

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

SEP 30 1999

62502

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Application of :

LINEAS AEREAS CHILENAS S.A. :  
(AVANT AIRLINES) :

Docket OST-99-694-1

for an exemption pursuant to 49 U.S.C. § 41301 :  
(U.S.-Chile) :  
: .

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Applications of :

CONTINENTAL AIRLINES, INC. and :  
LINEAS AEREAS CHILENAS S.A. :  
(AVANT AIRLINES) :

Undocketed

for statements of authorization under :  
Part 212 of the Department's Regulations :  
to engage in codesharing :  
: .

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APPLICATIONS OF  
CONTINENTAL AIRLINES, INC.  
AND LINEAS AEREAS CHILENAS S.A.  
(AVANT AIRLINES)

Communications with respect to this document should be sent to:

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Hershel I. Kamen  
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& Regulatory Affairs  
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Houston, TX 77210-4607

and

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1001 Pennsylvania Avenue, N.W.  
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(202) 624-2500

Counsel for  
Continental Airlines, Inc.

August 31, 1999

NOTICE: Answers supporting or opposing this application are due on or before  
September 15, 1999.

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

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Application of .  
LINEAS AEREAS CHILENAS S.A. :  
(AVANT AIRLINES) : Docket OST-99-  
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APPLICATIONS OF  
CONTINENTAL AIRLINES, INC.  
AND LINEAS AEREAS CHILENAS S.A.  
(AVANT AIRLINES)

Pursuant to 49 U.S.C. § 40109 and Rule 402 of the Department's Rules of Practice, Avant<sup>1</sup> applies for an exemption to offer U.S.-Chile service and Avant and

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<sup>1</sup> Common names of carriers are used.

August 31, 1999

Continental apply for statements of authorization to codeshare between points in the U.S. and points in Chile. Continental and Avant ask the Department to grant their codeshare authority for an indefinite period promptly and state as follows in support of their request.<sup>2</sup>

1. Specifically, (1) Avant applies for an exemption from 49 U.S.C. § 41301 permitting Avant to engage in scheduled foreign air transportation of persons, property and mail between a point or points in the U.S. and a point or points in Chile via Newark, under a codeshare arrangement with Continental;

(2) Continental applies pursuant to Part **212** of the Department's Regulations for a statement of authorization to display Avant's (OT\*) code on Continental's flights between a point or points in the U.S. and Santiago via Newark; and (3) Avant applies pursuant to Part 212 of the Department's Regulations for a statement of authorization to display Continental's (CO\*) code on Avant's flights between Santiago and a point or points in Chile.<sup>3</sup> Continental and Avant plan to offer these codeshare services expeditiously as soon as authority is granted by the Department.

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<sup>2</sup> The Joint Applicants are submitting a redacted copy of their alliance agreement in this docket.

<sup>3</sup> The parties intend to offer CO\* codeshare service on Avant's flights between Santiago and Antofagasta, Arica, Balmaceda, Calama, Concepcion, Copiapo, Iquique, La Serena, Puerto Montt, Punta Arenas, Temuco and Valdivia, Chile. Continental holds Route 29-F authority between a point or points in the U.S. and a point or points in Chile (see Order 92-11-46).

2. The requested authority will enable Continental and Avant to provide enhanced service to U.S.-Chile passengers and shippers, use the codeshare rights available currently under the U.S.-Chile bilateral aviation agreement, and compete more effectively with American and Lan Chile, the two principal U.S.-Chile carriers.<sup>4</sup> The Continental/Avant codeshare arrangement will provide a broader range of flight options to U.S.-Chile passengers and shippers and give them an alternative to service by American, Lan Chile and United. Passengers will benefit from online connections and improved baggage and airport check-in procedures, and cities throughout Continental's network will have service to and from points throughout Chile.

3. All exemption authority and statements of authorization sought by Continental and Avant in this application are fully consistent with the U.S.-Chile agreement, which expressly authorizes the kind of codeshare service they have proposed now, although the open-skies provisions of the U.S.-Chile agreement are not effective. (See Annex I to the Air Transport Agreement between the

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<sup>4</sup> The Department has tentatively proposed to grant American and Lan Chile antitrust immunity and codeshare authority between the U.S. and Chile, and Continental has opposed that tentative decision because it would allow American and Lan Chile to dominate U.S.-Chile and U.S.-Southern Cone routes. (See Docket OST-97-3285) Since the proposed codeshare arrangement between Continental and Avant is entirely pro-competitive, however, it would raise none of the concerns raised by an antitrust-immunized American/Lan Chile alliance.

Government of the United States of America and the Government of the Republic of Chile, as amended by the Memorandum of Discussions on February 25, 1997) The U.S. and Chile have approved codeshare arrangements between airlines of the two countries. (See, e.g., Notice of Action Taken, October 3, 1994, Docket 49766 (approving codesharing between United and National Airlines of Chile))

4. The Department has found Continental fit, willing and able to provide service between the U.S. and Chile (see Order **92- 11- 46**) and between the U.S. and other countries in South America (see Orders 92-11-46, 97-4-13 and 97-7-33). Avant is submitting to the Department with this application the necessary information and documents required for establishing Avant's fitness to conduct these codeshare services with Continental.

5. In response to the Department's June 1, 1995 directive, Continental states that this codeshare arrangement will have no impact on its commitment to the Civil Reserve Air Fleet Program.

6. Continental and Avant will comply with the Department's policies and regulations on codeshare arrangements and the usual conditions attached by the Department to codeshare authorizations.

WHEREFORE, Continental and Avant ask the Department to grant exemption authority to Avant and statements of authorization to Continental and Avant on an expedited basis and for an indefinite period to implement their codeshare arrangement between the U.S. and Chile.

Respectfully submitted,

LINEAS AEREAS CHILENAS S.A.  
(AVANT AIRLINES)

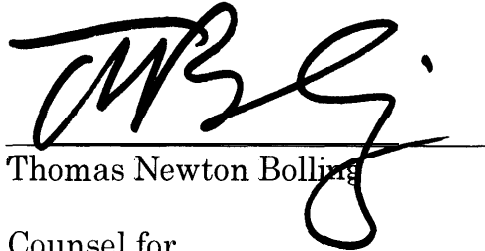


Ricardo Mardones Sclavos  
General Manager

CROWELL & MORING LLP



R. Bruce Keiner, Jr.



Thomas Newton Bolling

Counsel for  
Continental Airlines, Inc.

August 31, 1999

CERTIFICATE OF SERVICE

I certify that I have this date served the foregoing document on the following persons in accordance with the Department's Rules of Practice:

Department of Defense  
U.S. Transcom/TCJ5  
Attention: Air Mobility Analysis  
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Federal Aviation Administration  
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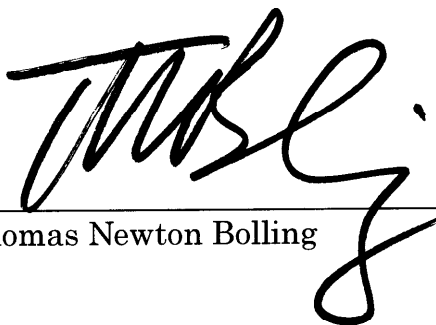
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Thomas Newton Bolling

August 31, 1999

**AVANT AIRLINES C.A.  
NARRATIVE HISTORY**

The following page provides information on Avant's operating history.

## SUMMARY OF LINEAS AEREAS CHILENAS S.A. OPERATING HISTORY

Líneas Aereas Chilenas S.A. (Avant Airlines), began operations in January 1997 with a fleet of two Boeing 737-200 aircraft.

June 1997, Tur Bus Holding through its subsidiary Comercial e Inversiones **del Pacifico** Ltda and Comercial Huechuraba owned by Gonzalo **Martino** Gonzalez acquired 100% of the shares of Avant Airlines, purchasing 90% and 10% respectively.

October 1997, two Boeings 737-200 were incorporated to the fleet.

January 1998, The Holding through Avant Airlines acquired National Airlines Chile S.A.

Currently Avant operates with a fleet of eight (8) Boeing 737 – 200 and one (1) 727 – 200 aircraft.

**AVANT AIRLINES C.A.  
STATEMENT OF CITIZENSHIP**

Avant is a citizen of the Republic of Chile.

**AVANT AIRLINES C.A.  
GENERAL OWNERSHIP INFORMATION**

1. Persons having a substantial interest in Avant

The identification of persons with a substantial interest in Avant appears on the following pages of this exhibit.

2. Subsidiaries

Avant is the only entity since National Airlines Chile S.A. is no longer operating.

3. Other Relationships

As shown on the following pages of this exhibit, Avant or any of its directors, managers or holders of at least five percent of Avant's stock has any interest in any other airline or aeronautic business.

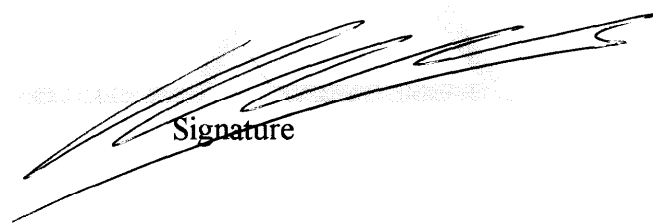
LINEAS AEREAS CHILENAS S.A.

Common Stock	KUS\$	%	
Comercial e Inversiones del Pacifico Limitada	16,428	90	Dolores 800 Santiago, Chile
Comercial Huechuraba Limitada	1,825	10	Avda Los Conquistadores 700 P-26 Santiago, Chile
<b>Total Common Stock</b>	<b>18,253</b>	<b>100</b>	

LEGAL STATEMENT

RICARDO MARDONES SCLAVOS, General Manager of Avant Airlines, hereby certifies that Avant or any of its directors, managers, or holders of at least five percent of Avant's stock have any interest in any airline or aeronautic business.

Date: May 6, 1999



Signature

**AVANT AIRLINES C.A.  
IDENTIFICATION OF KEY PERSONNEL**

The following pages identify Avant's directors and key personnel, all of whom are citizens of Chile.



LINEAS AEREAS CHILENAS S.A.

DIRECTORS

	CITIZENSHIP	ADDRESSES
Jesús Diez González	Chilean	Dolores 800
Fernando Fernández García	Chilean	Dolores 800
Gonzalo Martino González	Chilean	Avda Los Conquistadores 700 P-26
Julio Dominguez Longueira	Chilean	Bandera 341 P-7
María Purísima Diez Gonzalez	Chilean	Dolores 800
María Soledad Diez González	Chilena	Dolores 800

President
Executive Vice President
Director
Director
Director
Director

LINEAS AEREAS CHILENAS S.A.

KEY PERSONNEL

Ricardo Mardones Sclavos  
 Rolando Uauy Mislej  
 Carlos Salamé Coulón  
 Ivan Avendaño Bertoglio  
 Eduardo Kyling Schmidt  
 Cristian Garcia-Huidobro Toro  
 Werner Conrads Saelzer  
 Patricio Rossel Meneses  
 Luis Cortés Solorza  
 Zacarias Dueñas Benadava  
 Maria Violeta Renteria Gallegos  
 Veronica Garcia-Huidobro Sagredo  
 Zuñiga Besoain Gonzalo  
 René Jeria Concha

General Manager  
 Commercial Manager  
 Finance Manager  
 Administrative Manager  
 Operational Manager  
 Maintenance Manager  
 Supply Manager  
 Passenger Services Manager  
 Commercial Planning Vice Manager  
 Commercial Vice Manager  
 Cabin Attendants Vice Manager  
 Sales Vice Manager  
 Airport Handling Vice Manager  
 Human Resources Vice Manager

CITIZENSHIP ADDRESSES

Chilean Republica de Honduras 11698 Las Condes  
 Chilean Alvaro Casanova 4401 Casa F Las Pircas  
 Chilean Las Raices 1171 - Peñalolen  
 Chilean Torres del Paine 2452 - Peñalolen  
 Chilean Parcelación Batuco  
 Chilean Las Dalias 2821 Depto 302  
 Chilean Ricardo Wagner 2298 - La Reina  
 Chilean Sebastian El Cano 1348 - Las Condes  
 Chilean Pasaje Sur 2509 Clandro 2 - Peñaflo  
 Chilean Colon 5487 Depto 142 - Las Condes  
 Chilean Camino a La Vertientes 1056 - Las Condes  
 Chilean Los Pumas 12477 - Las Condes  
 Chilean Manuel de Melo 1190 Villa España  
 Chilean Pasaje Llaverias 1438 - Vitacura

**AVANT AIRLINES C.A.**  
**PENDING ACTIONS AND OUTSTANDING JUDGEMENTS**

There are no pending actions or outstanding judgments against Avant or any of Avant's directors or key personnel.

**AVANT AIRLINES C.A.  
AIRCRAFT FLEET AND MAINTENANCE;  
ICAO DECLARATION**

Avant operates a fleet of eight Boeing 737-200 aircraft and one Boeing 727-200 aircraft in passenger configurations. Currently, Avant has no plans to acquire additional aircraft as a result of its code-share arrangement with Continental. Avant's aircraft maintenance program is performed in-house by Avant personnel. Avant's aircraft maintenance program complies with ICAO Pilots and Airmen Annexes 1, 6 (Part 1) and 7 and has been approved by the appropriate Chilean aviation authorities. Chile is a contracting state to the Convention on International Civil Aviation. The pages attached to this exhibit provides additional information on Avant's aircraft fleet and maintenance and Avant's schedule.

## AIRCRAFT FLEET OF AVANT AIRLINES S.A.

AIRCRAFT MODEL	B737-200	B737-200	B737-200 ADV	B737-200 ADV	B737-200 ADV	B737-200 ADV	B727-200	B737-200 ADV	B737-200 ADV
CHILEAN REGISTRY	CC-CSF	CC-CSL	CC-CSD	CC-CSH	CC-CSI	CC-CSP	CC-CSW	CC-CVC	CC-CVD
SERIAL NUMBER	19945	20223	20417	20632	20633	20808	21655	21596	21840
MANUFACTURE DATE	1969	1970	1970	1973	1973	1974	1979	1978	1979
ENGINE	JT8D-9A	JT8D-9A	JT8D-9A	JT8D-15	JT8D-15	JT8D-15	JT8D-17R	JT8D-15	JT8D-15
SPARE ENGINE	XXX	XXX	JT8D-9A	JT8D-15	XXX	XXX	XXX	XXX	XXX
LESSOR	FORTITUDE	EUROJET	GLENDALE	GLENDALE	GLENDALE	GLENDALE	GLENDALE	GLENDALE	GLENDALE
LEASE AGREEMENT	Dry	Financial Lease	Dry	Dry	Dry	Dry	Dry	Dry	Dry

## MAINTENANCE PROGRAM

The Maintenance Program is based on Boeing MPD and approved by Chilean Air Authorities

'A" Check Interval (Hrs)	125	125	125	125	125	125	125	125	125
'B" Check Interval (Hrs)	750	750	750	750	750	750	750	750	750
'C" Check Interval (Hrs)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
'D" Check Interval (Hrs)	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000

  
 Mario Castro Torrealba

### Vuelos hacia el Norte

DIA	123456	7	Diario	12347	5	6	123456	123457	123456	12347	5	57	
VUELO	OT496	OT490	OT494	OT492	OT492	OT492	OT470	OT472	OT460	OT466	OT466	OT503	
AVION	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	
<b>SANTIAGO</b> C.A.Merino B.	s	7:40	7:40	13:50	20:15	20:40	19:00	7:40	15:00	9:25	17:45	18:15	21:25
<b>MENDOZA</b> El Plumerillo	II												23:10
<b>LA SERENA</b> La Florida	II s								10:20	18:45	19:15		
<b>COPIAPO</b> Chamonte	II							16:20	16:40				
<b>ANTOFAGASTA</b> Cerro Moreno	II s		9:30 9:55	15:45 16:05	22:10 22:30	22:35 22:55	20:55 21:15	9:25 9:55	17:25 17:50				
<b>CALAMA</b> El Loa	II						10:30	18:25					
<b>IQUIQUE</b> Gen.Diego Aracena	II s	9:55 10:25	10:40 11:00	16:50 17:10	23:15 23:35	23:40 23:59	22:00 22:20						
<b>ARICA</b> Chacalluta	II	11:05	11:40	17:50	0:15	0:40	23:00						

### Vuelos hacia el Sur

DIA	123456	7	Diario	12345	67	12345	6	123457	123456	12347	5	57	
VUELO	OT491	OT491	OT495	OT493	OT493	OT471	01471	OT473	OT461	OT467	OT467	OT502	
AVION	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	
<b>ARICA</b> Chacalluta	s	12:20	12:20	18:30	7:30	8:00							
<b>IQUIQUE</b> Gen.Diego Aracena	II s	12:55 13:15	12:55 13:15	19:05 19:25	8:05 8:25	8:35 8:55							
<b>CALAMA</b> El Loa	s						11:00	11:00	19:00				
<b>ANTOFAGASTA</b> Cerro Moreno	II s	13:55 14:15	13:55 14:15	20:10 20:30	9:05 9:25	9:35 9:55	11:35 12:00	11:35 11:55	19:35 19:55				
<b>COPIAPO</b> Chamonte	s		14:55 15:15				12:40 13:00						
<b>LA SERENA</b> La Florida	II s								10:50	19:05	19:35		
<b>MENDOZA</b> El Plumerillo	s											23:40	
<b>SANTIAGO</b> C.A.Merino B.	II	16:05	16:30	22:20	11:15	11:45	14:15	13:45	21:45	11:40	19:55	20:25	23:25

# AVANT Airlines

Sub-Gerencia de Planificacibn Comercial

Depto. Itinerarios y Estadlsticas

## ITINERARIO RUTA SUR

( Horas Locales )

Vigencia: **10-Mayo al 30-Junio-1999**

Fecha Edición: **04-Mayo-1999**

Actualización N° :

### Vuelos hacia el Sur

DIA	12345	1234	5	12347	5	57	12345	6	12347	5	12345	7	123457	6	123457	6	6	6		
<b>VUELO</b>	OT441	OT445	OT445	OT447	OT447	OT437	OT433	OT423	OT435	OT435	OT425	OT427	OT419	OT419	OT411		OT413		OT417	
<b>AVION</b>	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	
<b>SANTIAGO</b> C.A.Merino B.	II	7:50	18:45	20:10	20:30	21:00	18:00	9:30	9:30	16:00	15:30	16:40	17:20	12:30	7:45	7:40		7:40		17:30
<b>CONCEPCION</b> Carriel Sur	II s	8:45	19:45	21:10	21:30	22:00				17:00	16:30							8:40		9:00
<b>TEMUCO</b> Maquehue	II s						19:15	10:40	10:45		11:05			17:55		18:15				18:45
<b>VALDIVIA</b> Pichoy	II								11:30	18:05	17:35									19:10
<b>PUERTO MONTT</b> El Tepual	II s											19:00	19:00	14:10	9:25	9:20		10:00		19:55
<b>BALMACEDA</b> Balmaceda	II													14:40	9:55	9:40		10:20		20:15
<b>BALMACEDA</b> Balmaceda	II													15:40	10:55					
<b>PUNTA ARENAS</b> Pdte.C Ibañez del C.	II															11:50		12:30		22:25

DIA	12345	1234	5	123456	57	12345	6	12347	5	12345	7	123457	6	12345	6	7	7			
<b>VUELO</b>	OT440	OT444	OT444	OT446		OT436	OT432	OT422	OT434	OT434	OT424	OT424	OT418	OT418	OT410		OT414	OT416	OT414	
<b>AVION</b>	OT737	B-737	B-737	B-737		B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737	B-737		B-737	B-737	B-737	
<b>PUNTA ARENAS</b> Pdte.C Ibañez del C.	II s														12:30		13:15	12:30	10:15	
<b>BALMACEDA</b> Balmaceda	II s												16:30	11:30						
<b>PUERTO MONTT</b> El Tepual	II s										19:25	19:25	17:30	12:30	14:40		15:25	14:40	12:25	
<b>VALDIVIA</b> Pichoy	II s							11:50	18:30	18:00										
<b>TEMUCO</b> Maquehue	II s						19:35	13:00	12:35			20:10	20:10	20:30	20:30				15:45	
<b>CONCEPCION</b> Carriel Sur	II s	9:10	20:05	21:30	7:50		13:40		19:15	18:45							16:45		13:45	
<b>CONCEPCION</b> Carriel Sur	II s						14:00		19:35	19:05							17:05		14:05	
<b>SANTIAGO</b> C.A.Merino B.	II	10:05	21:00	22:25	8:45		20:45	14:55	13:45	20:30	20:00	21:40	21:40	19:35	14:35	16:35		18:00	17:15	15:00

**AVANT AIRLINES C.A.  
PENDING INVESTIGATIONS,  
ENFORCEMENT ACTIONS  
AND FORMAL COMPLAINTS**

No investigations, enforcement actions or formal complaints are pending against Avant or any of Avant's directors or key personnel by the U.S. Department of Transportation or the Federal Aviation Administration.



**AVANT AIRLINES C.A.  
UNFAIR, DECEPTIVE OR ANTICOMPETITIVE BUSINESS  
PRACTICES; FRAUD, FELONY OR ANTITRUST VIOLATIONS**

There has been no charge against Avant or any of its directors or key personnel during the past ten years for unfair or deceptive or anticompetitive business practices, fraud or felony or antitrust violations.

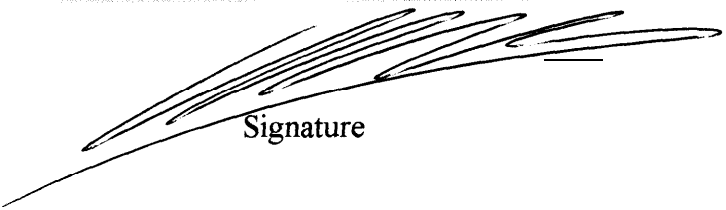
**AVANT AIRLINES C.A.  
AIRCRAFT ACCIDENTS AND INCIDENTS**

The following page provides information on Avant's safety history since the beginning of its operations.

LEGAL STATEMENT

RICARDO MARDONES SCLAVOS, General Manager of Avant Airlines, hereby certifies that Avant Airlines has suffered no aviation accidents, no incidents, no tariff violations and no operational safety penalties, since the inception of the our Company's operation.

Date: May 6, 1999

  
Signature

**AVANT AIRLINES C.A.  
FINANCIAL INFORMATION**

The following pages provide Avant's most recent balance sheet, income statement and financial forecast. On May 3, 1999, Avant's owners recapitalized the company in the total amount of \$26,000,000 to reduce the company's debts and improve its capital position. This recapitalization is not reflected in the following pages.

**LINEAS AEREAS CHILENAS S.A.**

Balance Sheet  
December 31, 1998 and 1997  
( US\$ In thousands)

	1998	1997
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	447	238
Receivables	8,465	3,622
Expendable parts	1,231	443
Prepaid expenses and other current assets	2,322	1,445
Total current assets	<u>12,466</u>	<u>5,746</u>
<b>Property, Plant and equipment</b>		
Equipment and vehicles	16,006	1,668
Other fixed assets	318	209
	<u>16,324</u>	1,877
Less: Accumulated depreciation	(4,157)	(88)
Net property, plant and equipment	<u>12,166</u>	<u>1,789</u>
<b>Other Assets</b>		
Cost in excess of underlying net assets of acquired company	19,581	
Developmental and preoperating costs and other assets	2,036	1,952
	<u>21,617</u>	<u>1,952</u>
<b>Total Assets</b>	<u>44,249</u>	<u>9,487</u>

**LINEAS AEREAS CHILENAS S.A.**

Balance Sheet

December 31, 1998 and 1997  
( US\$ In thousands)

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	1998	1997
<b>Current Liabilities</b>		
Bank debt	9,550	505
Accounts payable	8,462	2,197
Current portion of capital leases	1,428	
Accrued payables	10,054	936
Withholdings payable	1,459	473
Deferred revenues	2,847	1,080
<b>Total current liabilities</b>	<u>33,800</u>	<u>5,141</u>
Long-term Liabilities		
Bank Debt	1,177	1,625
Stockholders' loans	41,893	8,200
Capital leases	722	
Major maintenance	6,745	
<b>Total long-term liabilities</b>	<u>50,538</u>	<u>9,825</u>
<b>Shareholders' Equity</b>		
Common stock	18,253	1,998
Accumulated loss	(16,078)	
Net loss for the year	(40,264)	(7,526)
<b>Total shareholders' equity</b>	<u>(38,089)</u>	<u>(5,528)</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>46,249</u>	<u>9,487</u>

Income Statement  
For the years ended December 31, 1998 and 1997  
(US\$ In thousands)

	<b>1998</b>	<b>1997</b>
<b>Operating Results</b>		
<b>Operating revenues</b>		
Passenger	59,023	14,661
Cargo	<b>1,763</b>	97
Other	<b>969</b>	130
Total operating revenues	61-755	14.888
<b>Operating expenses</b>		
Flying operations	<b>33,405</b>	12,447
<b>Maintenance</b>	<b>13,483</b>	3,437
Passenger service	<b>7,710</b>	2,197
Promotion and sales	7,990	1,962
General and administrative	<b>27,765</b>	1,838
Depreciation and amortization	<b>738</b>	88
Total operating expenses	<b>91,091</b>	21,969
Operating loss	<b>(29,337)</b>	<b>(7,081)</b>
 <b>Non-operating (expense) and income</b>		
Interest expense	(3,692)	(242)
Price-level restatement	(1,991)	(304)
Other expenses and exchange difference	(7,675)	(13)
Interest income	301	54
Other income	2,129	60
Total non-operating expense, net	<b>(10,927)</b>	<b>(445)</b>
 <b>Net Loss</b>	<b>(40,264)</b>	<b>(7,526)</b>

Financial Forecast  
For the first full year of normal operation  
( US\$ In thousands)

**Operating Results**

**Operating revenues:**

Passenger	66,105
cargo	960
Other	60
Total operating revenues	<u>67,125</u>

**Operating expenses:**

Flying operations	25,724
Maintenance	9,794
Passenger service	4,239
Promotion and sales	1,584
General and administrative	19,952
Depreciation and amortization	624
Total operating expenses	<u>61,917</u>

**Net Income**

5,208

Statistical data

Number of passenger	899,800
RPK (000)	879,105
ASK (000)	1,502,743
Load factor	58.50%
Number of aircrafts	9
Yield	0.075

Percentage of code sharing	4%
----------------------------	----



**AVANT AIRLINES C.A.  
INSURANCE REQUIREMENTS**

The following pages provide information on Avant's insurance coverage, which meets or exceeds the liability limits of Part 205 of the Department's Regulations.



## CERTIFICATE OF INSURANCE REAS N° 0032/98

Santiago, August 6th 1998.

TO WHOM IT MAY CONCERN

THIS IS TO CERTIFY that '**Compañía de Seguros Gene&s Cruz del Sur S.A.**' have effected an aviation hull insurance in the name of **LÍNEAS AÉREAS CHILENAS, S.A.** and/or their associated and/or subsidiary and/or **affiliated** companies for their respective rights and interests, covering their operations in connection with their entire fleet of aircrafts as per Schedule below, including all new and acquired aircraft from the moment they become the insurance responsibility of the Insured and previously approved by the Reinsurer, whilst operating **Worldwide**, against the following risks and up to the limits stated hereunder:

The Insured's legal liability for property damage and bodily injury to persons including to persons passengers, passenger baggage (including declared values) personal effects, cargo (including declared values) mail, non-ownership liability and liability of the crew plus premises including vehicle liability on airports, hangarkeepers, products including completed operations and ramp handling liability including aviation general third party liability for bodily injury including death and personal injury and for loss of or damage to property of others caused by an occurrence arising out of their operations.

**War** and Allied Risks are also covered in accordance with the extended Coverage Endorsement (AVN.52C) as contained in the insurance policy.

Combined Single Limit Bodily Injury/Personal Injury/Property Damage US\$300.000.000.- each occurrence/each aircraft/unlimited in all but in the aggregate for products liability.

### SCHEDULE OF AIRCRAFTS

<u>Make/Type</u>	<u>Registration</u>
Boeing 737-204 ADV.	CC-CSH
Boeing 737-204 ADV.	CC-CSI
Boeing 737-204	CC-CSD
Boeing 737-248	CC-CSL
Boeing 737-222	CC-CSF
Boeing 727-2M7 ADV.	CC-CSW
Boeing 737-204 ADV.	CC-CSP
Boeing 737-200	CC-CVA
Boeing 737-200	CC-CVB
Boeing 737-200	CC-CVC
Boeing 737-200	CC-CVD

/..



- 2 -

Subject to terms, conditions, limitations, exclusions and cancellation provisions of the relative annual insurance policy, being issued, and reinsurance coverage N° AF9800421, from 6th August 1998 to 12.01 a.m. 6th August 1999, local standard time.

The coverage provided shall not contravene any applicable United Nations sanctions.

**COMPANÍA DE SEGUROS GENERALES CRUZ DEL SUR S.A.**

COMPANÍA DE SEGUROS  
GENERALES CRUZ DEL SUR

**Paulo Pérez Ilabaca**  
Assistant Technical Manager  
R.U.T. N° 9.779.830-3

/mvtf  
c:cert0032

**AVANT AIRLINES C.A.  
OPERATING AUTHORITY**

The following page is a certified copy of Avant's operating authority from the Republic of Chile.



REPUBLICA DE CHILE  
DIRECCION GENERAL DE AERONAUTICA CIVIL  
DIRECCION DE NAVEGACION AEREA  
SUBDIRECCION DE OPERACIONES

## CERTIFICATE

The undersigning Director de Navegación Aérea de la Dirección General de Aeronautica Civil de Chile (DGAC), certifies that **LINEAS AEREAS CHILENAS S.A. "AVANT AIRLINES"**, is an air carrier that meets the appropriate operational and legal requirements to operate with aircrafts B-737/200 and B-727/200 as a Chilean Transport Air Carrier conducting scheduled and non-scheduled domestic and international passenger, cargo and mail transportation flights pursuant to **Autorización Técnica Operativa (ATO) N° 1023** having an expiry date as of 30 April, 2001.

Also, according to a request made by this Aviation Authority, the International Civil Aviation Organization (ICAO), has assigned said carrier designator OT for telecommunications purposes.

This certificate is issued on request of Líneas Aéreas Chilenas S.A. "Avant Airlines" to be submitte to the Federal Aviation Administration of the United States of America.

SANTIAGO, May 1999.



**AVANT AIRLINES C.A.  
MONTREAL AGREEMENT**

The following pages are a signed original of OST Form 4523 and three copies.



U.S. Department of  
Transportation  
Office of the Secretary  
of Transportation

**AGREEMENT**

The undersigned carriers (hereinafter referred to as "the Carriers") hereby agree as follows:

1. Each of the Carriers shall, effective May 16, 1966, include the following in its conditions of carriage, including tariffs embodying conditions of carriage used by it with my government:

"The Carrier shall avail itself of the limitation of liability provided in the Convention for the Unification of Certain Rules Relating to International Carriage by Air signed at Warsaw October 12th, 1929, or provided in the said Convention as amended by the Protocol signed at The Hague September 28th, 1955. However, in accordance with Article 22(1) of said Convention, or said Convention as amended by said Protocol, the Carrier agrees that, as to all international transportation by the Carrier as defined in the said Convention or said Convention as amended by said Protocol, which, according to the contract of Carriage, includes a point in the United States of America as a point of origin, point of destination, or agreed stopping place

- (1) The limit of liability for each passenger for death, wounding, or other bodily injury shall be the sum of US \$75,000 inclusive of legal fees and costs, except that, in case of a claim brought in a State where provision is made for separate award of legal fees and costs, the limit shall be the sum of US \$58,000 exclusive of legal fees and costs.
- (2) The Carrier shall not, with respect to any claim arising out of the death, wounding, or other bodily injury of a passenger, avail itself of any defense under Article 20(1) of said Convention or said Convention as amended by said Protocol.

Nothing herein shall be deemed to affect the rights and liabilities of the Carrier with regard to any claim brought by, on behalf of, or in respect of any person who has willfully caused damage which resulted in death, wounding, or other bodily injury of a passenger."

Each Carrier shall, at the time of delivery of the ticket, furnish to each passenger whose transportation is governed by the Convention, or the Convention as amended by the Hague Protocol, and by the special contract described in paragraph 1, the following notice, which shall be printed in type at least as large as 10 point modern type and in ink contrasting with the stock on (i) each ticket; (ii) a piece of paper either placed in the ticket envelope with the ticket or attached to the ticket; or (iii) on the ticket envelope:

**"ADVICE TO INTERNATIONAL PASSENGER ON LIMITATION OF LIABILITY**

Passengers on a journey involving an ultimate destination or a stop in a country other than the country of origin are advised that the provisions of a treaty known as the Warsaw Convention may be applicable to the entire journey, including any portion entirely within the country of origin or destination. For such passengers on a journey to, from, or with an agreed stopping place in the United States of America, the Convention and special contracts of carriage embodied in applicable tariffs provide that the liability of certain

( name of carrier ) and certain other carriers parties to such special contracts for death of or personal injury to passengers is limited in most cases to proven damages not to exceed US \$75,000 per passenger, and that this liability up to such limit shall not depend on negligence on the part of the carrier. For such passengers traveling by a carrier not a party to such special contracts or on a journey not to, from, or having an agreed stopping place in the United States of America, liability of the carrier for death or personal injury to passengers is limited in most cases to approximately US \$ 10,000 or US \$20,000.

The names of Carriers parties to such special contracts are available at all ticket offices of such carriers and may be examined on request.

Additional protection can usually be obtained by purchasing insurance from a private company. Such insurance is not affected by any limitation of the carrier's liability under the Warsaw Convention or such special contracts of carriage. For further information please consult your airline or insurance company representative."

3. [This Agreement was filed with the Civil Aeronautics Board of the United States. The Board approved it by Order E-23680, adopted May 13, 1966. The Agreement (Agreement 16900) became effective May 16, 1966. On January 1, 1985, this Agreement became the responsibility of the Department of Transportation (DOT) by operation of law.]

4. This Agreement may be signed in any number of counterparts, all of which shall constitute one Agreement. Any Carrier may become a party to this Agreement by signing a counterpart hereof and depositing it with DOT.

5. Any Carrier party hereto may withdraw from this Agreement by giving twelve (12) months' written notice of withdrawal to DOT and the other Carriers parties to the Agreement

RICARDO MARDONES SCLAVES

LINEAS AEREAS CHILENAS AVANT S.A.

• Either alternative may be used.

02 July 1999

**AVANT AIRLINES C.A.  
OFFICER'S VERIFICATION**

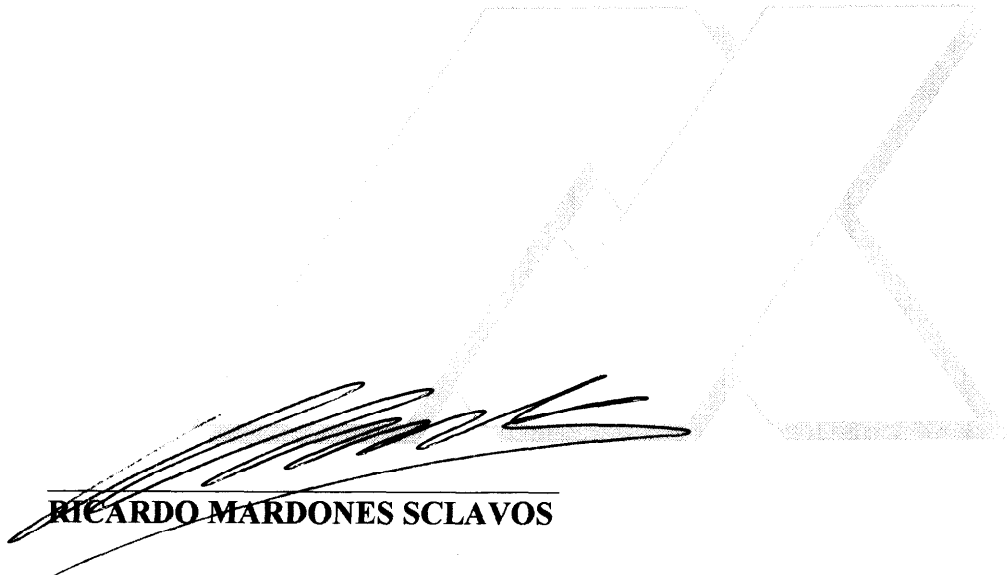
The following page contains the Department's required verification by an officer of Avant.



OFFICER'S CERTIFICATION

(CITY OF SANTIAGO. COUNTRY OF CHILE)

The contents of Avant's application and the attached exhibits are true and correct to the best of my knowledge and belief I, Ricardo Mardones Sclavos, in my individual capacity and as General Manager of Avant Airlines, certify that pursuant to Title 18 United States Code Section 1001, I have not in any manner knowingly and willfully falsified, concealed or covered up by trick, scheme or device any material fact, or made any false, fictitious or fraudulent statements or representations, or made or used any writing or document knowing same to contain any false, fictitious or fraudulent statement or entry in connection with the preparation, filing and prosecution of Avant's application and the attached exhibits.

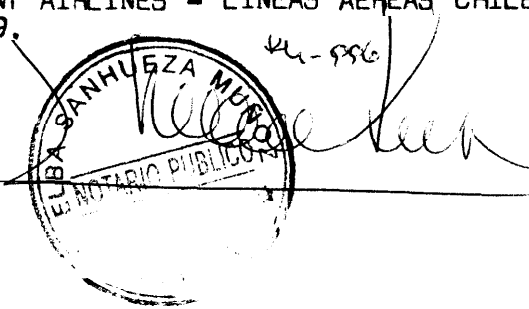


**RICARDO MARDONES SCLAVOS**

Subscribed and sworn to before me this \_\_\_\_\_ day of June, 1999.

AUTORIZO LA FIRMA DE DON RICARDO MARDONES SCLAVOS, CEDULA DE IDENTIDAD N° 5.897. 151-0 NACIONAL, AVANT AIRLINES - LINEAS AEREAS CHILENAS S.A. SAN TIAGO 16 DE JUNIO DE 1999.

Signature of Notary Public



JUAN SANHUEZA MUÑOZ  
SANTIAGO DE CHILE  
NOTARIO PUBLICO  
44-956

## ALLIANCE AGREEMENT

This Alliance Agreement (the "Alliance Agreement" and together with the Exhibits hereto, the "Agreement") is made this 16th day of December, 1998, by and between CONTINENTAL AIRLINES, INC. ("Continental"), a Delaware corporation, with its principal office at 1600 Smith, Houston, Texas, U.S.A. 77002, and AVANT AIRLINES (CHILE) S.A. ("Avant"), a company organized under the laws of the Republic of Chile, with its principal office at Av. Libertador Bdo. O'Higgins 107, Piso 7, Santiago, Chile.

### Recitals

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

Continental and Avant 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 Avant hereby agree as follows:

1. ~~Shared Code Segments~~ 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 Avant's "OT\*" designator code, and Avant operated Shared Code Segments will be marketed under not only Avant's "OT" designator code, but also under Continental's "CO\*" designator code. Exhibit 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. Neither carrier shall have an obligation to place or maintain its designator code on flights operated by the other carrier unless or until such time as the carrier whose designator code will be used elects, at its discretion, to do so. 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. The carriers shall meet together at least once every six months that this Agreement is in effect to discuss the appropriateness of expanding or contracting the list of city pairs on Exhibit A.

2. Schedules. For flights operating as Shared Code Segments, each carrier will, subject to Section 11 of the **General** Terms and Conditions, operate the schedule published by it on the date hereof and either carrier may change its schedule for Shared Code Segments operated by it at its own discretion; provided that, if a proposed change in the schedule will have an

adverse effect on the other carrier's connecting opportunities, the operating carrier will provide the other carrier with **60** days' notice (or notice as far in advance as practical, if 60 days is not practical) of the schedule change.

3. Pricing and Inventory Management of Shared Code Segments.

(a) Pricing. Each carrier will 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 OT or **OT\*** in the case of Avant). Joint fares will be established by mutual agreement where permissible.

(b) Inventory Management. Except to the extent necessary to prevent unauthorized over booking, each carrier will make available for sale by the other carrier on a non-discriminatory basis all of the available seats in each inventory class on flights operated by it as a Shared Code Segment; provided that the carrier operating such flight will determine, independently and at its sole discretion, the number of seats that will be made available by it for a particular fare category on such **flight**. The carriers will establish a mutually agreeable method of mapping inventory codes.

4. Revenue Allocation. The revenue from flight itineraries made up of **transportation** via (i) 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 "Through Flights") or (ii) a flight operating as a local Shared Code Segment will be allocated between the carriers in accordance **with** a "Revenue Settlement Agreement" to be agreed upon by both carriers. It is understood that tickets for Through Flights will be issued such that a separate coupon will be utilized for each flight segment. Each carrier shall accept mutually agreed to discount coupons or documents of the other carrier in accordance with procedures to be mutually agreed upon. Revenue shall be settled through the standard interline process. Each carrier consents to the use by the other of sampling techniques in accordance with the International Air Transport Association ("**IATA**") Revenue Accounting Manual, Chapter **B1**, to determine the settlement amounts.

5. Term of this Agreement shall commence on the date that this Agreement is executed by both carriers and shall, unless earlier terminated as provided in Section 20 of the General Terms **and** Conditions, continue until the date immediately preceding the **fifth** anniversary of the date on which the Shared Code Segments commence operations, and shall continue thereafter unless either carrier gives the other carrier 180 days' written notice of termination; provided, however, that such notice may not be given until on or **after** the date that is 180 days prior to the **fifth** anniversary of the date on which the Shared Code Segments commence operations.

6. Marketing Programs. To the extent permitted by law, the parties will work to develop and implement mutually agreeable joint marketing programs to help promote the **code-share** relationship and increase revenues from the same that shall take into account the following elements:

- (a) overall product compatibility;
- (b) ground and in-flight consistency that promotes both **carriers**;
- (c) communication planning for travel agencies and corporate travel departments;
- (d) performance measurements and reporting;
- (e) leisure product development;
- (f) communication plans; and
- (g) hub development.

Details of joint program development, charges for inclusion therein and the individual components thereof will be negotiated and mutually agreed between the carriers. The **carriers** will conduct semiannual joint marketing meetings to **discuss** implementing or **adding** possible marketing programs and strategies. Continental agrees to make available to Avant (including **its** affiliated company, Tur-Bus) a co-branded **OnePass** Frequent Flyer Program that Avant **can** adopt as its primary program on terms to be mutually agreed upon. The Carriers will discuss ways to maximize the competitiveness of **OnePass** earnings and reward travel **to/from/within** Chile.

7. Other Agreements. In furtherance of the alliance relationship, the carriers will enter into mutually acceptable agreements concerning the following subject matters:

- A. Employee Interline
- B. Cargo Prorates
- C. Ground Handling
- D. Frequent Flyer Program Participation
- E. Airport Clubroom Usage.

8. Cabin Services. Each carrier will retain its own identity and determine its own service levels. Each carrier will adopt a smoking policy for flights operated by it that it believes is appropriate for its services, it being understood that Continental intends to continue to ban smoking on flights operated by it.

9. Alliance Development. The carriers will explore areas of cooperation that **will** produce revenue and cost synergies for the carriers and to the extent reasonable will implement such cooperation. Neither carrier guarantees that any such cooperation is possible nor that any such synergies will be obtained. In order to facilitate the development of their commercial agreement to the maximum extent possible, the carriers agree:

(a) Without the consent of Avant, Continental shall not enter into any **significant** commercial agreement (other than industry-standard pricing and interline agreements) with any airline with respect to routes that Continental codeshares with Avant unless such airline, to the extent permitted by law, is willing and able to enter into commercial agreements with Avant relating to the same activities and on comparable terms as Continental and such airline are engaging.

(b) Without the consent of Continental, Avant shall not enter into any significant commercial agreement (other than industry-standard pricing and interline agreements) with any airline with respect to code-share service between the United States and the Republic of Chile.

(c) Continental shall use its reasonable best efforts (which shall not include the payment of any cash inducement) to cause Avant, at Avant's election, to be included as a commercial partner with each commercial partner of Continental. Without the consent of Continental, Avant shall not enter into any **significant** commercial agreement (other than industry-standard pricing and interline agreements) involving service to and **from** any geographical area primarily **served** by a commercial partner of Continental with any airline that is not also a commercial partner of Continental, unless the commercial partner primarily **servicing** such geographical area is unwilling or unable to enter into a commercial agreement with Avant with respect to the geographical area that is comparable to that which is in effect between Continental and such commercial partner.

(d) Continental will, upon the request of Avant, attempt to enter into a commercial agreement on terms comparable to the ones offered to Avant with any airline proposed by Avant, so long as (i) the routes of such airline do not overlap with Continental's own routes; (ii) the routes of such airline do not overlap with the routes of any other partner of Continental's or (iii) such airline is not already a code-share participant with United Airlines, American Airlines, Delta Air Lines, British Airways or Lufthansa.

10. Terms and Conditions. The "**General** Terms and Conditions" set forth in Exhibit B hereto are incorporated by reference herein and made a part hereof

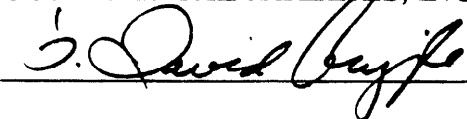
II. Management. Dispute Resolution and Arbitration. This Agreement and the code-share relationship created hereby will be governed and managed by a steering committee composed of senior officers of each carrier. Said steering committee will be responsible for identifying profit maximizing activities to be undertaken by the carriers in furtherance of the **code-share** relationship. In addition, the steering committee will attempt to resolve all disputes that occur between the carriers hereunder. Disputes that cannot be resolved by the steering committee will 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 will be **finally** settled by arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce by a panel of three arbitrators appointed in accordance with said rules. The **final** decision of the arbitrator will

be binding on both carriers. The seat of the arbitration shall be Miami, Florida. The language of the arbitration shall be ~~English~~. This Agreement shall be governed by **and** construed in accordance with the laws of the State of New York without reference to principles of choice or conflicts of law.

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

**CONTINENTAL AIRLINES, INC.**

By:

  
\_\_\_\_\_

Name:

\_\_\_\_\_

Title:

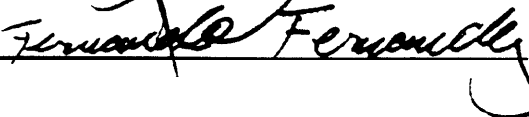
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**AVANT AIRLINES (CHILE) S.A.**

By:

  
\_\_\_\_\_

Name:

  
\_\_\_\_\_

Title:

\_\_\_\_\_

**Exhibit A  
To  
Alliance Agreement  
Between  
Continental and Avant**

**Shared Code Segments**

Shared Code Segments will, subject the obtainment of regulatory authority, be operated on the following routes:

**CO\* Flights**

All flights operated by Avant (i) between cities within the Republic of Chile and (ii) between the Republic of Chile and cities located beyond the Republic of Chile that reasonably connect to flights operated by Continental will operate as CO\* Flights. Continental will be permitted to place its designator code on flights operated by Avant **to/from** the following destinations as soon as regulatory authority is obtained:

ANF Antofagasta  
ARI Arica  
BBA Balmaceda  
CJC **Calama**  
CCP **Concepcion**  
CPO Copiapo  
IQQ Iquique  
LSC La Serena  
PMC Puerto Montt  
PUQ **Punta Arenas**  
ZCO Temuco  
ZAL **Valdivia**

MDZ Mendoza, Argentina

**OT\* Flights**

Flights **operated** by Continental between the United States and cities located in the Republic of Chile and, to the extent mutually agreed, (i) between cities within the United States and (ii) between the United States and cities located beyond the United States will operate as **OT\*** Flights. Avant will be permitted to **place** its designator code on flights operated by Continental between SCL and EWR as soon as regulatory authority is obtained.

**Exhibit B**  
**To**  
**Alliance Agreement**  
**Between**  
**Continental and Avant**

**General Terms and Conditions**

1. **Code-Sharing Licenses.**

(a) **CO\* License.**

(i) **Grant of License.** Subject to the terms and conditions of this Agreement, Continental hereby grants to Avant a nonexclusive, nontransferable, revocable license to use the CO\* designator code on all of its flights operated as a Shared Code Segment. (Avant flights flown using the CO\* code are herein referred to as “CO\* Flights”).

(ii) **Control of CO\* Flights.** Avant 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 Avant’s operations including, without limitation, scheduling (except as provided in Section 2 of the Alliance Agreement and Section 11 of the General Terms and Conditions), pricing (except as provided in Section 3 of the Alliance Agreement), planning of flight itineraries and routings, reservations, reservations control/yield management, dispatch, fueling, weight and balance, flight release, maintenance, and flight operations and compliance with applicable rules and regulations.

(b) **OT\* License.**

(i) **Grant of License.** Subject to the terms and conditions of this Agreement, Avant hereby grants to Continental a nonexclusive, nontransferable, revocable license to use the OT\* designator code on all of its flights operated as a Shared Code Segment. (Continental flights flown using the OT\* code are herein referred to as “OT\* Flights”).

(ii) **Control of OT\* Flights.** Continental shall have sole responsibility for and control **over**, and Avant 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 Section 2 of the Alliance Agreement and Section 11 of the General Terms and Conditions), pricing (except as provided in Section 3 of the Alliance Agreement), planning of flight itineraries and routings, reservations, reservations control/yield management, dispatch., fueling, weight and balance, flight release, maintenance, and flight operations and compliance with applicable rules and regulations.



2. Confidential Information. Neither Avant 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 2 of the Alliance Agreement and Section I 1 of the General Terms and Conditions), pricing (except as provided in Section 3 of the Alliance Agreement), inventory control or flight profitability. Neither Avant 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 party without prior written consent **from** the other carrier or use Confidential Information except as contemplated by this Agreement. This Section 2 shall survive two years **after** the termination or expiration of this' Agreement.

3. Quality of Service. Each carrier shall perform its service with respect to its **flights** operated under the designator code of the other carrier in a timely, expert and quality manner. 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 will employ prudent safety and loss prevention policies in accordance with **applicable** laws, rules and regulations.

4. Audit.

(a) Continental Audit. Continental shall have the right, at its own cost, to inspect, review, and observe Avant's operations of CO\* Flights, and/or to conduct a full safety and/or service audit of Avant'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 Avant's operations. Continental shall coordinate its safety and service audits with Avant so as to avoid disruptions of Avant'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. This paragraph shall not entitle Continental to access Avant's records, documents or systems relating to its pricing, inventory control or flight profitability.

(b) Avant Audit. Avant shall have the right, at its own cost, to inspect, review, and observe **Continental's** operations of **OT\*** Flights, and/or to conduct a full safety and/or service audit of Continental's operations, manuals and procedures reasonably related to **OT\*** Flights, at such intervals as Avant shall reasonably request. In the exercise of such right, Avant does not undertake any responsibility for the performance of Continental's operations. Avant 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. This paragraph shall not entitle Avant to access Continental's records, documents or systems relating to its pricing, inventory control or flight profitability.

5. Public Relations. 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. Avant will designate (and notify **Continental** of such designation) a contact in each of the cities that Avant 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 Avant in relation to its irregular operations and Continental will designate (and **notify** Avant of such designation) a contact in each of the cities that Continental operates **OT\*** 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.

6. Irregularities in Operations. Avant 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. Continental shall promptly notify Avant of all irregularities involving a **OT\*** Flight which result in any damage to persons or property as soon as such information is available and shall furnish to Avant as much detail as practicable. For purposes of this Section, notification shall be made as follows:

To Continental: Continental Airlines System Operations Control Center (SOCC), 1600 Smith, Houston, Texas 77002, Attention: Operations Director, phone no. (713) **324-7209**, fax no. (713) **324-2138**, **SITA** FCFDDCO.

To Avant: Avant Airlines Operations Control Center Av. Libertador Bdo., **O'Higgins 107**, **Santiago**, Chile, phone no. 562-290-S 140 , fax no. 562-290-S 144, **SITA** SCLRKOT.

7. Reporting Obligation.

(a) Changes of Service. Each carrier shall give the other carrier 60 days advance notice (or notice as far in advance as practicable 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 Government Authorities.

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

(ii) Continental shall immediately provide Avant copies of any formal notice of proposed civil penalty received from any government authority which, with respect to OT\* **Flights**, references (i) any alleged noncompliance with rules or regulations **affecting** air transportation, or (ii) any investigation of Continental performed or proposed by any government authority, 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. Avant 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 Avant from Continental ticketed passengers, any government authority or other parties. Continental shall monthly **furnish** Avant a summary of complaints, notices of violation, request to cease activity or similar correspondence which reasonably relate to OT\* Flights and which are received by Continental **from** Avant ticketed passengers, any government authority 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, Continental and Avant shall provide each other with mutually agreed to monthly reports containing, without limitation, the following data for Shared Code Segments operated by it:

(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.

8. Flight Display.

(a) All Shared Code Segments will be included in the schedule, availability and fare displays of all computerized reservations systems in which Continental and Avant participate, the Official Airline Guide (to the extent agreed upon) and Continental's and Avant's internal reservation systems, under the shared code as well as the operator's own code, to the extent possible. Continental and Avant will 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 Avant will 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 will 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 will **identify** the operator of flights shown as Shared Code Segments;

(iii) Continental and Avant advertising concerning Shared Code Segments and Continental and Avant **reservationists** will disclose the operator of each flight; and

(iv) in any other manner prescribed by law.

9. Terms and Conditions of Carriage and Claims Procedures.

(a) In all cases the contract of carriage between a passenger and a carrier will 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 will 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 will use existing **IATA** procedures when handling and settling claims made **by customers** in connection with Shared Code Segments.

10. Irregularity Handling.

(a) In the event of **flight** delays, cancellations or other schedule irregularities that affect Shared Code Segments, the operating carrier will inform the carrier whose designator is also used, in accordance with Section 6 of the General Terms and Conditions, of all pertinent information concerning an irregularity for customer information purposes.

(b) The parties agree that they will 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 will 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. Each carrier agrees and is permitted to accept, with respect to bookings made within 24 hours of scheduled departure, the other carrier's tickets without endorsement in order to accommodate passengers affected by irregular operations of the other carrier. The carriers will 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 will 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 will be followed. The carriers will meet prior to commencement of the Shared Code Segments to develop a mishap response plan with respect to flights operated as Shared Code Segments.

11. Airport Operational Assistance. Each carrier intends to develop a seamless transfer for passengers connecting **from** a Continental to an Avant flight segment (or vice versa). In connection therewith, Continental and Avant will 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 an Avant flight segment (or vice versa). Each carrier will provide the other with the airport operational assistance that is required to assure schedule compatibility for Through Flights where applicable. The carriers will also develop and implement through check-in **functionality** for Through Flights.

12. Tariff Filing. Each carrier will 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 OT or **OT\*** in the case of Avant).

13. Transportation Taxes. Each carrier shall be responsible for collecting and paying any taxes or fees assessed by any governmental authority or airport on the transportation of passengers or property for transportation utilizing its travel documents.

14. Booking Fees. The carrier whose designator code/flight number is indicated in the reservation for travel over any segment of a Shared Code Segment will be responsible for any booking fee relating to such segment charged by the vendor of a computer reservation system used to create a booking on that flight.

15. Reservations and Inventory Management. 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 operating carrier shall maintain its reservations and inventory management systems in good order so that the marketing carrier (whether pursuant to the sale of block seats or free-sale inventory) will be able to offer the same functionality to its customer as is enjoyed by the customers of the operating carrier, including the ability to make advance seat assignments 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. This Section 15 shall not require either carrier to expend more than \_\_\_\_\_ USD in total in altering its systems in order to fulfill the obligations of this Section.

16. Flight Coupon Handling.

**REDACTED**

(a) Continental Authorization. Except as otherwise provided herein, Continental hereby authorizes Avant to handle Continental flight coupons specifying Continental through flight numbers under this Agreement to and from points in the Republic of Chile in the same way as if these coupons were specifying Avant flights between the Republic of Chile, on the one hand, and (i) other points served by Avant within or beyond the Republic of Chile and (ii) the United States, on the other. Continental shall confirm this authorization immediately to third parties if Avant so requires.

(b) Avant Authorization. Except as otherwise provided herein, Avant hereby authorizes Continental to handle Avant flight coupons specifying Avant through flight numbers 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 within or beyond the United States and (ii) the Republic of Chile, on the other. Avant shall confirm this authorization immediately to third parties if Continental so requires.

17. Compliance with Laws and Regulations. Continental and Avant each represent, warrant, and agree 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 the Republic of Chile. 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.

18. 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 Avant nor any officer, employee, representative, or agent of Continental or Avant 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 Avant shall be employees, agents, and independent contractors of Avant 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 Avant. In its performance under this Agreement, each carrier shall act as an independent contractor and not as an agent for the other. Continental shall have no supervisory power or control over any employees, agents or independent contractors employed by Avant, and Avant 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 any other party (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.

19. Indemnification and Insurance.

(a) Indemnification.

(i) Except as otherwise provided herein, each carrier will indemnify and hold harmless the other carrier and its directors, officers, employees, and agents **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 performance or failure of **performance** of the indemnifying carrier's obligations hereunder, including, but not limited to operation of the **aircraft** by the operating carrier. In addition, each carrier will indemnify and hold harmless the other carrier and its directors, officers, employees, and agents 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.

(ii) The indemnified carrier has no right under this Section 19(a) to seek indemnification 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;

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, as applicable, 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 \$ 500 million per aircraft; provided that if the number of U.S. origin passengers or capacity of the **aircraft** operated 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

<u>Insurance</u>	<u>Per Accident</u>
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(Company Employee)	Statutory
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C. Employers' Liability (\$1 ,000,000 combined single limit)

(ii) Subject to Section 19(b)(i) of the General Terms and **Conditions**, the operating carrier shall, as applicable, cause the policies of insurance described in such Section 19(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; and

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; and

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; and

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

E. to accept and insure the operating carrier's hold harmless and indemnity undertaking under Section 19(a) of the General Terms and Conditions, 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) Simultaneously with the commencement of this Agreement, and from time to time thereafter upon request by either party, the other party shall **furnish** to the requesting party evidence reasonably satisfactory to the requesting party 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 party fails to maintain in **full** force and effect any of the insurance and endorsements required hereby, the other party 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 party to the other party upon demand by the other party. The procurement of such insurance or any part thereof by the other party shall not discharge or excuse the first party's obligation to comply with the provisions of Sections 19(b)(i) and 19(b)(ii) of the General Terms and Conditions.

(c) ~~Survival of Rights and Obligations~~ obligations of Section 19(a) of the General Terms and Conditions shall survive the expiration or termination of this Agreement.

## 20. Term and Termination.

(a) **Term.** The term of this Agreement shall be as set forth in Section 5 of the Alliance Agreement, unless **earlier** terminated as provided in this Section 20.

(b) **Termination as a Result of Changes in Laws.** 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 Avant or both from operating the CO\* or OT\* Flights or carrying out the arrangements contemplated by this Agreement or attaches conditions or restrictions on the operation of CO\* or OT\* Flights that have a material adverse effect on a carrier's other services or operations not contemplated by this Agreement, then the carriers will consult, within 30 days after any of the occurrences described above. The purpose of such consultations will be to assess such change or changes and to seek mutual agreement as to what, if any, changes to this Agreement are necessary or appropriate, including but not limited to the early termination and cancellation of this Agreement. Any such changes to this Agreement shall be made in accordance with the procedure set forth in Section 24 of the General Terms and Conditions.

(c) Other Termination Rights. In addition to the termination provisions of paragraph (b) of this Section, this Agreement may be terminated, without liability, as follows:

(i) By either carrier on 60 days' prior written notice, if the other carrier has breached any material provision of this Agreement unless such other carrier cures such breach within such 60 day period. During such 60 day period both carriers will consult to ensure that each of the carriers understands the nature of the alleged breach and what steps are required to effect a cure that is commercially reasonable;

(ii) By either 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, either in whole or with respect to the CO\* or **OT\*** Flights, or **shall** cease operations as a scheduled airline;

(iii) By either carrier immediately on notice if the other carrier shall **be** cited by any government authority for any significant noncompliance with a material law, rule or regulation with respect to the marketing or operation of a CO\* or **OT\*** Flight;

(iv) By either 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** party does not succeed in having such petition lifted or stayed within sixty days from the date of entry; it being understood that the carrier at its option may cancel this Agreement immediately and exercise such other remedies as may be available at law **and/or** in equity;

(v) By either carrier on six months' prior written notice, if a **third party airline** other than Northwest Airlines, foreign or domestic, acquires majority ownership of or majority voting control over the other carrier;

(vi) By either carrier immediately on notice if the other carrier fails to maintain the insurance coverage that is required to be maintained pursuant to Section 19 of the General Terms and Conditions;

(vii) By Continental immediately on notice if

A. Avant shall fail to maintain any of its **aircraft** in an airworthy condition and conduct its flight operations in accordance with the standards, rules and regulations promulgated by any government authority;  
or

B. Unless agreed otherwise by the carriers, Avant shall have a system wide completion factor (completed flights, regardless of time of departure or arrival, divided by scheduled flights) of less than during any 30 day period (including in such calculations all flights canceled less than one week prior to the date of its scheduled operation and excluding flights not completed due to weather or ATC);

**REDACTED**

(viii) By Avant immediately on notice if

A. Continental shall fail to maintain any of its aircraft in an airworthy condition and conduct its flight operations in accordance with the standards, rules and regulations promulgated by any government authority; or

B. 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 during any 30 day period (including in such calculations all flights canceled less than one week prior to the date of its scheduled operation and excluding flights not completed due to weather or ATC); and

**REDACTED**

(ix) By either carrier on 120 days' notice if this Agreement is not approved by the appropriate regulatory authorities within one year of the date that this Agreement is executed by both carriers and there is no reasonable expectation that approval is imminent.

## 21. Trademarks.

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

22. Financial Settlement. Financial transactions resulting from this Agreement shall be settled through the IATA Clearing House unless otherwise agreed, as long as both carriers are members of the IATA Clearing House or the Airline Clearing House ("**ACH**"). Should one or both the carriers cease to be a member of the IATA Clearing House or **ACH**, settlement shall be determined by the accountants of the carriers in accordance with procedures to be mutually agreed.

23. ~~Each~~ carrier will be responsible for paying any and all taxes assessed on its income or revenue derived pursuant to this Agreement and will hold harmless and indemnify the other carrier **from** any and all claims based on such assessments.

24. Entire Agreement. Waivers and Amendmentg. 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.

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

27. **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.

28. **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

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

30. **Force Majeure**. Neither carrier shall be liable to the other carrier with respect of any failure to fulfill its obligations under this Agreement if such failure is due to reasons beyond its reasonable control, including but not limited to governmental interference, direction or restriction, war or civil commotion, strikes, lock-outs, labor disputes, public enemy, blockade, insurrections, riots, acts of nature, epidemics or quarantine restrictions.

31. **Equal Opportunity**. As to Continental, EEO clauses contained at 41 C.F.R. §§ [ 60- 1.4, 60-250.4 and 60-74 1.4 are hereby incorporated by reference. Each carrier shall comply with all equal opportunity laws and regulations that apply to or must be satisfied by that carrier as a result of this Agreement.

If to Continental: ..

Continental Airlines, Inc.  
1600 Smith  
Houston, Texas-USA 77002  
Attention: Senior Vice **President-**  
Corporate Development

Telephone No. : (7 1 3) 324-2966  
Telecopier No. : (7 13) **324-3099**

With copy to:

Continental Airlines, Inc.  
1600 Smith  
Houston, Texas-USA 77002  
Attention: Executive Vice President  
**and** General Counsel

Telephone No.: (713) 324-2948  
Telecopier No. : (7 13) 324-2687

If to Avant:

Avant Airlines  
Av. Libertador Bdo.  
O' Higgins 107  
**Piso 7**  
Santiago, Chile  
Attention: Executive Vice President

Telephone No.: 562-290-5140  
Telecopier No. : 5 62-290-5 144

With Copy to:

Avant Airlines  
Av. Libertador Bdo.  
**O'Higgins** 107  
**Piso 7**  
Santiago, Chile  
Attention: General Counsel

Telephone No.: 562-290-S 140  
Telecopier No. : 562-290-5 144

26. **Successors and Assigns.** Neither carrier may assign its rights or delegate its duties under this Agreement without the prior written consent of the other carrier, and any such purported assignment or delegation shall be void. This Agreement shall be binding on the **lawful** successors of each carrier.