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ALLIANCE AGREEMENT

This Alliance Agreement (the "Agreement") is made this 22 day of May, 1998, by and between **CONTINENTAL AIRLINES, INC.** ("Continental"), a corporation duly organized and validly existing under the laws of the State of Delaware, U.S.A., with its principal office at 2929 Allen Parkway, Houston, Texas, U.S.A. 77019, and **COMPANIA PANAMENÁ DE AVIACION, S.A.** ("COPA"), a corporation (*sociedad anónima*) duly organized and validly existing under the laws of the Republic of Panamá ("Panamá"), with its principal office at Ave. Justo Arosemena y Calle 39, Apartado 1572, Panamá 1, Panamá. Collectively, Continental and COPA are herein referred to as the "Carriers".

Recitals

Continental and COPA are each certificated air carriers providing air transportation services with respect to both passengers and cargo in their respective areas of operation.

Continental and COPA desire to increase the flow of air passenger traffic on aircraft operated by both carriers and increase the quantity and quality of air service available to the traveling public by entering into a cooperative relationship that will include the code-sharing of flights, schedule coordination for connectivity, through check-in, special prorate arrangements for both passengers and cargo, frequent flyer program participation, joint marketing programs and other mutually agreed to arrangements.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein contained, Continental and COPA hereby agree as follows:

A. GOVERNMENTAL APPROVALS

1. Antitrust Immunity.

(a) The Carriers shall use their commercially reasonable efforts to obtain unconditional exemption and immunization pursuant to 49 U.S.C. §§ 41308 and 41309 from the application of all United States antitrust laws, as defined therein, for all transactions and activities contemplated in this Agreement including, but not limited to, pricing, route planning, yield management, scheduling, commissions, advertising, sales and marketing and all ancillary transactions and activities thereto ("Antitrust Immunity"); provided, however, that if the Carriers use their commercially reasonable efforts to obtain Antitrust Immunity but Antitrust Immunity is not granted, this Agreement shall not terminate and shall continue to be a valid and binding agreement of the Carriers and enforceable against the Carriers but limited to any applicable law.

rule, regulation, ordinance, certificate, governmental permit or license, judgment, injunction, order or decree of a any governmental or regulatory authority, agency, commission, court or other entity, domestic or foreign.

(b) The application for Antitrust Immunity shall be filed by the Carriers with the Department of Transportation (the "DOT") as soon as reasonably and commercially possible after the code-share authority is obtained from Panamá and the United States.

(c) Subject to Antitrust Immunity and applicable laws and regulations, the Carriers shall coordinate their pricing, route planning, yield management, scheduling, commissions, advertising, sales and marketing and other activities for the mutual benefit of the Carriers.

2. Code Sharing Approval. (a) Within 45 days after execution and delivery of this Agreement (the "Implementation Date"), Continental and COPA shall apply to the DOT pursuant to Section 212 of the DOT's regulations for authorization to implement the "Shared Code Segments" (the application for "Statements of Authorization"), as defined below. Continental and COPA shall use their commercially reasonable efforts to obtain the Statements of Authorization.

(b) Within 45 days after the Implementation Date, Continental and COPA shall apply to the Directorate of Civil Aeronautics of the Republic of Panamá for authorization to implement the Shared Code Segments. Continental and COPA shall use their commercially reasonable efforts to obtain such authorization.

3. Filings; Other Action. Subject to the terms and conditions herein provided, the Carriers shall: (i) promptly make any other filings, notices or applications with any Governmental Entity required in connection with the consummation of the transactions and acts contemplated by this Agreement; (ii) promptly seek any necessary consents of, or give any required notices to, third parties with respect to the transactions and acts contemplated by this Agreement; (iii) consult reasonably with the other party in connection with, and keep the other party reasonably informed with respect to, the foregoing; and (iv) use all reasonable efforts to promptly take, or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or appropriate under applicable laws and regulations to consummate and make effective the transactions and acts contemplated by this Agreement as soon as practicable.

B. CODE SHARING

1. Schedules to be Operated.

(a) To the extent permitted by law, Continental operated Shared Code Segments (as herein defined) will be marketed under not only Continental's "CO" designator code but also under COPA's "CM*" designator code, and COPA operated Shared Code Segments will be marketed under not only COPA's "CM" designator code, but also under Continental's "CO*" designator code. Schedule A hereto, which is incorporated herein by this reference, sets forth the flight segments where shared code segments ("Shared Code Segments") will operate during the term of this Agreement. It is the intention of the Carriers that the Shared Code Segments shall include commercially reasonable routes, as jointly determined by the Carriers, system-wide (with particular emphasis in the Western Hemisphere). Shared Code Segments shall be operated with

full reciprocity and in a non-discriminatory manner towards the non-operating Carrier on gateway routes (*i.e.*, from a non-United States point to another non-United States point or to a United States domestic point) and United States domestic routes as applicable and on head-to-head and non-overlapping markets. Each Carrier will use its commercially reasonable efforts to commence code-share operations as soon as regulatory authority to commence such operations has been obtained; provided that neither Carrier shall have an obligation to place its designator code on flights operated by the other Carrier unless or until such time as the Carrier whose designator code will be used is reasonably satisfied that the manner in which the code-share service is to be provided is substantially comparable to its own service. Except as expressly set forth herein, no Carrier shall have an obligation to extend Shared Code Segments to other routes or to maintain operations of its aircraft on any routes and no such obligation can be created by any oral statements or representations or course of dealing by a Carrier, but only by an express written agreement.

(b) The Carriers shall meet together at least twice per year from the Implementation Date to discuss the appropriateness of expanding or contracting the Shared Code Segments. Each Carrier shall have the right to propose changes to the Shared Code Segments and such proposal must be duly and timely analyzed and the decision of the other Carrier to reject it must be based on a commercially reasonable basis.

2. Schedule Changes. For flights operating as Shared Code Segments, each Carrier shall operate the schedule published by it on the Implementation Date and either Carrier may change its schedule for Shared Code Segments operated by it at its own discretion; provided, however, that if a proposed change in a Carrier's schedule will have a material adverse effect on the other Carrier's connecting opportunities, the Carrier planning to change its schedule shall provide the other Carrier with 60 days' written notice (or notice as far in advance as practical, if 60 days is not practical, but under no circumstance less than 15 days) of the schedule change. The Carriers recognize that in order to provide a high level of customer service, the schedule change process must be synchronized and the Carriers shall endeavor to achieve such synchronization to such extent and as promptly as is reasonably and legally possible.

3. Revenue Sharing, Code-Share Commission and Proration on Shared Code Segments.

(a) After proration to applicable segments, revenues sold on a code-share basis (*i.e.*, under the designator codes "CM*" and "CO*") shall be retained or transferred to the Carrier operating such flight (the "Operating Carrier") (*i.e.*, "CO" or "CM") except for the Code-Share commission (the "Code-Share Commission") and interline service charge that shall be earned by the non-operating Carrier whose code is shown in the carrier code box of a flight coupon but which is not the Operating Carrier (the "Marketing Carrier"). The Code-Share Commission shall be credited to the Marketing Carrier in addition to any applicable interline service charge. This credit shall be applied prior to any other proration or revenue retention. The Operating Carrier shall on a monthly basis extract from its marketing and/or revenue accounting database the coupon value of the tickets issued on a Shared Code Segment, including those issued by a third party, showing the Marketing Carrier's code in the carrier code box of the flight coupon (the "Marketing Carrier Tickets") uplifted by it during the previous month, and calculate the aggregate Code-Share Commission and interline service charge by multiplying such coupon values by the rate mutually agreed by the Carriers or, in the event no agreement has been reached by the Implementation Date.

then by the sum of the amount of the IATA interline service charge plus the amount of the Code-Share Commission. The Code-Share Commission shall be REDACTED. The Code-Share Commission shall reimburse the Marketing Carrier for out-of-pocket selling costs (e.g., computer reservation system fees, credit card charges, incentive commissions and booking fees) and shall provide it a modest profit. The Code-Share Commission shall be periodically reviewed and adjusted based on the above principles. Subject to Antitrust Immunity, the Code-Share Commission will also be subject to joint-venture revenue sharing provisions that shall be determined by the Carriers.

(b) The revenue from flight itineraries made up of transportation via a flight (a Shared Code Segment or otherwise) operated by one Carrier connecting with a flight (a Shared Code Segment or otherwise) operated by the other Carrier (such flight itineraries are hereinafter referred to as the "Through Flights") shall be allocated between the Carriers in accordance with a special prorate agreement to be negotiated between the Carriers (the "Special Prorate Agreement"). The tickets for Through Flights or connecting flights shall be issued such that a separate coupon shall be utilized for each flight segment. From time to time and in good faith, each Carrier shall determine which discount coupons or documents of the other Carrier it shall recognize.

(c) The Special Prorate Agreement shall be based primarily on

REDACTED

In such selected short-haul markets, the Operating Carrier will provide

REDACTED

The Special Prorate Agreement will also provide for revenue proration for unpublished fares on mutually agreeable terms. ~~The Special Prorate Agreement shall be modified by mutual agreement of the Carriers, as necessary, so that it is no less favorable to the non-operating Carrier on applicable origin and destination itineraries than the most favorable arrangement offered by the applicable Operating Carrier to another non-operating airline for similar origin and destination itineraries.~~

(d) The Operating Carrier shall report in a form reasonably acceptable to the Marketing Carrier the Code-Share Commissions due to the Marketing Carrier on a monthly basis. The Marketing Carrier shall be entitled to review and, if appropriate, dispute the Operating Carrier's calculation of the Code-Share Commission in accordance with International Air Transport Association Clearinghouse (the "IATA Clearinghouse") rules and procedures.

(e) Gain-sharing

Subject to Antitrust Immunity, the air traffic revenue gains and cost efficiencies derived from the alliance of the Carriers shall benefit both Carriers. The Carriers shall periodically assess the relative benefits and costs of code-sharing and other forms of marketing cooperation. If, after Antitrust Immunity, the gains or costs of the Carrier's coordination of pricing, route planning, yield management, scheduling, commissions, advertising, sales and marketing and other activities directly result in benefits to one Carrier but adversely impact the other, and such adverse impact is not the result of such other Carrier's action, the Carriers shall negotiate immediately in good faith to make adjustments so that both Carriers may fairly benefit from these alliance activities.

4. Issuance of Traffic Documents and Settlement.

(a) Passenger's traffic documents for Shared Code Segments may be issued by either Carrier, or third parties with whom the Carriers from time to time have interline traffic agreements, in the same way as for any other flight of the Marketing Carrier or the Operating Carrier.

(b) The acceptance of passenger's traffic documents used in connection with the Shared Code Segments and settlements between the Carriers shall occur through the IATA Clearinghouse in accordance with the procedures set forth in the IATA Multilateral Interline Traffic Agreement-Passenger (the "IATA Interline Agreement"), except as specifically set forth in this Section B.4. The settlement amounts shall be determined using the techniques provided in the IATA Revenue Accounting Manual. Each Carrier consents to the use by the other Carrier of sampling techniques in accordance with the IATA Revenue Accounting Manual, Chapter B1, to determine the settlement amounts. COPA's revenue accounting system currently does not have the capacity to handle interline sampling. Should Continental require COPA to install and use interline sampling, Continental shall pay the reasonable cost to upgrade COPA's revenue accounting system to accommodate interline sampling. The Carriers recognize that because of Continental's size and selling strength relative to COPA's it is probable that a disproportionate number of COPA operated Shared Code Segments will be ticketed on Continental's ticket stock or ticketing plate and, therefore, COPA will suffer negative impact to its cash flow from ticket sales. If a disproportionate number of COPA operated Shared Code Segments are ticketed, or are reasonably expected to be ticketed on Continental's ticket stock or ticketing plate, the Carriers will develop a commercially reasonable method to neutralize the negative impact, if any, to COPA's cash flow, including, but not limited to, Continental's providing a cash advance on ticket lifts or a cash deposit to cover the amount of COPA's delayed cash flow resulting from Continental's sales of COPA operated Shared Code Segments. Each Carrier shall remain a member in good standing of the IATA Clearinghouse. If the IATA Clearinghouse ceases to operate, settlement shall be determined by the internal accountants of the Carriers in accordance with procedures to be mutually agreed.

(c) *Unredeemed Tickets.* If either Carrier demonstrates that the revenue distribution associated with unredeemed tickets is detrimental to it, the Carriers will discuss ways to correct the problem and, to the extent that it is commercially reasonable to do so, implement necessary changes.

(d) All tickets (including Marketing Carrier Tickets) used and honored on Shared Code Segments shall be uplifted and retained by the Operating Carrier and all revenue from Marketing Carrier Tickets for the Shared Code Segments shall accrue to the Operating Carrier minus the Code-sharing Commission and the interline service charge. The Operating Carrier shall be responsible for processing and billing of such documents as follows:

(i) The Operating Carrier shall bill uplifted coupons to the Carrier or third party, as the case may be, whose traffic documents are used to issue a ticket (the "Ticketing Carrier") in accordance with the IATA Interline Agreement. The settlement shall be based on the applicable value of the coupon established in accordance with standard industry practice unless the Special Prorate Agreement is in effect. The Ticketing Carrier, whether it be the Marketing Carrier or a third party, shall receive the standard industry interline service charge.

(ii) In the case of Marketing Carrier Tickets issued by third party Ticketing Carriers, should the Operating Carrier not have an interline traffic agreement with such third party Ticketing Carrier and the Operating Carrier's billing is rejected on the basis of this lack of agreement, the Operating Carrier shall bill that coupon to the Marketing Carrier as an exceptional item (*i.e.*, via correspondence) and not include that coupon in the monthly interline invoice pursuant to the IATA Interline Agreement. The value of coupons billed to the Marketing Carrier as exceptional items under this Section B.4 shall be equal to the value such coupons would have had if issued by the Marketing Carrier.

(iii) To support interline billing to third parties and involuntary rerouting and refunding of Marketing Carrier Tickets by the Operating Carrier, the Marketing Carrier hereby waives endorsement requirements for the Operating Carrier with respect to all Marketing Carrier Tickets. The Marketing Carrier shall supply the Operating Carrier with written confirmation in a form reasonably satisfactory to the Operating Carrier confirming its blanket waiver of endorsement requirements for Marketing Carrier Ticket coupons issued for use on the Shared Code Segments.

(iv) In the event that the Operating Carrier is unable to obtain satisfactory settlement of interline accounts with any third party Ticketing Carrier that issued Marketing Carrier Tickets, the Marketing Carrier shall assist the Operating Carrier in settling such accounts. However, in no event shall the Marketing Carrier be required to reimburse the Operating Carrier for any losses incurred due to unsatisfactory interline account settlements with third parties.

5. Pricing and Yield Management of Shared Code Segments.

(a) *Pricing.* Each Carrier shall independently and at its sole discretion, establish and determine the tariffs and fares for flights operated on Shared Code Segments that utilize its designator code (CO or CO* in the case of Continental and CM or CM* in the case of COPA). Subject to obtaining Antitrust Immunity and applicable laws and regulations, pricing on the Shared Code Segments shall be established as follows: (i) local fares will be set by the Carrier operating the route if only one Carrier is operating the route and (ii) through fares on all

connecting itineraries and local fares on routes operated by both carriers shall be established by mutual agreement. Automatic concurrence shall apply when matching competitive fares.

(b) *Yield Management.*

(i) Except to the extent necessary to prevent unauthorized overbooking and subject to applicable laws, each Carrier shall make available for sale by the other Carrier on a non-discriminatory basis all of the available seats in each inventory class for Shared Code Segments and COPA/Continental interline flights subject to reasonable yield management practices; provided, however, that the Carriers may negotiate in good faith to establish reasonable capacity limits on the maximum number of seats that may be sold in a particular fare category on a particular operating flight, and provided that such capacity limits can be implemented in a commercially reasonable manner. The Carriers shall map fares into each other's booking classes ("buckets") in a fully non-discriminatory fashion so that comparable fares are placed in comparable buckets. If COPA does not have origin and destination and/or point-of-sale inventory control and Continental does, adjustments shall be made to ensure that neither Carrier is prejudiced or harmed with respect to Shared Code Segment origin and destination itineraries.

(ii) Each Carrier shall have access to the other Carrier's inventory through an automated interface, which interface shall be maintained by both Carriers to permit the sale of inventory on the Shared Code Segments.

(iii) Subject to the rights of each Carrier to manage the seat inventory that it controls, including seats on the operational flight of another Carrier, each Carrier shall maintain its reservations and yield management systems in good operational condition to permit the other Carrier, when it is the Marketing Carrier, to offer the same functionality to its customers as is enjoyed by the customers of the Operating Carrier, including the ability to make advance seat assignments, issue advance boarding passes and access inventory that is available for sale (in the appropriate inventory class) on the reservations system of the Operating Carrier, but excluding, until technically practical, the ability to review seat maps. Each Carrier will be responsible for its own systems costs for ensuring such functionality.

(iv) Unless the Carriers mutually agree, the Carriers shall not have any blocked-space arrangements with each other.

6. Marketing Programs.

(a) To the extent permitted by law, the Carriers shall work to develop and implement mutually agreeable joint marketing programs to help promote the code-share and frequent flyer relationship and to increase revenues from traffic on the Shared Code Segments and the other flights. Where applicable, the Carriers shall include each other as appropriate in each other's marketing programs, such as cross-route tie-in's, third-party tie-in's, contests and affinity programs. The Carriers will, to the extent permitted by law, structure mutually agreeable agency and corporate incentive compensation programs that provide an incentive to customers to increase their aggregate business on the Carriers, while preserving the independent marketing practices of

the Carriers, unless (once Antitrust Immunity is obtained) otherwise agreed. Without limiting the foregoing and to the extent permitted by law, each Carrier shall include the other in its travel agent, corporate and related override commission, discounting and sales incentive programs in a non-discriminatory fashion unless the other Carrier declines to participate in any such program. The joint marketing programs shall take into account the following elements:

- (i) mutual internal incentive program;
- (ii) overall product compatibility;
- (iii) ground and in-flight consistency that promotes both carriers;
- (iv) communication planning for travel agencies and corporate travel departments;
- (v) targeted Frequent Flyer Program promotions
- (vi) performance measurements and reporting;
- (vii) leisure product development;
- (viii) communication plans; and
- (ix) hub development.

Details of joint program development and the sharing of the incremental program costs shall be negotiated by the Carriers based on the relative revenue benefit obtained by each of the Carriers with respect to the program on a case-by-case basis. The Carriers shall conduct quarterly joint marketing meetings to discuss implementing or adding possible marketing programs and strategies.

(b) The Carriers agree to develop a new brand for COPA that will extend the brand identity of Continental (*i.e.*, it will, subject to the negotiation of mutually acceptable trademark and service mark licenses by the Carriers, utilize as its principal elements the trademarks and trade names of Continental), while preserving and including distinctive reference to COPA's identity. The intention of this new brand development is to increase COPA's revenue in a manner that also increases the brand awareness of Continental. The Carriers acknowledge that any rebranding of COPA must protect and ensure the continuation of COPA's franchise value in the event this Alliance Agreement is terminated by either Carrier.

7. Code-Sharing Licenses.

(a) *CO* License.*

(i) Grant of License. Subject to the terms and conditions of this Agreement, Continental shall grant to COPA a nonexclusive, nontransferable, revocable license to use the CO* designator code on all of COPA's flights operated

as a Shared Code Segment (COPA flights flown using the CO* code are herein referred to as "CO* Flights").

(ii) Control of CO* Flights. COPA shall have sole responsibility for and control over, and Continental shall have no responsibility for, control over or obligations or duties with respect to, each and every aspect of COPA's operations including, without limitation, scheduling (except as provided in Sections B.1 and .2), pricing (except as provided in Section B.5), planning of flight itineraries and routings, reservations, reservations control, yield management (except as provided in Section B.5), dispatch, fueling, weight and balance, flight release, maintenance, and flight operations and compliance with applicable rules and regulations.

(b) *CM* License.*

(i) Grant of License. Subject to the terms and conditions of this Agreement, COPA shall grant to Continental a nonexclusive, nontransferable, revocable license to use the CM* designator code on all of Continental's flights operated as a Shared Code Segment. (Continental flights flown using the CM* code are herein referred to as "CM* Flights").

(ii) Control of CM* Flights. Continental shall have sole responsibility for and control over, and COPA shall have no responsibility for, control over or obligations or duties with respect to, each and every aspect of Continental's operations including, without limitation, scheduling (except as provided in Sections B.1 and .2), pricing (except as provided in Section B.5), planning of flight itineraries and routings, reservations, reservations control, yield management (except as provided in Section B.5), dispatch, fueling, weight and balance, flight release, maintenance, and flight operations and compliance with applicable rules and regulations.

8. Audit.

(a) *Continental Audit.* Continental shall have the right, at its own cost, to inspect, review, and observe COPA's operations of CO* Flights, and/or to conduct a full safety and/or service audit of COPA's operations, manuals and procedures reasonably related to CO* Flights, at such intervals as Continental shall reasonably request. In the exercise of such right, Continental does not undertake any responsibility for the performance of COPA's operations. Continental shall coordinate its safety and service audits with COPA so as to avoid disruptions of COPA's operations. Any safety audit may include, without limitation, maintenance and operation procedures, crew planning, reservations, passenger and baggage handling, customer service, personnel records, spare parts, inventory records, training records and manuals, and flight, flight training and operational personnel records.

(b) *COPA Audit.* COPA shall have the right, at its own cost, to inspect, review, and observe Continental's operations of CM* Flights, and/or to conduct a full safety and/or service audit of Continental's operations, manuals and procedures reasonably related to CM* Flights, at such intervals as COPA shall reasonably request. In the exercise of such right, COPA does not undertake any responsibility for the performance of Continental's operations. COPA shall

coordinate its safety and service audits with Continental so as to avoid disruptions of Continental's operations. Any safety audit may include, without limitation, maintenance and operation procedures, crew planning, reservations, passenger and baggage handling, customer service, personnel records, spare parts, inventory records, training records and manuals, and flight, flight training and operational personnel records.

9. Irregularities in Operations.

(a) COPA shall promptly notify Continental of all irregularities involving a CO* Flight which result in any damage to persons or property as soon as such information is available and shall furnish to Continental as much detail as practicable.

(b) Continental shall promptly notify COPA of all irregularities involving a CM* Flight which result in any damage to persons or property as soon as such information is available and shall furnish to COPA as much detail as practicable.

(c) In the event of any irregularity in Shared Code Segments' operations, including, without limitation, any event causing damage to persons or property, the Operating Carrier shall identify itself as being operated independently of the Carrier whose code is being used, and as being solely responsible for its operations. Either Carrier may state that it holds a code-sharing license from the other Carrier and that it obtains certain services from the other Carrier if third parties inquire as to such relationship. COPA shall designate (and notify Continental of such designation) a contact in each of the cities that COPA operates CO* Flights that is authorized to speak and comment (and has the knowledge or immediate access to the knowledge necessary to do so) on behalf of COPA in relation to its irregular operations and Continental shall designate (and notify COPA of such designation) a contact in each of the cities that Continental operates CM* Flights that is authorized to speak and comment (and has the knowledge or immediate access to the knowledge necessary to do so) on behalf of Continental in relation to its irregular operations.

10. Reporting Obligation.

(a) *Changes of Service.* Each Carrier shall give the other Carrier 60 days advance notice (or notice as far in advance as possible if 60 days is impracticable) of any intended material changes to the manner of conducting its business or operations or the nature of its product that relate to its operation of Shared Code Segments.

(b) *Correspondence from Governmental Entities.*

(i) COPA shall immediately provide Continental copies of any formal notice of proposed civil penalty, or other similar document, received from any Governmental Entity which, with respect to CO* Flights, references (i) any alleged noncompliance with rules or regulations affecting air transportation, or (ii) any investigation of COPA performed or proposed by any Governmental Entity, including, without limitation, any communication issued by a government authority concerning the airworthiness of COPA's aircraft, the compliance of COPA's

personnel with required operational or training procedures or any other matter relating to the safe operation of COPA aircraft.

(ii) Continental shall immediately provide COPA copies of any formal notice of proposed civil penalty, or other similar document, received from any Governmental Entity which, with respect to CM* Flights, references (i) any alleged noncompliance with rules or regulations affecting air transportation, or (ii) any investigation of Continental performed or proposed by any Governmental Entity, including, without limitation, any communication issued by a government authority concerning the airworthiness of Continental's aircraft, the compliance of Continental's personnel with required operational or training procedures or any other matter relating to the safe operation of Continental aircraft.

(c) *Notice of Complaints.* COPA shall monthly furnish Continental a summary of complaints, notices of violation, requests to cease activity or similar correspondence which reasonably relate to CO* Flights and which are received by COPA from Continental ticketed passengers, any Governmental Entity or other parties. Continental shall monthly furnish COPA a summary of complaints, notices of violation, request to cease activity or similar correspondence which reasonably relate to CM* Flights and which are received by Continental from COPA ticketed passengers, any Governmental Entity or other parties. Each Carrier shall comply with the other Carrier's reasonable requests for actual copies of any such documents.

(d) *Operations.* For purposes of monitoring the success of the code-share operations, the Carriers shall provide each other with mutually agreed to monthly reports containing, without limitation, the following data for Shared Code Segments operated by each Carrier:

- (i) the total number of scheduled, actual and canceled departures for the month, by flight and city pair; and
- (ii) completion and on-time performance data, by system and market.

11. Flight Display.

(a) All Shared Code Segments shall be included in the schedule, availability and fare displays of all computerized reservations systems in which Continental and COPA participate, the Official Airline Guide (to the extent agreed upon) and Continental's and COPA's internal reservation systems, under the shared code as well as the operator's own code, to the extent possible. Continental and COPA shall take the appropriate measures necessary to ensure the display of the schedules of all Shared Code Segments in accordance with the preceding sentence.

(b) Continental and COPA shall disclose and identify the Shared Code Segments to the public as actually being a flight of and operated by the Operating Carrier, in at least the following ways:

(i) a symbol shall be used in timetables and computer reservation system indicating that Shared Code Segments are actually operated by the other Carrier;

(ii) to the extent reasonable, messages on airport flight information displays shall identify the operator of flights shown as Shared Code Segments;

(iii) Continental and COPA advertising concerning Shared Code Segments and Continental and COPA reservationists shall disclose the operator of each flight; and

(iv) in any other manner prescribed by law.

12. Terms and Conditions of Carriage and Claims Procedures.

(a) In all cases the contract of carriage between a passenger and a Carrier shall be that of the Carrier whose code is designated on the ticket. As for handling passenger claims between the Carriers, the conditions of carriage of the Operating Carrier shall apply to the Shared Code Segments, except as otherwise mutually agreed by the Carriers. The procedures for claims handling of the Operating Carrier shall also be applicable to the Shared Code Segments. The Carriers shall meet as soon as practical prior to commencement of the Shared Code Segments to identify discrepancies in procedures for claims handling between the Carriers.

(b) The Carriers shall use existing IATA procedures when handling and settling claims made by customers in connection with Shared Code Segments.

13. Irregularity Handling.

(a) In the event of flight delays, cancellations or other schedule irregularities that affect Shared Code Segments, the Operating Carrier shall inform the Marketing Carrier, if applicable, in accordance with Section B.11, of all pertinent information concerning an irregularity for customer information purposes.

(b) The Carriers shall cooperate in all available ways to accommodate passengers experiencing flight irregularities (including, but not limited to, schedule changes, flight cancellations, delayed flights, flight interruptions and delayed, damaged, pilfered or lost baggage) and that neither shall forbear from providing such assistance because the other may have been responsible for the flight irregularity. In the event of a flight irregularity, the Carrier causing or experiencing the irregularity shall bear all related costs (including costs of the other Carrier) associated with accommodating the passengers that has been affected by such flight irregularity. The Carriers shall review existing procedures for handling flight irregularities and accommodating interline passengers with respect thereto and handling over sales situations to determine their adequacy for the purposes of this Agreement and shall make such mutually agreed to adjustments in existing procedures as they find necessary or appropriate to provide coordinated irregularity handling. In the absence of such agreement, the written policies and procedures of the Operating Carrier shall be followed. The Carriers shall meet prior to commencement of the Shared Code Segments to develop a mishap response plan with respect to flights operated as Shared Code Segments.

14. Tariff Filing. Each Carrier shall file the tariffs and fares for flights operated on Shared Code Segments that utilize its designator code (CO or CO* in the case of Continental and CM or CM* in the case of COPA).

15. Transportation Taxes. Each Carrier shall be responsible for collecting and paying any taxes or fees assessed by any Governmental Entities or airport on the transportation of passengers or property for transportation utilizing its travel documents.

16. Flight Coupon Handling.

(a) *Continental Authorization.* Except as may otherwise provided in this Agreement, Continental shall authorize COPA to handle Continental flight coupons specifying Continental's Through Flights or connecting flights under this Agreement to and from points in Panamá in the same way as if these coupons were specifying COPA Through Flights or connecting flights between Panamá, on the one hand, and (i) other points served by COPA beyond Panamá and (ii) the United States, on the other. Continental shall confirm this authorization immediately to third parties if COPA so requires.

(b) *COPA Authorization.* Except as may otherwise be provided in this Agreement, COPA hereby authorizes Continental to handle COPA flight coupons specifying COPA Through Flights or connecting flights under this Agreement to and from points in the United States in the same way as if these coupons were specifying Continental flights between the United States, on the one hand, and (i) other points served by Continental beyond the United States and (ii) Panamá, on the other. COPA shall confirm this authorization immediately to third parties if Continental so requires.

17. Quality of Service.

(a) Subject to Subsection (d) of this Section and Section B.6(b) hereof, each Carrier shall retain its own identity and determine its own service levels. Each Carrier shall adopt a smoking policy for flights operated by it that it believes is appropriate for its services, it being understood that each of the Carriers intends to continue to ban smoking on flights operated by it.

(b) Each Carrier shall perform its service with respect to its flights operated under the designator code of the other Carrier in a timely and professional manner with superior quality in accordance with all applicable laws rules and regulations. Without limitation, each Carrier shall maintain its aircraft in an airworthy, clean, attractive and comfortable condition and strive to maintain a completion factor of at least 98% (without considering delays caused by air traffic control or weather). Each Carrier agrees that, in conducting flight operations under the designator of the other Carrier, it shall employ prudent safety and loss prevention policies in accordance with applicable laws, rules and regulations. If either Carrier is in breach of this Section B.17(b), the non-breaching Carrier may remove its designator code from the breaching Carrier's flight operations or refuse to allow the breaching Carrier to place its designator code on the flight operations of the non-breaching Carrier until such time as the breach is fully cured and such removal by the non-breaching Carrier of the designator code from the breaching Carrier's flight operations or refusal to allow the breaching Carrier to place its designator code on the flight operations of the non-breaching Carrier shall not constitute a breach of this Agreement or a waiver of its rights under this Agreement by the non-breaching Carrier.

(c) To provide customers with the best service and a positive impression of the cooperative services of the alliance between the Carriers, the Carriers shall create, to the extent practicable, the following:

(i) Schedule Coordination. The Carriers shall each use all reasonable efforts, consistent with their respective operational constraints, to coordinate their schedules to minimize connecting passenger waiting time and to maximize passenger convenience and service.

(ii) Seamless Transfer. Subject to operational constraints, the Carriers shall expedite, to the greatest extent feasible, the transfer of all passengers and baggage making connections between the respective networks of the Carriers, and shall cooperate in communicating efficiently to passengers the benefits and procedures associated with the cooperative service through ticket inserts, terminal and gate signage, and flight information displays. In connection therewith, Continental and COPA shall cooperate to coordinate and maintain their schedules to minimize the waiting time and to maximize convenience of passengers who are connecting from a Continental to a COPA flight segment (or vice versa). Each Carrier shall provide the other with the airport operational assistance that is required to assure schedule compatibility for the Through Flights and the connecting flights where applicable.

(iii) Terminal Facilities. Each Carrier shall use its commercially reasonable efforts to arrange for terminal facilities at gateway airports, to facilitate passenger handling and connections between the flights of the Carriers, with the objective of achieving convenience similar to on-line connections.

(iv) In-Flight Announcements. The Operating Carrier shall make in-flight announcements to all passengers on the Shared Code Segments to promote the cooperative service.

(d) The customer service standards of the Operating Carrier shall be followed on Shared Code Segments for both Continental and COPA passengers; provided that COPA agrees to adopt a two-class service on its flights with a standard of service in both classes that is at least of the quality that Continental provides on its flights of similar stage length.

18. Procedures. As soon as is reasonably practicable after the Implementation Date, the Carriers will meet together to develop systems and procedures that will be used in connection with implementing the code-share alliance.

C. FREQUENT FLYER PROGRAM

REDACTED

REDACTED

REDACTED

D. AIRPORT CLUBROOM USAGE

REDACTED

E. JOINT COOPERATION

To the extent applicable, the initiatives covered by this Section E are subject to Antitrust Immunity.

1. Procedures and Ground Handling

(a) *Harmonizing.* The Carriers shall harmonize their physical operations with respect to components, operations, quality, appearance, conditions of carriage and any other aspects of the physical operations as the Carriers agree. COPA shall have access to

the required manuals, systems, supplies and training at Continental's out-of-pocket cost.

(b) *Joint Handling.* Without employee dislocation and subject to competitive pricing and service, COPA will provide below wing handling services for Continental's operations in Panamá. Compensation for such service shall be the Incremental Cost, as defined in the Services Agreement entered into by and between the Carriers, of the handling Carrier plus a reasonable profit. To enhance operations of Shared Code Segments, the Carriers shall make their airport operations contiguous where practical. In locations where both Carriers operate, other than Panamá, each Carrier shall give the other Carrier the opportunity to bid on handling services (above and below wing).

2. Reservations and City Ticket Offices. The Carriers shall consider the best way to coordinate their reservations and the functions of the city ticket offices.

3. Joint Advertising and Publicity. The Carriers shall jointly promote their alliance as part of their ordinary advertising efforts. Each Carrier, while an Operating Carrier, shall not discriminate against the Marketing Carrier in its respective advertising, public relations, promotion, distribution and sales activities.

4. Employee and Corporate Incentives.

(a) *Instruction, measurement, and evaluation.* Joint targets shall be established by the Carriers at their annual meeting, as provided under Section B.1.(c). Applicable employees of each Carrier shall be instructed that in applicable areas of interaction, the first aim is to maximize the alliance between the Carriers, not the individual Carrier's position.

(b) *Inclusion in incentive programs.* Employee bonus, profit-sharing and other cash and non-cash route specific sales incentive programs should include Shared Code Segments, revenues, etc. of both Carriers on a non-discriminatory basis.

(c) *Selection and reciprocal feedback.* Employees performing outsourced or joint service shall be selected on a basis that provides no favoritism to either Carrier. Their evaluation (and certain personnel decisions) shall be based on input from both Carriers with ultimate decision-making by their employer after giving high regard to the input of the other Carrier.

5. Information Sharing. Subject to applicable laws and regulations, the Carriers shall share research studies and booking (including marketing information data tape), revenue, traffic, yield, cost and other data with each other as it pertains to their common areas of cooperation. Such information shall be provided at the providing Carrier's Incremental Cost as provided in the Services Agreement entered into by and between the Carriers and, where jointly performed, in proportion to the size of the Carriers.

6. Joint Selling.

(a) To the extent legally permissible, the Carriers shall sell seats on each other's aircraft in a non-discriminatory fashion and will establish mutually agreed to incentives and methods to do so. The Carriers shall consider establishing joint sales organizations (including inbound and outbound telephone sales) in countries where COPA currently flies and where it may begin to fly during the duration of this Agreement.

(b) Each Carrier shall consider withdrawing its own sales personnel in countries where the other Carrier has a substantially greater presence in terms of revenue passenger kilometers. In the event that a Carrier withdraws its personnel from such a country, the Carrier that remains in the country shall be the general sales agent (the "GSA") for both Carriers. The GSA shall represent each Carrier in a non-discriminatory manner. The compensation of the GSA shall be based on incremental costs plus a reasonable profit to be mutually agreed by the Carriers.

F. GENERAL PROVISIONS

1. Compliance with Laws and Regulations and Changes in Laws.

(a) Each of Continental and COPA represents, warrants, and agrees with the other that performance of its respective obligations under this Agreement shall be conducted and all of its personnel shall at all times meet, be in full compliance with and have all required licenses under any and all applicable laws, statutes, orders, rules and regulations of any country or territory with jurisdiction over the Shared Code Segments, including without limitation, those laws, statutes, orders, rules and regulations promulgated by the United States of America or Panamá. Each Carrier shall be responsible, at its own cost, for obtaining any regulatory authorizations necessary to operate its flights or utilize its designator code on the Shared Code Segments, provided that, the other Carrier shall render such assistance as is reasonably requested in order to obtain such regulatory authorizations. No provision of this Agreement that would violate applicable antitrust laws without Antitrust Immunity having first been obtained shall be applicable unless and until Antitrust Immunity is obtained.

(b) If, during the term of this Agreement, there is any change in treaties, statutes or regulations of air transportation (and legally binding interpretations thereof) that prevents Continental or COPA or both from operating the CO* or CM* Flights or carrying out the arrangements contemplated by this Agreement or attaches conditions or restrictions on the operation of CO* or CM* Flights that have a material adverse effect on a carrier's other services or operations not contemplated by this Agreement, the Carriers shall consult within 30 days after any of the occurrences described herein. The purpose of such consultations shall be to assess such change or changes and to seek, in good faith, mutual agreement on what changes, if any, to this Agreement are necessary or appropriate. Any such changes to this Agreement shall be made in accordance with Section F.12.

2. Independent Parties.

(a) *Independent Contractors.* It is expressly recognized and agreed that each Carrier, in its performance and otherwise under this Agreement, is and shall be engaged and acting as an independent contractor and in its own independent and separate business; that each Carrier shall retain complete and exclusive control over its staff and operations and the conduct of its business; and that each Carrier shall bear and pay all expenses, costs, risks and responsibilities incurred by it in connection with its obligations under this Agreement. Neither Continental nor COPA nor any officer, employee, representative, or agent of Continental or COPA shall in any manner, directly or indirectly, expressly or by implication, be deemed to be in, or make any representation or take any action which may give rise to the existence of, any employment, agent, partnership, or other like relationship as regards the other, but each Carrier's relationship as respects the other Carrier in connection with this Agreement is and shall remain that of an independent contractor.

(b) *Status of Employees.* The employees, agents and/or independent contractors of COPA shall be employees, agents, and independent contractors of COPA for all purposes, and under no circumstances shall be deemed to be employees, agents or independent contractors of Continental. The employees, agents and independent contractors of Continental shall be employees, agents and independent contractors of Continental for all purposes, and under no circumstances shall be deemed to be employees, agents or independent contractors of COPA. Continental shall have no supervisory power or control over any employees, agents or independent contractors employed by COPA, and COPA shall have no supervisory power or control over any employees, agents and independent contractors employed by Continental.

(c) *Liability For Employee Costs.* Each Carrier, with respect to its own employees (hired directly or through a third party), accepts full and exclusive liability for the payment of worker's compensation and/or employer's liability (including insurance premiums where required by law) and for the payment of all taxes, contributions or other payments for unemployment compensation, vacations, or old age benefits, pensions and all other benefits now or hereafter imposed upon employers with respect to its employees by any government or agency thereof or provided by such Carrier (whether measured by the wages, salaries, compensation or other remuneration paid to such employees or otherwise) and each Carrier further agrees to make such payments and to make and file all reports and returns, and to do everything necessary to comply with the laws imposing such taxes, contributions or other payments.

3. Term and Termination.

(a) *Term.* The term of this Agreement, unless earlier terminated as provided in this Section F.3, shall commence on the date first written above and shall continue thereafter until either Carrier gives the other Carrier three years' written notice of termination: provided, however, that neither Carrier may give such notice on or before the date immediately preceding the tenth anniversary of the Implementation Date.

(b) *Other Termination Rights.* In addition to the termination provisions of paragraph (a) of this Section F.3, this Agreement may be terminated as follows:

(i) By the terminating Carrier on 180 days' prior written notice, if the other Carrier has materially breached any material provision of this Agreement unless such other Carrier cures such breach within such 180 day period. During such 180 day period, the Carriers shall consult in good faith to ensure that each of the Carriers understands the nature of the alleged breach and what steps are required to effect a cure;

(ii) By the terminating Carrier immediately on notice, if the other Carrier shall be dissolved or shall fail to maintain its corporate existence in good standing, or shall have its authority to operate as a scheduled airline suspended or revoked, or shall cease operations as a scheduled airline;

(iii) In the event of a breach of any payment obligation under this Agreement, the non-breaching Carrier shall be entitled to terminate this Agreement on providing 60 days prior written notice, which notice shall describe, with as much specificity as reasonably practicable, the breach and the total sums due and owing. Termination under this paragraph (iii) shall not be effective, however, if the allegedly breaching Carrier shall, within 45 days of receiving such notice, correct the breach by making the full payment due together with interest thereon at 10% per annum from the date of such notice, provided that in the event the breaching Carrier disputes the obligation to pay the amounts claimed owing, it may satisfy its obligations pursuant to this sentence by paying, within such 45 day period, the disputed amounts into escrow during the pendency of the dispute;

(iv) By the terminating Carrier if a petition is filed by or against the other Carrier under bankruptcy law, or any other law providing for the relief of debtors, and the affected Carrier does not succeed in having such petition lifted or stayed within 180 days from the date of entry; provided, however, that the terminating Carrier at its option may terminate this Agreement immediately and exercise such other remedies as may be available at law and/or in equity;

(v) By COPA on 180 days' prior written notice if a significant competitor of COPA, foreign or domestic, other than Northwest Airlines or its affiliates, acquires majority ownership of or majority voting control of Continental;

(vi) By the terminating Carrier immediately on notice if the other Carrier fails to maintain the insurance coverage that is required to be maintained pursuant to Section F.4(b);

(vii) By Continental immediately on notice if, unless agreed otherwise by the Carriers, COPA shall have a system wide completion factor (completed flights, regardless of time of departure or arrival, divided by scheduled flights) of less than 95% during any 90 day period (including in such calculations all flights canceled less than one week prior to the date of its scheduled operation, but excluding flights not completed due to weather or air traffic control);

(viii) By COPA immediately on notice if, unless agreed otherwise by the Carriers, Continental shall have a system wide completion factor (completed

flights, regardless of time of departure or arrival, divided by scheduled flights) of less than 95% during, any 90 day period (including in such calculations all flights canceled less than one week prior to the date of its scheduled operation, but excluding flights not completed due to weather or air traffic control); and

(ix) By either Carrier on 180 days' notice if the code-sharing of the Carriers on Shared Code Segments is not approved by the DOT prior to the date that is two years after the Implementation Date and there is then no reasonable expectation that approval is imminent; or

(x) By COPA on 360 days' notice if the number of shares of COPA Holdings, S.A. owned by Continental or any affiliate or subsidiary of Continental shall at any time fall below 20% of the issued and then outstanding shares.

(c) *Tickets Issued Prior to Termination.* With respect to tickets issued but unused prior to termination of this Agreement:

(i) If this Agreement is terminated as provided herein by the Marketing Carrier, the Marketing Carrier shall endorse all Marketing Carrier tickets to the Operating Carrier. The Operating Carrier shall accept all confirmed reservations for passengers traveling on such tickets as if such reservations had been booked through the Operating Carrier using ordinary interline procedures but giving effect to the ticket pricing methodology as provided by IATA's standard procedures.

(ii) If this Agreement is terminated as provided herein by the Operating Carrier, the Marketing Carrier, at its sole discretion, shall have the option to endorse Marketing Carrier tickets to the Operating Carrier or any other carrier. The Marketing Carrier shall also have the option to transfer confirmed reservations for passengers traveling on such tickets to the Operating Carrier or any other carrier.

(d) *Force Majeure and Termination.* Except with respect to the performance of a Carrier's payment obligations under this Agreement, neither Carrier shall be liable for delays or failure in its performance hereunder to the extent that such delay or failure of performance (a) is caused by any act of God, war, natural disaster, strike, lockout, labor dispute, work stoppage, fire, serious accident, epidemic, quarantine restriction, act of government, or any other cause, whether similar or dissimilar, beyond the control of that Carrier, and (b) is not the result of that Carrier's lack of reasonable diligence (an "Excusable Delay"). In the event an Excusable Delay continues for sixty (60) days or longer, the non-delayed Carrier shall have the right, at its option, to terminate this Agreement by giving the delayed Carrier at least thirty (30) days prior written notice of such election to terminate.

(e) *Duties upon termination.* If this Agreement is terminated pursuant to this Section G.3, the Carriers will cooperate with each other to achieve an orderly termination and wind-down of the code-share relationship so as not to inconvenience customers or cause undue hardship to either of the Carriers. No termination of this Agreement will release the parties from any liability for breach of this Agreement or from any moneys or other duties owed at the time of such termination.

4. Indemnification and Insurance.

(a) *Indemnification.*

(i) Except as otherwise provided herein, each Carrier (the "Indemnifying Carrier") shall indemnify and hold harmless the other Carrier and its directors, officers, employees, agents, consultants and contractors from all liabilities, damages, losses, claims, suits, judgments, costs, and expenses, including reasonable attorneys' fees, directly or indirectly incurred by the other Carrier as the result of any claims that arise out of or in connection with the breach of this Agreement by the Indemnifying Carrier or performance or failure of performance of the Indemnifying Carrier's obligations under this Agreement, including, but not limited to the operation of the aircraft by the Indemnifying Carrier. In addition, each Indemnifying Carrier shall indemnify and hold harmless the other Carrier and its directors, officers, employees, agents, consultants and contractors from all liabilities, damages, losses, claims, suits, judgments, costs, and expenses, including reasonable attorneys' fees, directly or indirectly incurred by the other Carrier as the result of any claims by third parties that arise out of or in connection with any products or services received from or supplied by the indemnifying Carrier in connection with this Agreement, except with respect to the products or services provided pursuant to Section E hereof and the Services Agreement entered into by and between the Carriers (which will be subject to indemnification obligations as separately agreed). The indemnification provision under this paragraph (i) shall be valid and enforceable as of the Implementation Date whether or not Antitrust Immunity or other regulatory approvals are obtained.

(ii) The indemnified Carrier has no right under this Section F.4 to be indemnified for claims that arise out of such Carrier's gross negligence or willful misconduct.

(iii) In the case of each indemnified Carrier:

A. it shall promptly notify the indemnifying Carrier in writing of any claim for indemnification hereunder;

B. it shall cede to the indemnifying Carrier, if the latter so requests, sole control of the defense and any related settlement negotiations of any matter covered by indemnification hereunder (provided that any settlement shall contain a complete and unconditional release of all claims against the indemnified Carrier;

C. it shall provide to the indemnifying Carrier, at the latter's expense, all reasonable information and assistance for such defense or settlement; and

D. the indemnifying Carrier shall not be liable for any settlement of any such claim or suit entered into by the indemnified Carrier

without the former's consent (which consent shall not be unreasonably withheld).

(b) *Insurance Coverage.*

(i) Each Carrier shall, at all times during the term of this Agreement, maintain in full force and effect policies of insurance as follows:

A. Comprehensive Airline Liability Insurance, including Aircraft Third Party, Passenger, including Passengers' Baggage and Personal Effects, Cargo and Mail Legal Liability for a Combined Single Limit (CSL) of not less than US \$ 400 million for B737 aircraft; provided that if the number of U.S. origin passengers increases in a material matter, the carriers will reevaluate the coverage levels. In respect of Personal Injury (per clause AVN 60 or its equivalent) the maximum limit is \$25 million per offense and in the aggregate.

B. Workmen's Compensation or Government Social Insurance

Insurance

Per Accident

(Company Employee)

Statutory

C. Employers' Liability (\$1,000,000 combined single limit)

(ii) Subject to Section F.4(b)(i), the Operating Carrier shall, as applicable, cause the policies of insurance described in such Section F.4(b)(i) with respect to flights operated as Shared Code Segments by it to be duly and properly endorsed by that Carrier's insurance underwriters as follows:

A. to provide that the underwriters shall waive any and all subrogation rights against the other Carrier, its directors, officers, agents, employees and other authorized representatives, except for gross negligence or willful misconduct;

B. to provide that the other Carrier, its directors, officers, agents, employees and other authorized representatives shall be endorsed as additional insured parties thereunder, except for gross negligence or willful misconduct of any of the additional insureds;

C. to provide that said insurance shall be primary to and without right of contribution from any other insurance which may be available to the additional insureds;

D. to include a breach of warranty provision in favor of the additional insureds;

E. to accept and insure the Operating Carrier's hold harmless and indemnity undertaking under Section F.4(a), but only to the extent of the coverage afforded by the policy or policies; and

F. to provide that said policy or policies or any part or parts thereof shall not be canceled, terminated or materially altered, changed or amended until 30 days (but seven days or such lesser period as may be available in respect of war and allied periods) after written notice thereof shall have been sent to the other Carrier.

(iii) On the Implementation Date, and from time to time thereafter upon request by either Carrier, the other Carrier shall furnish to the requesting Carrier evidence reasonably satisfactory to the requesting Carrier of the aforesaid insurance coverage and endorsements, including certificates certifying that the aforesaid insurance and endorsements are in full force and effect. Initially, this evidence shall be a certificate of insurance required hereunder.

(iv) In the event either Carrier fails to maintain in full force and effect any of the insurance and endorsements required hereby, the other Carrier shall have the right (but not the obligation) to procure and maintain such insurance or any part thereof. The cost of such insurance shall be payable by the first Carrier to the other Carrier upon demand by the other Carrier. The procurement of such insurance or any part thereof by the other Carrier shall not discharge or excuse the first Carrier's obligation to comply with the provisions of Sections F.4(b)(i) and (ii).

(c) *Survival of Rights and Obligations.* The rights and obligations of this Section F.4 shall survive the expiration or termination of this Agreement.

5. Trademarks.

(a) COPA shall have a nonexclusive, nontransferable, revocable license to use the Continental Service Marks (as defined below) in its marketing programs for the purpose of promoting Shared Code Segments. All advertising programs using any Continental Service Marks shall be subject to Continental's prior approval. In general, COPA's use of the Continental Service Marks shall do no more than identify the code-share relationship between Continental and COPA, and advertise that schedules are coordinated to provide convenient connections. Any marketing program, advertising brochures, schedules, signs or information disseminated to the public or intended to be disseminated to the public ("Advertising Material") shall reflect that Continental and COPA are operated separately and shall comply with any DOT policy on airline designator code-sharing. COPA is specifically prohibited from using any of the Continental Service Marks on its aircraft or other equipment, on its stationery, or elsewhere unless COPA has received prior specific authorization in writing from Continental. COPA hereby acknowledges Continental's exclusive ownership of the Continental Service Marks and agrees that it shall not do anything that would infringe, abridge or adversely affect, impair or reduce the value or validity of the Continental Service Marks. In no event shall COPA allow the use of any Continental Service Marks in marketing, selling, promoting or otherwise identifying or referencing any flight which is not a Shared Code Segment.

(b) Continental shall have a nonexclusive, nontransferable, revocable license to use the COPA Service Marks (as defined below) in its marketing programs for the purpose of promoting Shared Code Segments. All advertising programs using any COPA Service Marks shall be subject to COPA's prior approval. In general, Continental's use of the COPA Service Marks shall do no more than identify the code-share relationship between Continental and COPA, and advertise that schedules are coordinated to provide convenient connections. Any Advertising Material shall reflect that Continental and COPA are operated separately and shall comply with any DOT policy on airline designator code-sharing. Continental is specifically prohibited from using any of the COPA Service Marks on its aircraft or other equipment, on its stationery, or elsewhere unless Continental has received prior specific authorization in writing from COPA. Continental hereby acknowledges COPA's exclusive ownership of the COPA Service Marks and agrees that it shall not do anything that would infringe, abridge or adversely affect, impair or reduce the value or validity of the COPA Service Marks. In no event shall Continental allow the use of any COPA Service Marks in marketing, selling, promoting or otherwise identifying or referencing any flight which is not a Shared Code Segment.

(c) As used herein the term "Service Marks" shall include, without limitation: (i) with respect to Continental: "Continental", the "CO" and "CO*" designator codes, "BusinessFirst" and "OnePass", and (ii) with respect to COPA: "COPA" and the "CM" and "CM*" designator codes.

6. Confidential Information. Neither COPA nor Continental shall disclose to the other Carrier or be required to disclose by the other Carrier any information relating to its scheduling (except as provided in Section B.1 and .2), pricing (except as provided in Section B.5), inventory control or flight profitability. Neither COPA nor Continental shall disclose the terms of this Agreement or any proprietary information with respect to the other obtained as a result of this Agreement, either during the term hereof or thereafter; provided, however, that such disclosure may be made if required by law or by any order of a court or administrative agency, and then only upon ten days' written notice by the disclosing Carrier to the other Carrier. The Carriers recognize that, in the course of the performance of each of the provisions hereof, each Carrier may be given and may have access to confidential and proprietary information of the other Carrier, including proposed schedule changes, promotional programs and other operating and competitive information ("Confidential Information"). Each Carrier shall preserve, and shall ensure that each of its officers, agents, consultants and employees who receive Confidential Information preserve, the confidentiality of the other Carrier's Confidential Information and shall not disclose Confidential Information to a third Carrier, without prior written consent from the other Carrier or use Confidential Information except as contemplated by this Agreement. This Section F.6 shall survive two years after the termination or expiration of this Agreement.

7. Management and Initial Dispute Resolution. This Agreement shall be governed and managed by a steering committee composed of senior officers of each Carrier (the "Committee"). Said Committee shall be responsible for identifying profit maximizing activities to be undertaken by the Carriers in furtherance of the code-share relationship. In addition, the Committee shall attempt to resolve all disputes that occur between the Carriers that arise under this Agreement. Disputes that cannot be resolved by the Committee shall be referred to the Chief Executive Officers of the two Carriers. If the Chief Executive Officers of the two Carriers cannot resolve a dispute, it shall be finally settled by arbitration in accordance with Section G.9.

8. Arbitration.

(a) Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration administered by the Conciliation and Arbitration Center (the "CAC"), an affiliate of the Panamá Chamber of Commerce in accordance with the International Arbitration Rules of the International Chamber of Commerce Court of International Arbitration. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

(b) The number of arbitrators shall be three, one of whom shall be appointed by each of the Carriers and the third of whom shall be selected by mutual agreement, if possible, within 30 days of the selection of the second arbitrator and, if no agreement on the third arbitrator is possible, by the CAC; provided that unless otherwise agreed the CAC may only choose an arbitrator that is from a country other than Panama or the United States. The place of arbitration shall be Miami, Florida. The language of the arbitration shall be English, but documents or testimony may be submitted in any other language if a translation is provided.

(c) The arbitrators shall have no authority to award punitive damages or any other damages not measured by the prevailing Carrier's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms of this Agreement.

(d) Either Carrier may make an application to the arbitrators seeking injunctive relief to maintain the status quo until such time as the arbitration award is rendered or the controversy is otherwise resolved. Either Carrier may apply to any court having jurisdiction hereof and seek injunctive relief in order to maintain the status quo until such time as the arbitration award is rendered or the controversy is otherwise resolved.

9. Commercially Reasonable Efforts. As used in this Agreement, the term "commercially reasonable efforts" shall not require a Carrier to make any cash outlays, to accept adverse contract terms, to limit its operations, to impair any right with respect to the use of its assets, or to otherwise adversely affect the Carrier.

10. Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of New York.

11. Taxes. Each Carrier shall be responsible for paying any and all taxes assessed on its income or revenue derived pursuant to this Agreement and shall hold harmless and indemnify the other Carrier from any and all claims based on such assessments.

12. Entire Agreement, Waivers and Amendments. This Agreement constitutes the entire understanding of the carriers with respect to the subject matter hereof superseding all prior discussions and agreements, written or oral. This Agreement may not be amended, nor may any of its provisions be waived, except by writing signed by both carriers. No delay on the part of either carrier in exercising any right power or privilege hereunder shall operate as a waiver hereof, nor shall any waiver operate as a continuing waiver of any right, power or privilege.

13. Notices. All notices given hereunder shall be in writing delivered by hand, certified mail, telex, or telecopy to the carriers at the following addresses:

If to Continental:

Continental Airlines, Inc.
2929 Allen Parkway
Houston, Texas 77019
Attention: Senior Vice President-
Corporate Development

Telephone No.: (713) 834-2966
Telecopier No.: (713) 520-6307

With copy to:

Continental Airlines, Inc.
2929 Allen Parkway
Houston, Texas 77019
Attention: Executive Vice President
and General Counsel

Telephone No.: (713) 834-2948
Telecopier No.: (713) 520-6329

If to COPA:

Compañía Panameña de Aviación, S.A.
Ave. Justo Arosemena y Calle 39
Apdo. 1572
Panamá 1, Panamá
Attention: Pedro Heilbron
Facsimile No.: 507-227-1952

with a copy to:

Galindo, Arias y López
Edif. Omanco
Apartado 8629
Panamá 5, Panamá
Attention: Jaime A. Arias C.
Facsimile No.: 507-263-5335

14. Successors and Assigns. Neither carrier may assign its rights or delegate its duties under this Agreement and any such purported assignment or delegation shall be void. This Agreement shall be binding on the lawful successors of each carrier.

15. 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

prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

16. Headings. The headings in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

17. Counterparts. This Agreement may be executed in counterparts, all of which taken together shall constitute one agreement.

18. Equal Opportunity. To the extent applicable, EEO clauses contained at 41 C.F.R. §§ 60-1.4, 60-250.4 and 60-741.4 are hereby incorporated by reference. Each Carrier shall comply with all equal opportunity laws and regulations which apply to or must be satisfied by that Carrier as a result of this Agreement.

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

CONTINENTAL AIRLINES, INC.

By: J. David Grizzle
Name: J. David Grizzle
Title: Senior Vice President - Corporate Development

COMPANIA PANAMENÁ DE AVIACION, S.A.

By: Pedro Heilbron
Name: PEDRO HEILBRON
Title: EXECUTIVE PRESIDENT

Shared Code Segments

Shared Code Segments shall be operated on the following routes:

CO* Flights

Flights operated by COPA between Central America and locations located in the United States other than Houston (IAH), Newark (EWR) and Cleveland (CLE) and, to the extent mutually agreed and legally permissible, (i) between cities within Central America and (ii) between Central America and cities located beyond Central America shall operate as CO* Flights. COPA agrees that Continental may place its code on any COPA flight within the regions described by the foregoing clauses (i) or (ii), so long as such flight provides a commercially reasonable opportunity for Continental as a Marketing Carrier.

CM* Flights

Flights operated by Continental between the United States and cities located in Central America and, to the extent mutually agreed and legally permissible, (i) between cities within the United States; (ii) between the United States and cities located beyond the United States and (iii) between cities located in Central America and any city not in the United States shall operate as CM* Flights. Continental agrees that COPA may place its code on any Continental flight within the regions described by the foregoing clauses (i), (ii) or (iii), so long as such flight originates or terminates in PTY, or provides a commercially reasonable connecting opportunity for COPA as a Marketing Carrier from COPA's flights.