;

(k) in the nature of an intangible or similar Tax (i) upon or with respect to the value or principal amount of the interest of any Note Holder in any Equipment Note or the loan evidenced thereby but only if such Taxes are in the nature of franchise Taxes or result from the Tax Indemnitee doing business in the taxing jurisdiction and are imposed because of the place of incorporation or the activities unrelated to the transactions

contemplated by the Operative Agreements in the taxing jurisdiction of such Tax Indemnatee;

(l) imposed on a Tax Indemnatee by a Taxing Authority of a jurisdiction outside the United States to the extent that such Taxes would not have been imposed but for a connection between the Tax Indemnatee or a related Tax Indemnatee and such jurisdiction imposing such Tax unrelated to the transactions contemplated by the Operative Agreements; or

(m) Taxes relating to ERISA or Section 4975 of the Code.

For purposes hereof, a Tax Indemnatee and any other Tax Indemnitees that are successors, assigns, agents, servants or Affiliates of such Tax Indemnatee shall be related Tax Indemnitees.

### 8.3.3 PAYMENT

(a) Owner's indemnity obligation to a Tax Indemnatee under this Section 8.3 shall equal the amount which, after taking into account any Tax imposed upon the receipt or accrual of the amounts payable under this Section 8.3 and any tax benefits actually recognized by such Tax Indemnatee as a result of the indemnifiable Tax (including, without limitation, any benefits recognized as a result of an indemnifiable Tax being utilized by such Tax Indemnatee as a credit against Taxes not indemnifiable under this Section 8.3), shall equal the amount of the Tax indemnifiable under this Section 8.3.

(b) At Owner's request, the computation of the amount of any indemnity payment owed by Owner or any amount owed by a Tax Indemnatee to Owner pursuant to this Section 8.3 shall be verified and certified by an independent public accounting firm selected by such Tax Indemnatee and reasonably satisfactory to Owner. Such verification shall be binding. The costs of such verification (including the fee of such public accounting firm) shall be borne by Owner unless such verification shall result in an adjustment in Owner's favor of 5% or more of the net present value of the payment as computed by such Tax Indemnatee, in which case the costs shall be paid by such Tax Indemnatee.

(c) Each Tax Indemnatee shall provide Owner with such certifications, information and documentation as shall be in such Tax Indemnatee's possession and as shall be reasonably requested by Owner to minimize any indemnity payment pursuant to this

Section 8.3; provided, that notwithstanding anything to the contrary contained herein, no Tax Indemnitee shall be required to provide Owner with any Tax returns.

(d) Each Tax Indemnitee shall promptly forward to Owner any written notice, bill or advice received by it from any Taxing Authority concerning any Tax for which it seeks indemnification under this Section 8.3. Owner shall pay any amount for which it is liable pursuant to this Section 8.3 directly to the appropriate Taxing Authority if legally permissible or upon demand of a Tax Indemnitee, to such Tax Indemnitee within 30 days of such demand (or, if a contest occurs in accordance with Section 8.3.4, within 30 days after a Final Determination (as defined below)), but in no event more than one Business Day prior to the date the Tax to which such amount payable hereunder relates is due. If requested by a Tax Indemnitee in writing, Owner shall furnish to the appropriate Tax Indemnitee the original or a certified copy of a receipt for Owner's payment of any Tax paid by Owner or such other evidence of payment of such Tax as is acceptable to such Tax Indemnitee. Owner shall also furnish promptly upon written request such data as any Tax Indemnitee may reasonably require to enable such Tax Indemnitee to comply with the requirements of any taxing jurisdiction unless such data is not reasonably available to Owner or, unless such data is specifically requested by a Taxing Authority, is not customarily furnished by domestic air carriers under similar circumstances. For purposes of this Section 8.3, a "Final Determination" shall mean (i) a decision, judgment, decree or other order by any court of competent jurisdiction that occurs pursuant to the provisions of Section 8.3.4, which decision, judgment, decree or other order has become final and unappealable, (ii) a closing agreement or settlement agreement entered into in accordance with Section 8.3.4 that has become binding and is not subject to further review or appeal (absent fraud, misrepresentation, etc.), or (iii) the termination of administrative proceedings and the expiration of the time for instituting a claim in a court proceeding.

(e) If any Tax Indemnitee shall actually realize a tax savings by reason of any Tax paid or indemnified by Owner pursuant to this Section 8.3 (whether such tax savings shall be by means of a foreign tax credit, depreciation or cost recovery deduction or otherwise) and such savings is not otherwise taken into account in computing such payment or indemnity such Tax Indemnitee shall pay to Owner an amount equal to the lesser of

(i) the amount of such tax savings, plus any additional tax savings recognized as the result of any payment made pursuant to this sentence, when, as, if, and to the extent, realized or (ii) the amount of all payments pursuant to this Section 8.3 by Owner to such Tax Indemnatee (less any payments previously made by such Tax Indemnatee to Owner pursuant to this Section 8.3.3 (e)) (and the excess, if any, of the amount described in clause (i) over the amount described in clause (ii) shall be carried forward and applied to reduce pro tanto any subsequent obligations of Owner to make payments to such Tax Indemnatee pursuant to this Section 8.3); provided, that such Tax Indemnatee shall not be required to make any payment pursuant to this sentence so long as an Event of Default of a monetary nature has occurred and is continuing. If a tax benefit is later disallowed or denied, the disallowance or denial shall be treated as a Tax indemnifiable under Section 8.3.1 without regard to the provisions of Section 8.3.2 (other than Section 8.3.2 (f)). Each such Tax Indemnatee shall in good faith use reasonable efforts in filing its tax returns and in dealing with Taxing Authorities to seek and claim any such tax benefit.

#### 8.3.4 CONTEST

(a) If a written claim is made against a Tax Indemnatee for Taxes with respect to which Owner could be liable for payment or indemnity hereunder, or if a Tax Indemnatee makes a determination that a Tax is due for which Owner could have an indemnity obligation hereunder, such Tax Indemnatee shall promptly give Owner notice in writing of such claim (provided, that failure to so notify Owner shall not relieve Owner of its indemnity obligations hereunder unless such failure to notify effectively forecloses Owner's rights to require a contest of such claim) and shall take no action with respect to such claim without the prior written consent of Owner for 30 days following the receipt of such notice by Owner; provided, that, in the case of a claim made against a Tax Indemnatee, if such Tax Indemnatee shall be required by law to take action prior to the end of such 30-day period, such Tax Indemnatee shall, in such notice to Owner, so inform Owner, and such Tax Indemnatee shall take no action for as long as it is legally able to do so (it being understood that a Tax Indemnatee shall be entitled to pay the Tax claimed and sue for a refund prior to the end of such 30-day period if (i)(A) the failure to so pay the Tax would result in substantial penalties (unless immediately reimbursed by Owner) and the act of paying the Tax would not materially prejudice the right to contest or

(B) the failure to so pay would result in criminal penalties and (ii) such Tax Indemnatee shall take any action so required in connection with so paying the Tax in a manner that is the least prejudicial to the pursuit of the contest). In addition, such Tax Indemnatee shall (provided, that Owner shall have agreed to keep such information confidential other than to the extent necessary in order to contest the claim) furnish Owner with copies of any requests for information from any Taxing Authority relating to such Taxes with respect to which Owner may be required to indemnify hereunder. If requested by Owner in writing within 30 days after its receipt of such notice, such Tax Indemnatee shall, at the expense of Owner (including, without limitation, all reasonable costs, expenses and reasonable attorneys' and accountants' fees and disbursements), in good faith contest (or, if permitted by applicable law, allow Owner to contest) through appropriate administrative and judicial proceedings the validity, applicability or amount of such Taxes by (I) resisting payment thereof, (II) not paying the same except under protest if protest is necessary and proper or (III) if the payment is made, using reasonable efforts to obtain a refund thereof in an appropriate administrative and/or judicial proceeding. If requested to do so by Owner, the Tax Indemnatee shall appeal any adverse administrative or judicial decision, except that the Tax Indemnatee shall not be required to pursue any appeals to the United States Supreme Court. If and to the extent the Tax Indemnatee is able to separate the contested issue or issues from other issues arising in the same administrative or judicial proceeding that are unrelated to the transactions contemplated by the Operative Agreements without, in the good faith judgment of such Tax Indemnatee, adversely affecting such Tax Indemnatee, such Tax Indemnatee shall permit Owner to control the conduct of any such proceeding and shall provide to Owner (at Owner's cost and expense) with such information or data that is in such Tax Indemnatee's control or possession that is reasonably necessary to conduct such contest. In the case of a contest controlled by a Tax Indemnatee, such Tax Indemnatee shall consult with Owner in good faith regarding the manner of contesting such claim and shall keep Owner reasonably informed regarding the progress of such contest. A Tax Indemnatee shall not fail to take any action expressly required by this Section 8.3.4 (including, without limitation, any action regarding any appeal of an adverse determination with respect to any claim) or settle or compromise any claim without the prior written consent of the Owner (except as contemplated by Section 8.3.4(b) or (c)).

(b) Notwithstanding the foregoing, in no event shall a Tax Indemnitee be required to pursue any contest (or to permit Owner to pursue any contest) unless (i) Owner shall have agreed to pay such Tax Indemnitee on demand all reasonable costs and expenses incurred by such Tax Indemnitee in connection with contesting such Taxes, including, without limitation, all reasonable out of pocket costs and expenses and reasonable attorneys' and accountants' fees and disbursements, (ii) if such contest shall involve the payment of the claim, Owner shall advance the amount thereof (to the extent indemnified hereunder) plus interest, penalties and additions to tax with respect thereto that are required to be paid prior to the commencement of such contest on an interest-free after-Tax basis to such Tax Indemnitee (and such Tax Indemnitee shall promptly pay to the Owner any net realized tax benefits resulting from such advance including any tax benefits resulting from making such payment), (iii) such Tax Indemnitee shall have reasonably determined that the action to be taken will not result in any material risk of forfeiture, sale or loss of the Aircraft (unless Owner shall have made provisions to protect the interests of any such Tax Indemnitee in a manner reasonably satisfactory to such Tax Indemnitee) (provided, that such Tax Indemnitee agrees to notify Owner in writing promptly after it becomes aware of any such risk), (iv) no Lease Event of Default shall have occurred and be continuing unless Owner has provided security for its obligations hereunder by advancing to such Tax Indemnitee before proceeding or continuing with such contest, the amount of the Tax being contested, plus any interest and penalties and an amount estimated in good faith by such Tax Indemnitee for expenses, and (v) prior to commencing any judicial action controlled by Owner, Owner shall have acknowledged its liability for such claim hereunder, provided that Owner shall not be bound by its acknowledgment if the Final Determination articulates conclusions of law and fact that demonstrate that Owner has no liability for the contested amounts hereunder. Notwithstanding the foregoing, if any Tax Indemnitee shall release, waive, compromise or settle any claim which may be indemnifiable by Owner pursuant to this Section 8.3 without the written permission of Owner, Owner's obligation to indemnify such Tax Indemnitee with respect to such claim (and all directly related claims and claims based on the outcome of such claim) shall terminate, subject to Section 8.3.4(c), and subject to Section 8.3.4(c), such Tax Indemnitee shall repay to Owner any amount previously paid or advanced to such Tax Indemnitee with respect to such claim, plus interest at the rate that would have

been payable by the relevant Taxing Authority with respect to a refund of such Tax.

(c) Notwithstanding anything contained in this Section 8.3, a Tax Indemnatee will not be required to contest the imposition of any Tax and shall be permitted to settle or compromise any claim without Owner's consent if such Tax Indemnatee (i) shall waive its right to indemnity under this Section 8.3 with respect to such Tax (and any directly related claim and any claim the outcome of which is determined based upon the outcome of such claim), (ii) shall pay to Owner any amount previously paid or advanced by Owner pursuant to this Section 8.3 with respect to such Tax, plus interest at the rate that would have been payable by the relevant Taxing Authority with respect to a refund of such Tax, and (iii) shall agree to discuss with Owner the views or positions of any relevant Taxing Authority with respect to the imposition of such Tax.

#### 8.3.5 REFUND

(a) If any Tax Indemnatee shall receive a refund of, or be entitled to a credit against other liability for, all or any part of any Taxes paid, reimbursed or advanced by Owner, such Tax Indemnatee shall pay to Owner within 30 days of such receipt an amount equal to the lesser of (a) the amount of such refund or credit plus any net tax benefit (taking into account any Taxes incurred by such Tax Indemnatee by reason of the receipt of such refund or realization of such credit) actually realized by such Tax Indemnatee as a result of any payment by such Tax Indemnatee made pursuant to this sentence (including this clause (a)) and (b) such tax payment, reimbursement or advance by Owner to such Tax Indemnatee theretofore made pursuant to this Section 8.3 (and the excess, if any, of the amount described in clause (a) over the amount described in clause (b) shall be carried forward and applied to reduce pro tanto any subsequent obligation of Owner to make payments to such Tax Indemnatee pursuant to this Section 8.3). If, in addition to such refund or credit, such Tax Indemnatee shall receive (or be credited with) an amount representing interest on the amount of such refund or credit, such Tax Indemnatee shall pay to Owner within 30 days of such receipt or realization of such credit that proportion of such interest that shall be fairly attributable to Taxes paid, reimbursed or advanced by Owner prior to the receipt of such refund or realization of such credit.

(b) Upon the receipt by the Subordination Agent of any payment by a Liquidity Provider pursuant to the second paragraph of Section 3.03(a) of any Liquidity Facility, the Subordination Agent shall pay such amount to the Owner.

#### 8.3.6 TAX FILING

If any report, return or statement is required to be filed with respect to any Tax which is subject to indemnification under this Section 8.3, Owner shall timely file the same (except for any such report, return or statement which a Tax Indemnitee has timely notified the Owner in writing that such Tax Indemnitee intends to file, or for which such Tax Indemnitee is required by law to file, in its own name); provided, that the relevant Tax Indemnitee shall furnish Owner with any information in such Tax Indemnitee's possession or control that is reasonably necessary to file any such return, report or statement and is reasonably requested in writing by Owner (it being understood that the Tax Indemnitee shall not be required to furnish copies of its actual tax returns, although it may be required to furnish relevant information contained therein). Owner shall either file such report, return or statement and send a copy of such report, return or statement to such Tax Indemnitee, or, where Owner is not permitted to file such report, return or statement, it shall notify such Tax Indemnitee of such requirement and prepare and deliver such report, return or statement to such Tax Indemnitee in a manner satisfactory to such Tax Indemnitee within a reasonable time prior to the time such report, return or statement is to be filed.

#### 8.3.7 FORMS

Each Tax Indemnitee agrees to furnish from time to time to Owner, Mortgagee or Second Mortgagee or to such other person as Owner, Mortgagee or Second Mortgagee may designate, at Owner's, Mortgagee's or Second Mortgagee's request, such duly executed and properly completed forms as may be necessary or appropriate in order to claim any reduction of or exemption from any withholding or other Tax imposed by any Taxing Authority, if (x) such reduction or exemption is available to such Tax Indemnitee and (y) Owner has provided such Tax Indemnitee with any information necessary to complete such form not otherwise reasonably available to such Tax Indemnitee.

#### 8.3.8 NON-PARTIES

If a Tax Indemnitee is not a party to this Agreement, Owner may require the Tax Indemnitee to agree in writing, in a form reasonably acceptable to Owner, to the terms of this Section 8.3 and Section 15.8 prior to making any payment to such Tax Indemnitee under this Section 8.3.

#### 8.3.9 SUBROGATION

Upon payment of any Tax by Owner pursuant to this Section 8.3 to or on behalf of a Tax Indemnitee, Owner, without any further action, shall be subrogated to any claims that such Tax Indemnitee may have relating thereto. Such Tax Indemnitee shall cooperate with Owner (to the extent such cooperation does not result in any unreimbursed cost, expense or liability to such Tax Indemnitee) to permit Owner to pursue such claims.

#### 8.4 PAYMENTS

Any payments made pursuant to Section 8.1 or 8.3 shall be due on the 30th day after demand therefor and shall be made directly to the relevant Indemnitee or Tax Indemnitee or to Owner, in immediately available funds at such bank or to such account as specified by such Indemnitee or Tax Indemnitee or Owner, as the case may be, in written directives to the payor, or, if no such direction shall have been given, by check of the payor payable to the order of, and mailed to, such Indemnitee or Tax Indemnitee or Owner, as the case may be, by certified mail, postage prepaid, at its address as set forth in this Agreement.

#### 8.5 INTEREST

If any amount, payable by Owner, any Indemnitee or any Tax Indemnitee under Section 8.1 or 8.3 is not paid when due, the person obligated to make such payment shall pay on demand, to the extent permitted by Law, to the person entitled thereto, interest on any such amount for the period from and including the due date for such amount to but excluding the date the same is paid, at the Payment Due Rate. Such interest shall be paid in the same manner as the unpaid amount in respect of which such interest is due.

## 8.6 BENEFIT OF INDEMNITIES

The obligations of Owner in respect of all indemnities, obligations, adjustments and payments in Section 8.1 or 8.3 are expressly made for the benefit of, and shall be enforceable by, the Indemnitee or Tax Indemnitee entitled thereto, notwithstanding any provision of the Trust Indenture or the Second Mortgage.

## 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, Mortgagee and Second 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 and Second 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 or Second Mortgagee's citizenship could have any adverse effect on Owner, or any Note Holder), subject to Section 9.02 of the Trust Indenture and Section 9.02 of the Second Mortgage, resign as Mortgagee and Second 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, the Tax Indemnitees, each of which is an intended third party beneficiary with respect to the provisions of Section 8.3, 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, the Tax Indemnitees with respect to the provisions of Section 8.3, 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 /s/ John M. Beeson, Jr.  
-----  
Name: John M. Beeson, Jr.  
Title: Vice President

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
except as expressly provided  
herein, but solely as Second  
Mortgagee

By /s/ John M. Beeson, Jr.  
-----  
Name: John M. Beeson, Jr.  
Title: Vice President

SIGNATURE PAGE

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, 1997-2C

By /s/ John M. Beeson, Jr.  
-----  
Name: John M. Beeson, Jr.  
Title: Vice President

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, 1997-2D

By /s/ John M. Beeson, Jr.  
-----  
Name: John M. Beeson, Jr.  
Title: Vice President

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
except as expressly provided  
herein, but solely as  
Subordination Agent

By /s/ John M. Beeson, Jr.  
-----  
Name: John M. Beeson, Jr.  
Title: Vice President

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, 1997-2A

By /s/ John M. Beeson, Jr.  
-----  
Name: John M. Beeson, Jr.  
Title: Vice President

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, 1997-2B

By /s/ John M. Beeson, Jr.  
-----  
Name: John M. Beeson, Jr.  
Title: Vice President

SIGNATURE PAGE

SCHEDULE 1  
TO  
PARTICIPATION AGREEMENT

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ACCOUNTS; ADDRESSES

	ACCOUNT FOR PAYMENTS -----	ADDRESS FOR NOTICES -----
CONTINENTAL AIRLINES, INC.	The Chase Manhattan Bank (National Association) New York, New York 10081 Account No.: 910-2-499291 ABA#: 021-000021 Attention: Paul Trupia Voice: 212-552-2829 Facsimile: 212-552-0107 Reference: Continental 322	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, AS MORTGAGEE	The Chase Manhattan Bank (National Association) New York, New York 10081 Account No.: 920-1-014363 ABA#: 021-000021 Attention: Corporate Trust Administration Reference: Continental 322	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 SECOND MORTGAGEE	The Chase Manhattan Bank (National Association) New York, New York 10081 Account No.: 920-1-014363 ABA#: 021-000021 Attention: Corporate Trust Administration Reference: Continental 322	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	The Chase Manhattan Bank (National Association) New York, New York 10081 Account No.: 920-1-014363 ABA#: 021-000021 Attention: Corporate Trust Administration Reference: Continental 322	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 1997-2A PASS  
THROUGH TRUST

The Chase Manhattan Bank  
(National Association)  
New York, New York 10081  
Account No.: 920-1-014363  
ABA#: 021-000021  
Attention: Corporate Trust  
Administration  
Reference: Continental 322

WILMINGTON TRUST COMPANY,  
AS PASS THROUGH TRUSTEE  
FOR THE 1997-2B PASS  
THROUGH TRUST

The Chase Manhattan Bank  
(National Association)  
New York, New York 10081  
Account No.: 920-1-014363  
ABA#: 021-000021  
Attention: Corporate Trust  
Administration  
Reference: Continental 322

WILMINGTON TRUST COMPANY,  
AS PASS THROUGH TRUSTEE  
FOR THE 1997-2C PASS  
THROUGH TRUST

The Chase Manhattan Bank  
(National Association)  
New York, New York 10081  
Account No.: 920-1-014363  
ABA#: 021-000021  
Attention: Corporate Trust  
Administration  
Reference: Continental 322

WILMINGTON TRUST COMPANY,  
AS PASS THROUGH TRUSTEE  
FOR THE 1997-2D PASS  
THROUGH TRUST

The Chase Manhattan Bank  
(National Association)  
New York, New York 10081  
Account No.: 920-1-014363  
ABA#: 021-000021  
Attention: Corporate Trust  
Administration  
Reference: Continental 322

## 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  
One Rodney Square  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust  
Administration  
Facsimile: (302) 651-1576

Wilmington Trust Company  
One Rodney Square  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust  
Administration  
Facsimile: (302) 651-1576

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	SERIES OF EQUIPMENT NOTES	DOLLAR AMOUNT OF LOAN
1997 - 2A	Series A	\$7,781,810
1997 - 2B	Series B	\$2,657,242
1997 - 2C	Series C	\$2,828,029
1997 - 2D	Series D	\$2,844,973

SCHEDULE 3 - CERTAIN  
TERMS  
PARTICIPATION  
AGREEMENT

---

CERTAIN TERMS

DEFINED TERM -----	DEFINITION -----
Minimum Liability Insurance Amount	\$200,000,000
Threshold Amount	\$3,500,000

-----  
PERMITTED COUNTRIES

Argentina  
Australia  
Austria  
Bahamas  
Belgium  
Brazil  
Canada  
Chile  
Denmark  
Egypt  
Ecuador  
Finland  
France  
Germany  
Greece  
Hungary  
Iceland  
India  
Indonesia  
Ireland  
Italy  
Japan  
Luxembourg  
Malaysia  
Malta  
Mexico  
Morocco  
Netherlands  
New Zealand  
Norway  
People's Republic of China  
Philippines  
Portugal  
Republic of China (Taiwan)  
Singapore  
South Africa  
South Korea  
Spain  
Sweden  
Switzerland  
Thailand  
Tobago  
Trinidad  
United Kingdom  
Uruguay



EXECUTION

-----  
TRUST INDENTURE AND MORTGAGE 322

Dated as of June 25, 1997

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 737-3T0 AIRCRAFT  
BEARING U.S. REGISTRATION MARK N12322  
AND MANUFACTURER'S SERIAL NO. 23373  
-----

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## TRUST INDENTURE AND MORTGAGE 322

TRUST INDENTURE AND MORTGAGE 322, dated as of June 25, 1997 ("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 purchase money security interest in and mortgage lien on all right, title and interest of the Owner in, 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 737-3T0 aircraft with the FAA Registration number of N12322 and the manufacturer's serial number of 23373 and Engines, each of which Engines is a CFM International CFM 56-3 engine with the manufacturer's serial numbers of 721-369 and 721-374, 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 Aircraft Purchase Agreement and the Bills of Sale and (to the extent assignable without the consent of

any manufacturer) any other 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 with respect to a manufacturer), 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;

(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 or entitled to be 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 Aircraft Purchase Agreement, to exercise in the Owner's name all rights and powers of the buyer under the Aircraft 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 Aircraft 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 Aircraft Purchase Agreement that would increase the obligations of 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 2.12 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/MCDONNELL DOUGLAS] 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 December 30, 1997, and thereafter on June 30 and December 30 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 322, dated as of June 25, 1997, 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 2.06 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 (provided that this Equipment Note shall not be subject to redemption except as provided in Sections 2.09, 2.10 and 2.11 of the Trust Indenture).

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 2.09, 2.10 and 2.11 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 [Series A, Series B and Series C Equipment Notes]3 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.]4

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 in the case of a Series D Equipment Note.
4. To be inserted for each Equipment Note other than any Series A Equipment Note



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) 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" issued under this Indenture and each of the Related Indentures; (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" issued under this Indenture and each of the Related Indentures (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 to the Pass Through Trustees under the Pass Through Trust Agreements, and (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. 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 (other than the Series D Equipment Notes) and the denominator of which is the aggregate principal balance then outstanding of all "Equipment Notes" (other than "Series D Equipment Notes") (as such terms are defined in this Trust Indenture and each of the Related Indentures). For purposes of this paragraph, the terms "Applied Downgrade Advance", "Applied Non-Extension Advance" (if applicable), "Cash Collateral Account", "Downgrade Advance", "Final Advance", "Investment Earnings", "Non-Extension Advance"

(if applicable) 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 \$16,112,054.

#### SECTION 2.03. 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 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 1 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 2.03.

(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 2.04. 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 2.09, 2.10 and 2.11 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 maturity.

#### SECTION 2.05. 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 interest accruing on each Equipment Note after the commencement of a Case) and under the other Operative Agreements (other than the Related Indentures, the Second Mortgage and any Second Mortgage Supplement) by the Owner (collectively, the "Secured Obligations") shall have been paid in full.

#### SECTION 2.06. 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 2.06 or under Section 2.07 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 Trust 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 2.06, 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 2.07. 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 2.07, 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 2.08. 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 2.09. 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. On such date of redemption, all other Secured Obligations then due and payable to each Indenture Indemnitee shall likewise be paid in full.

SECTION 2.10. 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. On such

date of redemption, all other Secured Obligations then due and payable to each Indenture Indemnitee shall likewise be paid in full.

SECTION 2.11. 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 2.06, 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 2.12. 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 (a "Case") of the type referred to in Section 5.01(v), (vi) or (vii) 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 2.12 or Article III hereof, it will hold any amount so received in trust for the Senior Holder (as defined in Section 2.12(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 2.12, 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 (including, without limitation, interest accruing after the commencement of a Case), (ii) after the Secured Obligations in respect of Series A Equipment Notes have been paid in full (including, without limitation, such post-petition interest), the Note Holders of Series B until the Secured Obligations in respect of Series B Equipment Notes have been paid in full (including, without limitation, interest accruing after the commencement of a Case), (iii) after the Secured Obligations in respect of Series B Equipment Notes have been paid in full (including, without limitation, such post-petition interest), the Note Holders of Series C (including,

without limitation, interest accruing after the commencement of a Case), and (iv) after the Secured Obligations in respect of the Series C Equipment Notes have been paid in full (including, without limitation, such post-petition interest), the Note Holders of Series D.

### 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;

(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; and

(iv) after giving effect to paragraph (iii) 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 D Equipment Notes shall be distributed to the Note Holders of Series D ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series D Equipment Note bears to the aggregate amount of the payments then due under all Series D 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 2.10 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;
- (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
- (iv) after giving effect to paragraph (iii) above, to pay the amounts specified in paragraph (iv) of clause "Third" of Section 3.03 hereof plus Make-Whole Amount, if any, then due and payable in respect of the Series D Equipment Notes; and

Third, the balance, if any, of such payments or amounts remaining thereafter shall be distributed to the Owner;

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) pay 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;

- (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
- (iv) after giving effect to paragraph (iii) 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 D 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 D Equipment Notes (other than Make-Whole Amount) to the date of distribution, shall be distributed to the Note Holders of Series D, 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 D 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 D 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 held or distributed in accordance with Section 3.01 of the Second Mortgage.

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 or not 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 in its capacity as Note Holder 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 thereafter shall be applied to any other Secured Obligations then due and payable, ratably, without priority of any holder thereof over any other, and after payment in full of all amounts then due in accordance with Section 3.01 and such Secured Obligations, and so long as no Special Default or Event of Default shall have occurred and be continuing, in the manner provided in clause "Third" of Section 3.02 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 Special Default or 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 then 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 and Second Mortgagee a favorable opinion of counsel, reasonably satisfactory to Mortgagee and Second 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 or Second 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 and Second 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 include in such lease appropriate provisions which (s) 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; (t) require the Permitted Lessee to comply with the terms of Section 4.06; (u) expressly prohibit the Permitted Lessee from any further subleasing of the Airframe or any Engine subject thereto (except for (i) transfers of the type permitted in Section 4.02(b)(i) through (vii), inclusive and (ii) subleasing where the head lessee is a person described in clause (i) of the definition of Permitted Air Carrier (and all other provisions of this Section 4.02(b) applicable to a lease shall apply to any such sublease)) 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 and the second priority security interest (subject to Permitted Liens) of the Second Mortgagee in the Aircraft, Airframe and Engines; and (z) Owner shall reimburse Mortgagee and Second Mortgagee for all of its reasonable out-of-pocket fees and expenses, including, without limitation, reasonable fees and disbursements of counsel, incurred by Mortgagee and Second 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 (other than a change in registration pursuant to Section 4.02(e)) 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 or any airframe subject to the Lien of a Related Indenture or the Second Mortgage 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 Second Mortgagee or impair the Mortgagee's or Second 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, at its own cost and expense, 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 or Second Mortgagee therein, or any material risk of criminal liability or material civil liability against Mortgagee or Second 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 and the Second Mortgage to be duly recorded and at all times maintained of record as a first-priority perfected mortgage and as a second-priority perfected mortgage, respectively (subject in each case 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 or Second 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 4.02(f).

#### 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 a Special Default or 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 provided 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 (or causes to be replaced) 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 and 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 or Second 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 or Second Mortgagee therein, or any material risk of civil liability or any material risk of criminal liability being imposed on Mortgagee or Second 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 value, utility, or remaining useful life of the Aircraft or any Engine below its value, utility or remaining useful life immediately prior to such Optional Modification (assuming the Aircraft or such Engine was in the condition required by the Trust Indenture 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 shall 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 from the manufacturer 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 value, utility or remaining useful life which such Airframe or any Engine would have had at the time of removal had such removal not occurred, assuming the Aircraft was otherwise maintained in the condition and repair 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 and a Second Mortgage 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) UCC financing statements covering the security interests created by this Trust Indenture and the Second Mortgage (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 and the Second Mortgagee to protect the security interests of the Mortgagee and the Second Mortgagee in the Replacement Engine;

(ii) the Owner shall cause to be delivered to the Mortgagee and Second Mortgagee an opinion of counsel to the effect that the Lien of this Trust Indenture and the Second Mortgage 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 and Second Mortgagee shall reasonably request;

(iii) the Owner shall have furnished to Mortgagee and Second Mortgagee an opinion of Owner's aviation law counsel reasonably satisfactory to Mortgagee and Second Mortgagee and addressed to Mortgagee and Second Mortgagee as to the due filing for recordation of the Trust Indenture Supplement and the Second Mortgage 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; and

(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 Section 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 4.05(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 2.09 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, or payment of all other Secured Obligations then due and payable, as provided in Section 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 and the Second Mortgage (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 and a Second Mortgage 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) UCC 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 and the Second Mortgagee to protect the security interests of the Mortgagee and the Second 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 and the Second Mortgage 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 and the Second 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 and the Second 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 the Second Mortgage, and the 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 may be based on the same reasoning, and be subject to the same assumptions and qualifications as the opinion referred to in Section 4.1.2(D) of the Participation Agreement and 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 and Second Mortgagee as to the due registration of any such Replacement Airframe and the due filing for recordation of each Trust Indenture Supplement and Second Mortgage 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;

(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); and

(vii) the Owner shall have furnished to the Mortgagee a certified report of a qualified independent aircraft appraiser, reasonably satisfactory to the Mortgagee, 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 were in the condition required by the terms hereof).

(d) Certain Payments Received on Account of an Event of Loss. Any insurance proceeds in respect of damage or loss constituting an Event of Loss and any other amounts 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, upon such replacement and to the extent not theretofore applied as provided herein, 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 in 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, the Second Mortgage 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 and therein, 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 4.06, 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 4.06.

(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 and Annex B 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 undismitted, unstayed or unvacated for a period of 90 days after the date of entry thereof;

(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 untermiated for a period of 90 days; or

(viii) an "Event of Default" under any of the Related Indentures shall have occurred and be continuing.

#### 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 fifteen 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 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 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 Collateral 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 Aircraft 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 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

Holder, 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; 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) and 5.02(e), 6.02, 11.11, 11.12 or 11.13 hereof, the definitions of "Event of Default," "Default," "Special 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 or other Indenture Indemnitee 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. Notwithstanding the foregoing, without the consent of the affected Liquidity Providers, neither the Owner nor the Mortgagee shall enter into any amendment, waiver or modification of, supplement or consent to this Trust Indenture or the other Operative Agreements which shall reduce, modify or amend any indemnities in favor of such Liquidity Providers.

(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, Second 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 Second 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. Section 1110

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: Gerald Laderman  
Title: Vice President

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;
- (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 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.

#### 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 Bills of Sale" means, collectively, (i) the full warranty bill of sale covering the Aircraft executed by Airframe Manufacturer in favor of Mitsubishi International Corporation, Kawasaki Enterprises Inc., Diamond Lease (U.S.A.), Inc. and Kyodo Leasing America, Inc. (the "Sellers"), and (ii) the full warranty bill of sale covering the Aircraft executed by the Sellers to TAC.

"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).

"Aircraft Purchase Agreement" means the Aircraft Purchase Agreement, dated June 20, 1997 among Owner Trustee, Owner Participant and Owner (including all exhibits thereto), insofar as it relates to the Aircraft.

"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 Trust Indenture, such Replacement Airframe shall become subject to the Trust Indenture and shall be the "Airframe" for all purposes of the Trust Indenture and the other Operative Agreements and thereupon the Airframe for which the substitution is made shall no longer be subject to the Trust Indenture, 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.

"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 Aircraft Bills of Sale, the TAC Bill of Sale, the Owner Trustee Bill of Sale and the FAA 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 or Wilmington, Delaware.

"Case" has the meaning attributed thereto in Section 2.12(a) of the Trust Indenture.

"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. ss. 40102(a)(15).

"Closing" means the occurrence of the following concurrent events performed in accordance with the Participation Agreement and the Trust Indenture: (i) the making of the secured loan and issuance of the Equipment Notes pursuant to Section 2.1 of the Participation Agreement; (ii) the purchase of the Aircraft by Owner pursuant to the Aircraft Purchase Agreement utilizing, in part, the proceeds of such secured loan; and (iii) completion of the other events contemplated by the Operative Agreements to occur at the Closing.

"Closing Date" means the date specified in the initial Trust Indenture Supplement as the Closing Date, which shall be 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.

"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.

"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 Manufacturer" means CFM International.

"Equipment Note Register" is defined in Section 2.06 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.

"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 requisition of title to the Aircraft or Airframe, for a period in excess of 90 consecutive days;

(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 on the basis of ownership or otherwise 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;

(f) with respect to any Engine, any divestiture of title to such engine shall be treated as an Event of Loss.

An Event of Loss with respect to the Aircraft shall be deemed to have occurred if an Event of Loss occurs with respect to its Airframe. 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 clause (c), (d) and (e) above, no Event of Loss shall be deemed to have occurred until the date of expiration of the applicable period referred to therein.

"Existing Indenture" means the Amended and Restated Trust Indenture and Mortgage, dated as of April 27, 1993, between Owner Trustee and Wilmington Trust Company, as indenture trustee, which provides for a security interest in the Aircraft.

"Existing Indenture Release" means the release executed by the indenture trustee under the Existing Indenture releasing the Aircraft, the Aircraft Documents and certain other collateral from the lien of the Existing Indenture.

"Existing Lease" means the Amended and Restated Lease Agreement, dated as of April 27, 1993, between Owner Trustee, as lessor, and Owner, as lessee, providing for the lease of the Aircraft to Owner.

"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 the Owner Trustee.

"FAA Filed Documents" means the Trust Indenture, the initial Trust Indenture Supplement, the Second Mortgage, the Second Mortgage Supplement relating to the Aircraft, the FAA Bill of Sale, the Termination of Lease, the Existing Indenture Release 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, (a) UCC-1 financing statements covering the Collateral, by Owner, as debtor, showing Mortgagee and Second Mortgagee as secured parties, for filing in Texas and each other jurisdiction that, in the opinion of Mortgagee, is necessary to perfect its Lien on the Collateral and (b) UCC-3 financing statements (i) evidencing the termination of the Existing Lease, for filing in Texas and each other jurisdiction that, in the opinion of Mortgagee, is reasonably desirable and (ii) evidencing the release of the Aircraft, Aircraft Documents and other collateral from the Lien of the Existing Indenture for filing in Utah and each other jurisdiction that, in the opinion of Mortgagee, is reasonably desirable.

"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.

"Indemnitee" means (i) WTC, Mortgagee and Second Mortgagee, (ii) each separate or additional trustee appointed pursuant to the Trust Indenture and Second Mortgage, (iii) the Subordination 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); provided that the persons described in clauses (iii), (iv), (v), (vii), (ix) and (xi) are Indemnites only for purposes of Section 8.1 of the Participation Agreement.

"Indenture Agreements" means the Aircraft 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 and (vi) each of the respective directors, officers, employees, agents and servants of each of the persons described in clauses (i) through (v) 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 June 25, 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 three 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 Kredietbank N.V., acting through its New York Branch, as a Class A Liquidity Provider, Class B Liquidity Provider and Class C 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" means \$300,000,000.

"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.

"Mortgagee Agreements" means, collectively, the Participation Agreement, the Trust Indenture, the Second Mortgage, and each other agreement between Mortgagee or Second Mortgagee and any other party to the Participation Agreement, relating to the Transactions, delivered on the Closing 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.

"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 Second Mortgage, the Second Mortgage Supplement relating to the Aircraft, the Bills of Sale and the Equipment Notes.

"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 Pension Benefit Guaranty Corporation.

"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).

"Owner Trustee" means First Security Bank, N.A., not in its individual capacity, except as expressly provided, but solely as trustee under its Trust Agreement dated April 27, 1993 with Pension Benefit Guaranty Corporation, a wholly owned United States Government corporation, relating to the Aircraft.

"Owner Trustee Bill of Sale" means the full warranty bill of sale covering the Aircraft executed by the Owner Trustee in favor of Owner.

"Participation Agreement" means the Participation Agreement 322 dated as of June 25, 1997 among Owner, the 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 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 relevant Pass Through Trust Agreement.

"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 and the Intercreditor Agreement.

"Payment Date" means each June 30 and December 30, commencing on December 30, 1997.

"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, 7.522% 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 or (iii) 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 WTC as second mortgagee under the Second Mortgage, 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 or Article IV of the Second Mortgage; (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 or Second Mortgagee therein or impair the Lien of the Trust Indenture or the Second Mortgage; (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 or Second Mortgagee therein or impair the Lien of the Trust Indenture or the Second Mortgage; (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 or Second Mortgagee therein or impair the Lien of the Trust Indenture or the Second Mortgage; (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 December 30, 2004 in the case of the Series A Equipment Notes, December 30, 2003 in the case of the Series B Equipment Notes, June 30, 2002 in the case of the Series C Equipment Notes and June 30, 2000 in the case of the Series D Equipment Notes.

"QIB" is defined in Section 2.07 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.

"Related Indentures" means, collectively, each Trust Indenture and Mortgage under which "Equipment Notes" have been issued and acquired by the Pass Through Trustees on or prior to August 31, 1997 (other than this Trust Indenture), as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"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.

"Second Mortgage" means the Second Trust Indenture and Mortgage dated as of even date with the Participation Agreement between the Owner and Second Mortgagee.

"Second Mortgagee" means Wilmington Trust Company, not in its individual capacity, except as expressly stated in the Second Mortgage, but solely as second mortgagee.

"Second Mortgage Supplement" means any Trust Indenture and Mortgage Supplement executed by Owner relating to the Second Mortgage, substantially in the form of Exhibit A to the Second Mortgage, with appropriate modifications to reflect the purpose for which it is being used.

"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 2.05 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 2.12(c) of the Trust Indenture.

"Series" means any of Series A, Series B, Series C or Series D.

"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."

"Series D" or "Series D Equipment Notes" means Equipment Notes issued under the Trust Indenture and designated as "Series D" thereunder, in the Original Amount and maturities and bearing interest as specified in Schedule I to the Trust Indenture under the heading "Series D."

"Similar Aircraft" means a Boeing Model 737-3T0 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.

"Subordination Agent Agreements" means the Participation Agreement, the Liquidity Facilities and the Intercreditor Agreement.

"TAC" means TAC 322 Corp., a Delaware corporation.

"TAC Bill of Sale" means the full warranty bill of sale covering the Aircraft executed by TAC in favor of the Owner Trustee.

"Tax Indemnitee" means (a) WTC, Mortgagee and Second Mortgagee, (b) each separate or additional trustee appointed pursuant to the Trust Indenture and the Second Mortgage, (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.

"Termination of Lease" means the Termination of Lease dated June 25, 1997, terminating the Existing Lease.

"Threshold Amount" means \$3,500,000.

"Transaction Expenses" means all costs and expenses incurred by Mortgagee and Second 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 and Second Mortgagee under the Trust Indenture and the Second Mortgage, respectively, and (c) the reasonable fees and disbursements of counsel for each Mortgagee, the Second 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 this Trust Indenture and Mortgage 322, 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 or a Permitted Lessee 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.

## ANNEX B

## INSURANCE

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference in Annex A to the Trust Indenture.

## A. Liability Insurance

1. Except as provided in Section A.2 below, Owner will carry or cause to be carried at all times, at no expense to Mortgagee, comprehensive airline legal liability (including, but not limited to passenger liability, property damage, baggage liability, cargo and mail liability, hangarkeeper's liability and contractual liability insurance) with respect to the Aircraft, the Airframe and the Engines, which is (i) in an amount not less than the greater of (x) the amount of comprehensive airline legal liability insurance from time to time applicable to aircraft owned or leased and operated by Owner of the same type and operating on similar routes as the Aircraft and (y) the Minimum Liability Insurance Amount per occurrence; (ii) of the type and covering the same risks as from time to time applicable to aircraft operated by Owner of the same type as the Aircraft; and (iii) maintained in effect with insurers of nationally or internationally recognized responsibility (such insurers being referred to herein as "Approved Insurers").

2. During any period that the Aircraft is on the ground and not in operation, Owner may carry or cause to be carried, in lieu of the insurance required by Section A.1 above, insurance otherwise conforming with the provisions of said Section A.1 except that (i) the amounts of coverage shall not be required to exceed the amounts of public liability and property damage insurance from time to time applicable to aircraft owned or operated by Owner of the same type as the Aircraft which are on the ground and not in operation and (ii) the scope of the risks covered and the type of insurance shall be the same as from time to time shall be applicable to aircraft owned or operated by Owner of the same type which are on the ground and not in operation.

## B. Hull Insurance

1. Except as provided in Section B.2 below, Owner will carry or cause to be carried at all times, at no expense to Mortgagee, with Approved Insurers "all-risk" ground and flight aircraft hull insurance covering each Aircraft (including the Engines when they are installed on the Airframe or any other airframe) which is of the type as from time to time applicable to aircraft owned by Owner of the same type as the Aircraft for an amount denominated in United States Dollars not less than the unpaid Original Amount together with six months of interest accrued thereon (collectively, the "Debt Balance").

Any policies of insurance carried in accordance with this Section B.1 covering the Aircraft and any policies taken out in substitution or replacement for any such policies (i) shall name Mortgagee as exclusive loss payee for any proceeds to be paid under such policies up to an amount equal to the Debt Balance and (ii) shall provide that (A) in the event of a loss involving proceeds in excess of the Threshold Amount, the proceeds in respect of such loss up to an amount equal to the Debt Balance shall be payable to the Mortgagee, except in the case of a loss with respect to an Engine installed on an airframe other than the Airframe, in which case Owner (or any Permitted Lessee) shall endeavor to arrange for any payment of insurance proceeds in respect of such loss to be held for the account of the Mortgagee whether such payment is made to Owner (or any Permitted Lessee) or any third party, it being understood and agreed that in the case of any payment to Mortgagee otherwise than in respect of an Event of Loss, the Mortgagee shall, upon receipt of evidence satisfactory to it that the damage giving rise to such payment shall have been repaired or that such payment shall then be required to pay for repairs then being made, pay the amount of such payment to Owner or its order, and (B) the entire amount of any loss involving proceeds of the Threshold Amount or less or the amount of any proceeds of any loss in excess of the Debt Balance shall be paid to Owner or its order unless a Event of Default or Special Default shall have occurred and be continuing and the insurers have been notified thereof by the Mortgagee. In the case of a loss with respect to an engine (other than an Engine) installed on the Airframe, Mortgagee shall hold any payment to it of any insurance proceeds in respect of such loss for the account of Owner or any other third party that is entitled to receive such proceeds.

2. During any period that the Aircraft is on the ground and not in operation, Owner may carry or cause to be carried, in lieu of the insurance required by Section B.1 above, insurance otherwise conforming with the provisions of said Section B.1 except that the scope of the risks and the type of insurance shall be the same as from time to time applicable to aircraft owned by Owner of the same type similarly on the ground and not in operation, provided that Owner shall maintain insurance against risk of loss or damage to the Aircraft in an amount equal to the Debt Balance during such period that the Aircraft is on the ground and not in operation.

#### C. War-Risk, Hijacking and Allied Perils Insurance

If Owner (or any Permitted Lessee) shall at any time operate or propose to operate the Aircraft, Airframe or any Engine (i) in any area of recognized hostilities or (ii) on international routes and war-risk, hijacking or allied perils insurance is maintained by Owner (or any Permitted Lessee) with respect to other aircraft owned or operated by Owner (or any Permitted Lessee) on such routes or in such areas, Owner shall maintain or cause to be maintained war-risk, hijacking and related perils insurance of substantially the same type carried by major United States commercial air carriers operating the same or comparable models of aircraft on similar routes or in such areas and in no event in an amount less than the unpaid Original Amount.

#### D. General Provisions

Any policies of insurance carried in accordance with Sections A, B and C, including any policies taken out in substitution or replacement for such policies:

(i) shall name Mortgagee, the Second Mortgagee, each Note Holder and each Liquidity Provider as an additional insured (collectively, the "Additional Insureds"), as its interests may appear;

(ii) shall apply worldwide and have no territorial restrictions or limitations (except only in the case of war, hijacking and related perils insurance required under Section C, which shall apply to the fullest extent available in the international insurance market);

(iii) shall provide that, in respect of the interests of the Additional Insureds in such policies, the insurance shall not be invalidated or impaired by any act or omission (including misrepresentation and nondisclosure) by Owner (or any Permitted Lessee) or any other Person (including, without limitation, use for illegal purposes of the Aircraft or any Engine) and shall insure the Additional Insureds regardless of any breach or violation of any representation, warranty, declaration, term or condition contained in such policies by Owner (or any Permitted Lessee);

(iv) shall provide that, if the insurers cancel such insurance for any reason whatsoever, or if the same is allowed to lapse for nonpayment of premium, or if any material change is made in the insurance which adversely affects the interest of any of the Additional Insureds, such cancellation, lapse or change shall not be effective as to the Additional Insureds for 30 (seven days in the case of war risk, hijacking and allied perils insurance) days after receipt by the Additional Insureds of written notice by such insurers of such cancellation, lapse or change, provided that if any notice period specified above is not reasonably obtainable, such policies shall provide for as long a period of prior notice as shall then be reasonably obtainable;

(v) shall waive any rights of setoff (including for unpaid premiums), recoupment, counterclaim or other deduction, whether by attachment or otherwise, against each Additional Insured;

(vi) shall waive any right of recourse, subrogation, setoff, recoupment, counterclaim or other deduction against any Additional Insured;

(vii) shall be primary without right of contribution from any other insurance that may be available to any Additional Insured;

(viii) shall provide that all of the liability insurance provisions thereof, except the limits of liability, shall operate in all respects as if a separate policy had been issued covering each party insured thereunder;

(ix) shall provide that none of the Additional Insureds shall be liable for any insurance premium; and

(x) shall contain a 50/50% Clause per Lloyd's Aviation Underwriters' Association Standard Policy Form AVS 103;

#### E. Reports and Certificates; Other Information

On or prior to the Closing Date and on or prior to each renewal date of the insurance policies required hereunder, Owner will furnish or cause to be furnished to Mortgagee insurance certificates describing in reasonable detail the insurance maintained by Owner hereunder and a report, signed by Owner's regularly retained independent insurance broker (the "Insurance Broker"), stating the opinion of such Insurance Broker that (a) all premiums in connection with the insurance then due have been paid and (b) such insurance complies with the terms of this Annex B. To the extent such agreement is reasonably obtainable Owner will also cause the Insurance Broker to agree to advise Mortgagee in writing of any default in the payment of any premium and of any other act or omission on the part of Owner of which it has knowledge and which might invalidate or render unenforceable, in whole or in part, any insurance on the Aircraft or Engines or cause the cancellation or termination of such insurance, and to advise Mortgagee in writing at least 30 days (seven days in the case of war-risk and allied perils coverage or such shorter period as may be available in the international insurance market, as the case may be) prior to the cancellation, lapse or material adverse change of any insurance maintained pursuant to this Annex B.

#### F. Right to Pay Premiums

The Additional Insureds shall have the rights but not the obligations of an additional named insured. None of Mortgagee and the other Additional Insured shall have any obligation to pay any premium, commission, assessment or call due on any such insurance (including reinsurance). Notwithstanding the foregoing, in the event of cancellation of any insurance due to the nonpayment of premiums, Mortgagee shall have the option, in its sole discretion, to pay any such premium in respect of the Aircraft that is due in respect of the coverage pursuant to this Trust Indenture and to maintain such coverage, as Mortgagee may require, until the scheduled expiry date of such insurance and, in such event, Owner shall, upon demand, reimburse Mortgagee for amounts so paid by them.

#### G. Deductibles; Self-insurance

Owner may self-insure by way of deductible, premium adjustment or franchise provisions or otherwise (including, with respect to insurance maintained pursuant to Section B, insuring for a maximum amount which is less than the Debt Balance) in the insurance covering the risks required to be insured against pursuant to Section 4.06 and this Annex B under a program applicable to all aircraft in Owner's fleet, but in no case shall the aggregate amount of self-insurance in regard to Section 11 and this Annex B exceed during any policy year, with respect to all of the aircraft in Owner's fleet (including, without limitation, the Aircraft), the lesser of (a) 50% of the largest replacement value of any single aircraft in Owner's fleet and (b) 1-1/2% of the average aggregate insurable value (during the preceding policy year) of all aircraft (including, without limitation, the Aircraft) on which Owner carries insurance, 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 Owner may self-insure to such higher level. In addition, Owner (and any Permitted Lessee) may self-insure to the extent of any applicable deductible per aircraft that does not exceed industry standards for major U.S. airlines.

EXHIBIT A

TO

TRUST INDENTURE AND MORTGAGE

TRUST INDENTURE AND MORTGAGE 322 SUPPLEMENT

This TRUST INDENTURE AND MORTGAGE 322 SUPPLEMENT NO. 1, dated \_\_\_\_\_, \_\_\_\_\_ (herein called this "Trust Indenture Supplement") of CONTINENTAL AIRLINES, INC., as Owner (the "Owner").

W I T N E S S E T H:

WHEREAS, the Trust Indenture and Mortgage 322, dated as of June 25, 1997 (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 Owner's right, title and interest in and to the following described property:

AIRFRAME

One airframe identified as follows:

FAA Registration Manufacturer's

Manufacturer	Model	Number	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:

Manufacturer	Manufacturer's Model	Serial Number
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CFM International		
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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 2.13 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. The Closing Date is June 25, 1997.

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:

Series D:

[INTENTIONALLY OMITTED FROM THE VERSION  
OF THIS DOCUMENT FILED WITH THE FAA AS CONTAINING  
CONFIDENTIAL FINANCIAL INFORMATION]

Trust Indenture and Mortgage

Equipment Note Amortization

Percentage of Original

Payment Date            Amount to be Paid

EXECUTION

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TRUST INDENTURE AND MORTGAGE 322

Dated as of June 25, 1997

Between

CONTINENTAL AIRLINES, INC.,

Owner

and

WILMINGTON TRUST COMPANY,

not in its individual capacity,

except as expressly stated herein,

but solely as Mortgagee,  
Mortgagee

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EQUIPMENT NOTES COVERING

ONE BOEING 737-3T0 AIRCRAFT

BEARING U.S. REGISTRATION MARK N12322

AND MANUFACTURER'S SERIAL NO. 23373  
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## TRUST INDENTURE AND MORTGAGE 322 SUPPLEMENT NO. 1

This TRUST INDENTURE AND MORTGAGE 322 SUPPLEMENT NO. 1, dated June 25, 1997 (herein called this "Trust Indenture Supplement") of CONTINENTAL AIRLINES, INC., as Owner (the "Owner").

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

WHEREAS, the Trust Indenture and Mortgage 322, dated as of June 25, 1997 (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 Owner'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	737-3T0	N12322	23373

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:

Manufacturer	Manufacturer's Model	Serial Number
CFM International	CFM 56-3	721-369
CFM International	CFM 56-3	721-374

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 2.13 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.  
The Closing Date is June 25, 1997.

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:

## TRUST INDENTURE AND MORTGAGE 323 SUPPLEMENT NO. 1

This TRUST INDENTURE AND MORTGAGE 323 SUPPLEMENT NO. 1, dated June 25, 1997 (herein called this "Trust Indenture Supplement") of CONTINENTAL AIRLINES, INC., as Owner (the "Owner").

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

WHEREAS, the Trust Indenture and Mortgage 323, dated as of June 25, 1997 (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 Owner'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	737-3T0	N10323	23374

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:

Manufacturer	Manufacturer's Model	Serial Number
CFM International	CFM 56-3	721-376
CFM International	CFM 56-3	721-389

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 2.13 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.  
The Closing Date is June 25, 1997.

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:

## TRUST INDENTURE AND MORTGAGE 324 SUPPLEMENT NO. 1

This TRUST INDENTURE AND MORTGAGE 324 SUPPLEMENT NO. 1, dated June 25, 1997 (herein called this "Trust Indenture Supplement") of CONTINENTAL AIRLINES, INC., as Owner (the "Owner").

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

WHEREAS, the Trust Indenture and Mortgage 324, dated as of June 25, 1997 (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 Owner'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	737-3T0	N14324	23375

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:

Manufacturer	Manufacturer's Model	Serial Number
CFM International	CFM 56-3	721-418
CFM International	CFM 56-3	721-426

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 2.13 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.  
The Closing Date is June 25, 1997.

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:

## TRUST INDENTURE AND MORTGAGE 333 SUPPLEMENT NO. 1

This TRUST INDENTURE AND MORTGAGE 333 SUPPLEMENT NO. 1, dated June 25, 1997 (herein called this "Trust Indenture Supplement") of CONTINENTAL AIRLINES, INC., as Owner (the "Owner").

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

WHEREAS, the Trust Indenture and Mortgage 333, dated as of June 25, 1997 (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 Owner'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	737-3T0	N69333	23571

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:

Manufacturer	Manufacturer's Model	Serial Number
CFM International	CFM 56-3	721-521
CFM International	CFM 56-3	721-552

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 2.13 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.  
The Closing Date is June 25, 1997.

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:

TRUST INDENTURE AND MORTGAGE 334 SUPPLEMENT NO. 1

This TRUST INDENTURE AND MORTGAGE 334 SUPPLEMENT NO. 1, dated June 25, 1997 (herein called this "Trust Indenture Supplement") of CONTINENTAL AIRLINES, INC., as Owner (the "Owner").

W I T N E S S E T H:

WHEREAS, the Trust Indenture and Mortgage 334, dated as of June 25, 1997 (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 Owner'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	737-3T0	N14334	23572

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:

Manufacturer	Manufacturer's Model	Serial Number
CFM International	CFM 56-3B1	720-630
CFM International	CFM 56-3B1	720-577

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 2.13 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.  
The Closing Date is June 25, 1997.

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:

TRUST INDENTURE AND MORTGAGE 335 SUPPLEMENT NO. 1

This TRUST INDENTURE AND MORTGAGE 335 SUPPLEMENT NO. 1, dated June 25, 1997 (herein called this "Trust Indenture Supplement") of CONTINENTAL AIRLINES, INC., as Owner (the "Owner").

W I T N E S S E T H:

WHEREAS, the Trust Indenture and Mortgage 335, dated as of June 25, 1997 (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 Owner'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	737-3T0	N14335	23573

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:

Manufacturer	Manufacturer's Model	Serial Number
CFM International	CFM 56-3B1	721-590
CFM International	CFM 56-3B1	721-567

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 2.13 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.  
The Closing Date is June 25, 1997.

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:

TRUST INDENTURE AND MORTGAGE 811 SUPPLEMENT NO. 1

This TRUST INDENTURE AND MORTGAGE 811 SUPPLEMENT NO. 1, dated June 25, 1997 (herein called this "Trust Indenture Supplement") of CONTINENTAL AIRLINES, INC., as Owner (the "Owner").

W I T N E S S E T H:

WHEREAS, the Trust Indenture and Mortgage 811, dated as of June 25, 1997 (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 Owner'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
McDonnell Douglas Corporation	DC-9-82	N12811	49265

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:

Manufacturer	Manufacturer's Model	Serial Number
Pratt & Whitney	JT8D-217A	P709855D
Pratt & Whitney	JT8D-217A	P709856D

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 2.13 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.  
The Closing Date is June 25, 1997.

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:

This TRUST INDENTURE AND MORTGAGE 834 SUPPLEMENT NO. 1, dated June 25, 1997 (herein called this "Trust Indenture Supplement") of CONTINENTAL AIRLINES, INC., as Owner (the "Owner").

W I T N E S S E T H:

WHEREAS, the Trust Indenture and Mortgage 834, dated as of June 25, 1997 (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 Owner'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
McDonnell Douglas Corporation	DC-9-82	N10834	49494

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:

Manufacturer	Manufacturer's Model	Serial Number
Pratt & Whitney	JT8D-217A	P717413D
Pratt & Whitney	JT8D-217A	P717414D

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 2.13 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.  
The Closing Date is June 25, 1997.

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:

TRUST INDENTURE AND MORTGAGE 833 SUPPLEMENT NO. 1

This TRUST INDENTURE AND MORTGAGE 833 SUPPLEMENT NO. 1, dated June 25, 1997 (herein called this "Trust Indenture Supplement") of CONTINENTAL AIRLINES, INC., as Owner (the "Owner").

W I T N E S S E T H:

WHEREAS, the Trust Indenture and Mortgage 833, dated as of June 25, 1997 (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 Owner'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
McDonnell Douglas Corporation	DC-9-82	N18833	49493

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:

Manufacturer	Manufacturer's Model	Serial Number
Pratt & Whitney	JT8D-217A	P717410D
Pratt & Whitney	JT8D-217A	P717425D

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 2.13 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.  
The Closing Date is June 25, 1997.

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:

TRUST INDENTURE AND MORTGAGE 820 SUPPLEMENT NO. 1

This TRUST INDENTURE AND MORTGAGE 820 SUPPLEMENT NO. 1, dated June 25, 1997 (herein called this "Trust Indenture Supplement") of CONTINENTAL AIRLINES, INC., as Owner (the "Owner").

W I T N E S S E T H:

WHEREAS, the Trust Indenture and Mortgage 820, dated as of June 25, 1997 (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 Owner'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
McDonnell Douglas Corporation	DC-9-82	N15820	49480

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:

Manufacturer	Manufacturer's Model	Serial Number
Pratt & Whitney	JT8D-217A	P717333D
Pratt & Whitney	JT8D-217A	P717366D

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 2.13 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.  
The Closing Date is June 25, 1997.

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:

Hughes Hubbard & Reed LLP  
One Battery Park Plaza  
New York, New York 10004

October 21, 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 1997-2 (the "New Certificates"), to be offered in exchange for all outstanding Pass Through Certificates, Series 1997-2 (the "Old Certificates"). Each of the New Certificates represents a fractional undivided interest in one of the four Continental Airlines 1997-2 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.

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

## 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 1997-2, 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.

[Ernst & Young LLP Signature]

Houston, Texas  
October 14, 1997

AIRCRAFT INFORMATION SERVICES, INC.  
23232 Peralta Drive, Suite 115  
Laguna Hills, CA 92653

October 10, 1997

CONTINENTAL AIRLINES, INC.  
2929 Allen Parkway, Suite 2010  
Houston, TX 77019

Re: Registration Statement on Form S-4 of Continental Airlines,  
Inc. relating to Pass Through Certificates, Series 1997-2

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--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.

-----  
Name: Fred Bearden  
Title: President

BK ASSOCIATES, INC.  
1295 Northern Boulevard  
Manhasset, New York 11030  
(516)365-6272 Fax (516)365-6287  
October 10, 1997

CONTINENTAL AIRLINES, INC.  
2929 Allen Parkway, Suite 2010  
Houston, TX 77019

Re: Registration Statement on Form S-4 of Continental Airlines,  
Inc. relating to Pass Through Certificates, Series 1997-2

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--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,

BK ASSOCIATES, INC.

-----  
Name: John F. Keitz  
Title: President

MORTEN BEYER AND AGNEW, INC.  
8180 Greensboro Drive, Suite 1000  
McLean, VA 22102

October 10, 1997

CONTINENTAL AIRLINES, INC.  
2929 Allen Parkway, Suite 2010  
Houston, TX 77019

Re: Registration Statement on Form S-4 of Continental Airlines,  
Inc. relating to Pass Through Certificates, Series 1997-2

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--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,

MORTON BEYER AND AGNEW, INC.

-----  
Name: Clinton B. McCutcheon  
Title: 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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 Bethune  
 -----  
 (Signature)

Printed Name: Gordon Bethune  
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Dated and effective as of October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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  
 -----  
 Executive Vice President and CEO

Dated and effective as of October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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

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(Signature)

Printed Name: Michael P. Bonds

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Dated and effective as of October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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 October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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  
-----

Dated and effective as of October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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 Bentsen

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(Signature)

Printed Name: L. Bentsen

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Dated and effective as of October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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 October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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/ Douglas McCorkindale

-----  
(Signature)

Printed Name: Douglas McCorkindale

-----  
Dated and effective as of October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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/ Richard W. Pogue  
 -----  
 (Signature)

Printed Name: Richard W. Pogue  
 -----

Dated and effective as of October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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

-----  
(Signature)

Printed Name: William S. Price

-----  
Dated and effective as of October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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

-----  
(Signature)

Printed Name: Donald L. Sturm

-----  
Dated and effective as of October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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/ Karen Hastie Williams

-----  
(Signature)

Printed Name: Karen Hastie Williams

-----  
Dated and effective as of October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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

-----  
(Signature)

Printed Name: Charles A. Yamarone

-----  
Dated and effective as of October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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/ Patrick Foley  
 -----  
 (Signature)

Printed Name: Patrick Foley  
 -----

Dated and effective as of October 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 an exchange offer for the Company's 1997-2 Pass Through Certificates (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/ George G. C. Parker  
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(Signature)

Printed Name: George G. C. Parker  
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Dated and effective as of October 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 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 (Zip Code)  
(Address of principal executive offices)

Pass Through Certificates, Series 1997-2A  
(Title of the indenture securities)



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 of 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.

## Section 321(b) Consent

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, 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 Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: September 9, 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 June 30, 1997.

ASSETS

Thousands of dollars

Cash and balances due from depository institutions:

Noninterest-bearing balances and currency and coins.....	208,942
Interest-bearing balances.....	0
Held-to-maturity securities.....	403,700
Available-for-sale securities.....	905,200
Federal funds sold and securities purchased under agreements to resell.	151,700

Loans and lease financing receivables:

Loans and leases, net of unearned income.....	3,816,484
LESS: Allowance for loan and lease losses.....	54,535
LESS: Allocated transfer risk reserve.....	0
Loans and leases, net of unearned income, allowance, and reserve .....	3,761,949
Assets held in trading accounts.....	0
Premises and fixed assets (including capitalized leases).....	95,762
Other real estate owned.....	1,751
Investments in unconsolidated subsidiaries and associated companies.....	42
Customers' liability to this bank on acceptances outstanding.....	0
Intangible assets.....	3,572
Other assets.....	108,295
Total assets.....	5,640,913

CONTINUED ON NEXT PAGE

## LIABILITIES

## Deposits:

In domestic offices.....	3,864,774
Noninterest-bearing.....	875,081
Interest-bearing.....	2,989,693
Federal funds purchased and Securities sold under agreements to repurchase .....	337,784
Demand notes issued to the U.S. Treasury.....	95,000
Trading liabilities (from Schedule RC-D).....	0
Other borrowed money:.....	////////
With original maturity of one year or less.....	775,000
With original maturity of more than one year.....	43,000
Bank's liability on acceptances executed and outstanding.....	0
Subordinated notes and debentures.....	0
Other liabilities (from Schedule RC-G).....	84,197
Total liabilities.....	5,199,755

## EQUITY CAPITAL

Perpetual preferred stock and related surplus.....	0
Common Stock.....	500
Surplus (exclude all surplus related to preferred stock).....	62,118
Undivided profits and capital reserves.....	376,212
Net unrealized holding gains (losses) on available-for-sale securities..	(2,328)
Total equity capital.....	441,158
Total liabilities, limited-life preferred stock, and equity capital..	5,640,913

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  
Houston, Texas 77019  
(Address of principal executive offices) (Zip Code)

Pass Through Certificates, Series 1997-2B  
(Title of the indenture securities)

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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 of 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.

## Section 321(b) Consent

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, 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 Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: September 9, 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 June 30, 1997.

## ASSETS

Thousands of dollars

Cash and balances due from depository institutions:

Noninterest-bearing balances and currency and coins.....	208,942
Interest-bearing balances.....	0
Held-to-maturity securities.....	403,700
Available-for-sale securities.....	905,200
Federal funds sold and securities purchased under agreements to resell.	151,700
Loans and lease financing receivables:	
Loans and leases, net of unearned income.....	3,816,484
LESS: Allowance for loan and lease losses.....	54,535
LESS: Allocated transfer risk reserve.....	0
Loans and leases, net of unearned income, allowance, and reserve .....	3,761,949
Assets held in trading accounts.....	0
Premises and fixed assets (including capitalized leases).....	95,762
Other real estate owned.....	1,751
Investments in unconsolidated subsidiaries and associated companies.....	42
Customers' liability to this bank on acceptances outstanding.....	0
Intangible assets.....	3,572
Other assets.....	108,295
Total assets.....	5,640,913

CONTINUED ON NEXT PAGE

## LIABILITIES

## Deposits:

In domestic offices.....	3,864,774
Noninterest-bearing.....	875,081
Interest-bearing.....	2,989,693
Federal funds purchased and Securities sold under agreements to repurchase .....	337,784
Demand notes issued to the U.S. Treasury.....	95,000
Trading liabilities (from Schedule RC-D).....	0
Other borrowed money:.....	////////
With original maturity of one year or less.....	775,000
With original maturity of more than one year.....	43,000
Bank's liability on acceptances executed and outstanding.....	0
Subordinated notes and debentures.....	0
Other liabilities (from Schedule RC-G).....	84,197
Total liabilities.....	5,199,755

## EQUITY CAPITAL

Perpetual preferred stock and related surplus.....	0
Common Stock.....	500
Surplus (exclude all surplus related to preferred stock).....	62,118
Undivided profits and capital reserves.....	376,212
Net unrealized holding gains (losses) on available-for-sale securities	(2,328)
Total equity capital.....	441,158
Total liabilities, limited-life preferred stock, and equity capital..	5,640,913

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 (Zip Code)  
(Address of principal executive offices)

Pass Through Certificates, Series 1997-2C  
(Title of the indenture securities)



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 of 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.

## Section 321(b) Consent

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, 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 Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: September 9, 1997

By: /s/ Emmett R. Harmon

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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  
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in the State of DELAWARE , at the close of business on June 30, 1997.

## ASSETS

Thousands of dollars

Cash and balances due from depository institutions:

Noninterest-bearing balances and currency and coins.....	208,942
Interest-bearing balances.....	0
Held-to-maturity securities.....	403,700
Available-for-sale securities.....	905,200
Federal funds sold and securities purchased under agreements to resell.	151,700
Loans and lease financing receivables:	
Loans and leases, net of unearned income.....	3,816,484
LESS: Allowance for loan and lease losses.....	54,535
LESS: Allocated transfer risk reserve.....	0
Loans and leases, net of unearned income, allowance, and reserve .....	3,761,949
Assets held in trading accounts.....	0
Premises and fixed assets (including capitalized leases).....	95,762
Other real estate owned.....	1,751
Investments in unconsolidated subsidiaries and associated companies.....	42
Customers' liability to this bank on acceptances outstanding.....	0
Intangible assets.....	3,572
Other assets.....	108,295
Total assets.....	5,640,913

CONTINUED ON NEXT PAGE

## LIABILITIES

## Deposits:

In domestic offices.....	3,864,774
Noninterest-bearing.....	875,081
Interest-bearing.....	2,989,693
Federal funds purchased and Securities sold under agreements to repurchase .....	337,784
Demand notes issued to the U.S. Treasury.....	95,000
Trading liabilities (from Schedule RC-D).....	0
Other borrowed money:.....	////////
With original maturity of one year or less.....	775,000
With original maturity of more than one year.....	43,000
Bank's liability on acceptances executed and outstanding.....	0
Subordinated notes and debentures.....	0
Other liabilities (from Schedule RC-G).....	84,197
Total liabilities.....	5,199,755

## EQUITY CAPITAL

Perpetual preferred stock and related surplus.....	0
Common Stock.....	500
Surplus (exclude all surplus related to preferred stock).....	62,118
Undivided profits and capital reserves.....	376,212
Net unrealized holding gains (losses) on available-for-sale securities	(2,328)
Total equity capital.....	441,158
Total liabilities, limited-life preferred stock, and equity capital..	5,640,913

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 (Zip Code)  
(Address of principal executive offices)

Pass Through Certificates, Series 1997-2D  
(Title of the indenture securities)



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 of 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.

## Section 321(b) Consent

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, 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 Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: September 9, 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 June 30, 1997.

## ASSETS

Thousands of dollars

Cash and balances due from depository institutions:

Noninterest-bearing balances and currency and coins..... 208,942

Interest-bearing balances..... 0

Held-to-maturity securities..... 403,700

Available-for-sale securities..... 905,200

Federal funds sold and securities purchased under agreements to resell. 151,700

Loans and lease financing receivables:

Loans and leases, net of unearned income..... 3,816,484

LESS: Allowance for loan and lease losses..... 54,535

LESS: Allocated transfer risk reserve..... 0

Loans and leases, net of unearned income, allowance, and reserve 3,761,949

Assets held in trading accounts..... 0

Premises and fixed assets (including capitalized leases)..... 95,762

Other real estate owned..... 1,751

Investments in unconsolidated subsidiaries and associated companies..... 42

Customers' liability to this bank on acceptances outstanding..... 0

Intangible assets..... 3,572

Other assets..... 108,295

Total assets..... 5,640,913

CONTINUED ON NEXT PAGE

## LIABILITIES

## Deposits:

In domestic offices.....	3,864,774
Noninterest-bearing.....	875,081
Interest-bearing.....	2,989,693
Federal funds purchased and Securities sold under agreements to repurchase .....	337,784
Demand notes issued to the U.S. Treasury.....	95,000
Trading liabilities (from Schedule RC-D).....	0
Other borrowed money:.....	////////
With original maturity of one year or less.....	775,000
With original maturity of more than one year.....	43,000
Bank's liability on acceptances executed and outstanding.....	0
Subordinated notes and debentures.....	0
Other liabilities (from Schedule RC-G).....	84,197
Total liabilities.....	5,199,755

## EQUITY CAPITAL

Perpetual preferred stock and related surplus.....	0
Common Stock.....	500
Surplus (exclude all surplus related to preferred stock).....	62,118
Undivided profits and capital reserves.....	376,212
Net unrealized holding gains (losses) on available-for-sale securities	(2,328)
Total equity capital.....	441,158
Total liabilities, limited-life preferred stock, and equity capital..	5,640,913

## LETTER OF TRANSMITTAL

CONTINENTAL AIRLINES, INC.

OFFER TO EXCHANGE  
 PASS THROUGH CERTIFICATES, SERIES 1997-2,  
 WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED,  
 FOR ANY AND ALL OUTSTANDING  
 PASS THROUGH CERTIFICATES, SERIES 1997-2

Pursuant to the Prospectus, dated October , 1997.  
 THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M. NEW YORK CITY TIME, ON  
 NOVEMBER , 1997, UNLESS EXTENDED (THE "EXPIRATION DATE"), TENDERS  
 MAY BE WITHDRAWN PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON NOVEMBER , 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 October , 1997 (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 \$155,000,000 of Pass Through Certificates, Series 1997-2, 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 1997-2 (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 June 25, 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 June 30 and December 30 of each year, commencing on December 30, 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 1997-2, which have been registered under the Securities Act of 1933, as amended, for any and all outstanding Pass Through Certificates, Series 1997-2.

## 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 \$100,000 and integral multiples of \$1,000 in excess 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.

Please  
print  
or  
type

-----  
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 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  
-----

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  
-----  
-----

NOTICE OF GUARANTEED DELIVERY  
FOR  
CONTINENTAL AIRLINES, INC.  
PASS THROUGH CERTIFICATES, SERIES 1997-2

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 October , 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):

\$  
-----

-----

Certificate Nos. (if available):

-----

-----

Address(es):

-----

-----

If Old Certificates will be delivered by  
book-entry

-----

transfer to The Depository Trust Company,  
provide account number.

Area Code and Telephone Number(s):

Account  
Number  
-----

-----

Signature(s):

-----

-----

Dated:

-----

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:

-----

(Authorized Signature)

Address:

-----

-----  
Area Code and  
Telephone  
Number:

-----

Title:

-----

Name:

-----

Date:

-----

## CONTINENTAL AIRLINES, INC.

## OFFER TO EXCHANGE

## PASS THROUGH CERTIFICATES, SERIES 1997-2,

WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, FOR ANY AND ALL OUTSTANDING PASS THROUGH CERTIFICATES, SERIES 1997-2

To: Brokers, Dealers, Commercial Banks,  
Trust Companies and Other Nominees:

Upon and subject to the terms and conditions set forth in the Prospectus, dated October , 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 1997-2 (the "New Certificates") for any and all outstanding Pass Through Certificates, Series 1997-1 (the "Old Certificates") (CUSIP Nos. 210805 BH 9, 210805 BK 2, 210805 BL 0, 210805 BM 8, 210805 BP 1, U21096 AE 9, U21096 AF 6, U21096 AG 4 and U21096 AH 2) 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 June 25, 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 October , 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 November , 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 1997-2,

WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED,  
FOR ANY AND ALL OUTSTANDING

## PASS THROUGH CERTIFICATES, SERIES 1997-2

To Our Clients:

Enclosed for your consideration is a Prospectus of Continental Airlines, Inc., a Delaware corporation (the "Company" or "Continental"), dated October 1, 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 1997-2 (the "New Certificates") for any and all outstanding Pass Through Certificates, Series 1997-2 (the "Old Certificates") (CUSIP Nos. 210805 BH 9, 210805 BK 2, 210805 BL 0, 210805 BM 8, 210805 BP 1, U21096 AE 9, U21096 AF 6, U21096 AG 4 and U21096 AH 2), 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 June 25, 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 November 1, 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.