As filed with the Securities and Exchange Commission on April 23, 2021

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-32696

COPA HOLDINGS, S.A.
(Exact name of Registrant as Specified in Its Charter)

Not Applicable
(Translation of Registrant's Name Into English)

Republic of Panama
(Jurisdiction of Incorporation or Organization)

Avenida Principal y Avenida de la Rotonda, Costa del Este
Complejo Business Park, Torre Norte
Parque Lefevre, Panama City
Panama
(Address of Principal Executive Offices)

Raul Pascual
Complejo Business Park, Torre Norte
Parque Lefevre, Panama City, Panama
+507 304 2774 (Telephone)
+507 304 2696 (Facsimile)
(Registrant's Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act

Title of Each Class:	Trading Symbol(s)	Name of Each Exchange On Which Registered
Class A Common Stock, without par value	**CPA**	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: At December 31, 2020, there were outstanding 42,359,390 shares of common stock, without par value, of which 31,421,265 were Class A shares and 10,938,125 were Class B shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer" and "emerging growth company" in Rule 12b-2 of Exchange Act.:

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-accelerated Filer ☐ Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

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Introduction

In this annual report on Form 20-F, unless the context otherwise requires, references to "Copa Airlines" are to Compañía Panameña de Aviación, S.A., the consolidated operating entity, "Copa Colombia" refers to AeroRepública, S.A., "Wingo" refers to the low-cost business model offered by AeroRepública and La Nueva Aerolínea, S.A., and references to "Copa", "Copa Holdings", "we", "us" or the "Company" are to Copa Holdings, S.A. and its consolidated subsidiaries. References to "Class A shares" refer to Class A shares of Copa Holdings, S.A.

This annual report contains terms relating to operating performance that are commonly used within the airline industry and are defined as follows:

- "Aircraft utilization" represents the average number of block hours operated per day per aircraft for the total aircraft fleet.
- "Available seat miles" or "ASMs" represents the aircraft seating capacity multiplied by the number of miles the seats are flown.
- "Average stage length" represents the average number of miles flown per flight segment.
- "Block hours" refers to the elapsed time between an aircraft leaving an airport gate and arriving at an airport gate.
- "Load factor" represents the percentage of aircraft seating capacity that is actually utilized (calculated by dividing revenue passenger miles by available seat miles).
- "Operating expense per available seat mile" represents operating expenses divided by available seat miles.
- "Operating revenue per available seat mile" represents operating revenues divided by available seat miles.
- "Passenger revenue per available seat mile" represents passenger revenues divided by available seat miles.
- "Revenue passenger miles" represents the number of miles flown by revenue passengers.
- "Revenue passenger kilometers" represents the number of kilometers flown by revenue passengers.
- "Revenue passengers" represents the total number of paying passengers (including all passengers redeeming frequent flyer miles and other travel awards) flown on all flight segments (with each connecting segment being considered a separate flight segment).
- "Yield" represents the average amount one passenger pays to fly one mile.

Market Data

This annual report contains certain statistical data regarding our airline routes, our competitive position, market share and the market size of the Latin American airline industry. This information has been derived from a variety of sources, including the International Air Transport Association, the U.S. Federal Aviation Administration, the International Monetary Fund and other third-party sources, governmental agencies or industry or general publications. Information for which no source is cited has been prepared by us on the basis of our knowledge of Latin American airline markets and other information available to us. The methodology and terminology used by different sources are not always consistent, and data from different sources are not readily comparable. In addition, sources other than us use methodologies that are not identical to ours and may produce results that differ from our own estimates. Although we have not independently verified the information concerning our competitive position, market share, market size, market growth or other similar data provided by third-party sources or by industry or general publications, we believe these sources and publications are generally accurate and reliable.

Presentation of Financial and Statistical Data

Included in this annual report are our audited consolidated statement of financial position as of December 31, 2020 and 2019, and the related audited consolidated statements of profit or loss, comprehensive income or loss, changes in equity and cash flows for the years ended December 31, 2020, 2019 and 2018. Our audited consolidated financial statements for the year ended December 31, 2018 have been restated to reflect the application of IFRS 16.

The details of the changes in accounting policies or presentation are disclosed in note 5 of our annual consolidated financial statements.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards or "IFRS", as issued by the International Accounting Standards Board, or "IASB".

Unless otherwise indicated, all references in the annual report to "$" or "dollars" refer to U.S. dollars.

Certain figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Special Note About Forward-Looking Statements

This annual report includes forward-looking statements, principally under the captions "Risk Factors", "Business Overview" and "Operating and Financial Review and Prospects". We have based these forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business. Many important factors, in addition to those discussed elsewhere in this annual report, could cause our actual results to differ substantially from those anticipated in our forward- looking statements, including, among other things:

- general economic, political and business conditions in Panama and Latin America and particularly in the geographic markets we serve;
- the recent events related to the coronavirus ("COVID-19") outbreak;
- our management's expectations and estimates concerning our future financial performance and financing plans and programs;
- our level of debt and other fixed obligations;
- demand for passenger and cargo air service in the markets in which we operate;
- competition;
- our capital expenditure plans;
- changes in the regulatory environment in which we operate;
- changes in labor costs, maintenance costs, fuel costs and insurance premiums;
- changes in market prices, customer demand and preferences and competitive conditions;
- cyclical and seasonal fluctuations in our operating results;
- defects or mechanical problems with our aircraft;
- our ability to successfully implement our growth strategy;
- our ability to obtain financing on commercially reasonable terms; and
- the risk factors discussed under "Risk Factors" beginning on page 4.

The words "believe", "may", "will", "aim", "estimate", "continue", "anticipate", "intend", "expect" and similar words are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update publicly or to revise any forward-looking statements after the date of this annual report because of new information, future events or other factors. In light of the risks and uncertainties described above, the forward- looking events and circumstances discussed in this annual report might not occur and are not guarantees of future performance.

Considering these limitations, you should not place undue reliance on forward-looking statements contained in this annual report.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

The selected financial data previously required by this Item 3.A has been omitted in reliance on SEC Release No. 33-10890, Management's Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Relating to the COVID-19 Outbreak

The COVID-19 outbreak has had and is expected to continue to have a material adverse impact on our business.

The spread of COVID-19 and the global pandemic are having significant adverse impacts on all aspects of our business. In response to the pandemic, many governments around the world have implemented a variety of aggressive measures to reduce the spread of the virus, including travel restrictions and bans. As a result, we and the broader air travel industry have suffered unprecedented reductions in demand, which has significantly affected our business, financial condition and operating results. Because substantially all of our flights are international, we may be more adversely affected than other air carriers. This adverse effect is likely to continue until the virus is contained and may continue thereafter, particularly if economic conditions, as well as government regulation of, and consumer attitudes toward, air travel change in a lasting way that reduces the effectiveness of our hub-and-spoke or low-cost business models.

As a result of the travel restrictions imposed by the governments of the countries in which we operate, including the Panamanian authorities' suspension of commercial operations to and from Panama, we suspended all commercial flights on March 22, 2020. On August 14, the Company restarted limited scheduled commercial operations, subject to Panama's health control restrictions on the number of flights and on entry for non-citizens and non-residents to Panama which were subsequently lifted on October 11. The Company has been gradually increasing capacity since then. We expect that the ramp up of our operational levels will continue to be gradual and driven by weaker underlying demand and dependent on the easing or lifting of travel restrictions and advisories and improvement of health conditions in markets we serve. This will require us to reduce flight frequencies and destinations, and consequently, to re-evaluate our number of aircraft, our network and workforce levels going forward. There is no guarantee that capacity will increase as anticipated or at all.

The COVID-19 pandemic has had, and may continue to have, a material adverse impact on the Company's operations. The extent of the future impact of COVID-19 on the Company's operational and financial performance will depend on future developments, including, but not limited to, the scope and severity of the pandemic related travel advisories and restrictions, the availability and effectiveness of vaccines, the effectiveness of available vaccines against variants of the virus, the duration and severity of the impact of COVID-19 on overall demand for air travel, and the deep economic recession expected, all of which are highly uncertain and cannot be predicted. If the Company's operations were to shut down or significantly reduced levels for an extended period, or if governments implement permanent travel restrictions, including enhanced COVID-19-related screening measures that may apply to our personnel and/or the traveling public, our results of operations would be materially adversely affected, and we may have to take additional actions to preserve our long- term sustainability.

In addition, an outbreak of another disease or similar public health threat, or fear of such an event, including a resurgence of COVID-19 and its variations, that affects travel demand, travel behavior or travel restrictions could have a material adverse impact on the Company's business, financial condition and operating results. Outbreaks of other diseases could also result in increased government restrictions and regulation, such as those actions described above or otherwise, which could adversely affect our operations.

We may not have sufficient liquidity for the duration of the COVID-19 pandemic and resulting effects therefrom.

As of December 31, 2020, we had approximately $890 million in cash, cash equivalents, and short-term investments. Our continued access to sources of liquidity depends on multiple factors, including global economic conditions, government regulation, the condition of global financial markets, the availability of sufficient amounts of financing, our operating performance and our credit ratings. There is no guarantee that these additional sources of financing will be available on commercially reasonable terms or at all, and there is no guarantee that we will be successful in implementing our other outlined strategic initiatives, in which case we may need to seek other sources of funding. In addition, the terms of future debt agreements could include restrictive covenants, which could restrict our business operations.

Our average monthly cash consumption rate for the months of April to December 2020 was $40 million. Our cash consumption is defined as cash disbursements less proceeds, excluding extraordinary financing activities and asset sales. We have reduced our monthly cash consumption rate by significantly reducing the number of flights, suspending capital expenditures (other than necessary aircraft maintenance capital expenditures and any aircraft that is delivered to us under existing contractual arrangements) and reducing fixed and variable expenses. Our ability to meet our liquidity needs is subject to numerous risks and uncertainties, including the levels of the cash refunds of customer deposits, our ability to reduce labor costs, the result of contract renegotiations with suppliers and whether we take delivery of aircraft pursuant to existing commitments as well as the terms on which we do so and the terms of any related financing available to us. Additionally, if air traffic levels do not rebound, or if we face further interruptions to air travel, then we may not be able to maintain sufficient liquidity to meet our financial needs.

The significant adverse effect that the COVID-19 pandemic has had on the airline industry may cause an impairment in our long-lived assets.

The spread of COVID-19 and the recent developments surrounding the global pandemic are having an unprecedented adverse impact on the airline industry. As a result, we may be required to write down the carrying value of certain of our long-lived assets, such as aircraft, to the extent the value of those assets declines.

The Company can provide no assurance that a material impairment loss of assets will not occur in a future period, and the risk of future material impairments has been significantly heightened as result of the effects of the COVID-19 pandemic on our flight schedules and business. The value of the Company's aircraft could also be impacted in future periods by changes in supply and demand for these aircraft. Such changes in supply and demand for certain aircraft types could result from the continued or additional future grounding of aircraft. An impairment loss could have a material adverse effect on the Company's financial condition, operating results and ability to secure financing.

The COVID-19 pandemic is having a significant negative impact on the economies of the countries in which we operate, which is reducing demand for travel.

Travel expenditures are sensitive to personal and business discretionary spending levels and grow more slowly or decline during economic downturns. A substantial portion of our assets are located in Panama and a significant proportion of our passengers' trips either originates or ends in Panama. Furthermore, a large majority of Copa's flights operate through our hub at Tocumen International Airport. As a result, we depend on economic and political conditions prevailing from time to time in Panama. We also derive a substantial portion of our revenues from Colombia, Brazil, the United States, and other countries in Latin America.

The COVID-19 outbreak has significantly and negatively impacted the global economy, including in Panama and other countries where we operate. The pandemic has resulted in increased unemployment, reduced financial capacity of both business and leisure travelers, diminished liquidity and credit availability, declines in consumer confidence and discretionary income, large

devaluations in the currencies of many countries in Latin America, and general uncertainty about economic stability. We do not expect economic and operating conditions for our business to improve until customers, who to date are experiencing increasing levels of unemployment and income loss, are once again willing and able to travel, and once we, other airlines and accommodation providers, such as hotels, are able to serve those customers. This may not occur until well after the broader global economy begins to improve. We cannot predict the effect the COVID-19 pandemic could have on long-term demand for air travel even once broader global economic conditions improve and travel restrictions are eased or lifted, including whether the increased usage of video conferencing technology results in a permanent reduction in business travel, or whether our hub-and-spoke or low-cost business models will be effective in a changed demand environment. We cannot predict the magnitude, length or recurrence of these impacts to the global economy, which have impacted, and may continue to impact demand for travel and lead to reduced spending on the services we provide.

Risks Relating to our Company

Failure to successfully implement our business strategy may adversely affect our results of operations and harm the market value of our Class A shares.

We intend to restore capacity to pre-pandemic levels, as well as increase the frequency of flights to the markets we currently serve over the long term. Achieving these goals will allow our business to benefit from cost efficiencies resulting from economies of scale, but will require substantial cash needs, as described below. If we do not have enough cash to fund such projects, we may not be able to successfully expand our route system, therefore, our future revenue and earnings growth would be limited.

When we restart routes, add new frequencies to existing routes, or add new routes, our advertising and other promotional costs tend to be higher, which could result in initial losses that could have a negative impact on our results of operations as well as require a substantial amount of cash to fund. We also periodically run special promotional fare campaigns. Promotional fares can have the effect of increasing load factors while reducing our yield on such routes during the period that they are in effect. The number of markets we serve and flight frequencies depend on available demand and on our ability to identify the appropriate geographic markets upon which to focus and to gain suitable airport access in addition to route approval in the aforementioned markets. There can be no assurance that the markets we enter will yield passenger traffic, at the expected fares, that is sufficient to make our operations in those new markets profitable. Any condition that would prevent or delay our access to key airports or routes, including limitations on the ability to process more passengers, the imposition of flight capacity restrictions, the inability to secure additional route rights under bilateral agreements or the inability to maintain our existing slots, flight banks and obtain additional slots, could constrain the expansion of our operations.

Our business also requires skilled personnel, equipment and facilities. The inability to hire, train and/or retain pilots and other personnel or secure the required equipment and facilities efficiently, cost-effectively, and on a timely basis, could adversely affect our ability to execute our plans. It also could strain our existing management resources and operational, financial and management information systems to the point where they may no longer be adequate to support our operations, requiring us to make significant expenditures in these areas. Difficulties obtaining necessary equipment could also affect our business. For example, the mandatory grounding of Boeing 737 MAX 9 aircraft has affected the deliveries scheduled for 2020 and 2021. On November 18, the FAA rescinded the order that grounded the Boeing 737-MAX aircraft type and published an Airworthiness Directive and MAX training requirements, paving the way for a return to service. Having an excess of assets may also affect our business. For example, difficulties selling our Boeing 737-700 could lead to substantial cash outflows related to non-operative aircraft. Considering these factors, we cannot ensure that we will be able to successfully establish new markets or expand our existing markets, and our failure to do so could have an impact on our business and results of operations, as well as the value of our Class A shares.

Our performance is heavily dependent on economic and political conditions in the countries in which we do business.

Passenger demand is heavily cyclical and highly dependent on global, regional and country-specific economic growth, economic expectations and foreign exchange rate variations. We have been negatively impacted by poor economic performance in certain emerging market countries in which we operate, as well as by weaker Latin American currencies, including as a result of the COVID-19 pandemic. See "— The COVID-19 pandemic is having a significant negative impact on the economies of the countries in which we operate, which is reducing demand for travel." In addition, Venezuela has experienced difficult political conditions and declines in the rate of economic growth in recent periods as well as governmental actions that have adversely impacted businesses that operate there. The Company cancelled flights between Panama and Venezuela during April 2018, as a result of a temporary suspension of diplomatic and commercial relations between the two countries, and in December 2020, due to of government restrictions intended to contain the COVID-19 pandemic. Also, on May 15, 2019 the Homeland Security Department of the United States announced a suspension of all commercial passenger and cargo flights between United States and Venezuela. The U.S. Department of Transportation (DOT) concurred with this determination and issued an order suspending all foreign air transportation for passengers or cargo to or from any airport in

Venezuela. Any of the following developments (or a continuation or worsening of any of the following currently in existence) in the countries in which we operate could adversely affect our business, financial condition, liquidity and results of operations:

- changes in economic or other governmental policies, including exchange controls;
- changes in regulatory, legal or administrative practices; or
- other political or economic developments over which we have no control.

Additionally, a significant portion of our revenues are derived from discretionary and leisure travel, which are especially sensitive to economic downturns and political conditions. An adverse economic and/or political environment, whether global, regional or in a specific country, could result in a reduction in passenger traffic, and leisure travel in particular, as well as a reduction in our cargo business, and could also impact our ability to raise fares, which in turn would materially and negatively affect our financial condition and results of operations.

The cost of financing our aircraft may increase, or the availability of financing could be limited, which could negatively impact our business.

We have historically been able to achieve favorable financing terms through commercial and US Export-Import bank guaranteed loans, sale-leasebacks, as well as financial and operating leases. Given the state of the industry as a result of the COVID-19 pandemic, aviation financing has become much harder and more expensive to obtain. Therefore, we cannot ensure that we will be able to continue to raise financing from past sources, or from other sources, on terms comparable to our existing financing or at all. Additionally, the disruption and volatility in the global and domestic capital markets resulting from the COVID-19 pandemic may increase the cost of capital and limit our ability to access capital. If the cost of such financing increases or we are unable to obtain such financing, we may be forced to incur higher than anticipated financing costs, which could have an adverse impact on the execution of our growth strategy and business. On April 30, 2020, we issued $350 million aggregate principal amount of 4.5% convertible senior notes. The conversion rate of the convertible senior notes may represent a significant premium over the trading price of our stock at the time of conversion, resulting in dilution to our shareholders.

We have historically operated using a hub-and-spoke model and are vulnerable to competitors offering direct flights between destinations we serve and/or opening new hubs.

The general structure of our flight operations follows what is known in the airline industry as a “hub-and-spoke” model. This model aggregates passengers by operating flights from a number of “spoke” origins to a central hub through which they are transported to their final destinations. In recent years, many traditional hub-and-spoke operators have faced significant and increasing competitive pressure from low-cost, point-to-point carriers on routes with sufficient demand to sustain point-to-point service. A point-to-point structure enables airlines to focus on the most profitable, high-demand routes and to offer greater convenience and, in many instances, lower fares. If demand for air travel in Latin America increases, some of our competitors have initiated non-stop service between destinations that we currently serve through our hub in Panama. Additionally, newer aircraft models, such as, Boeing 737 MAX and Airbus 320-NEO, allow nonstop flights in certain city pairs that could not be served with prior generation narrow-body aircraft and may bypass our hub. Airbus will also launch the A321 XLR; a new model of the Airbus 320 family that will extend the range of the current Airbus 320 NEO allowing competitors to explore new competitive routes overflying our Hub, it is expected to be released on 2023. Competitors are also opening new international hubs, especially in Brazil. Competitive services, which bypass our hub in Panama, may be more convenient and possibly less expensive than our services and could significantly decrease demand for our service to those destinations. In December 2016, we launched a low-cost business model, Wingo, to diversify our offerings and to better compete with other low-cost carriers, or “LCCs,” in the market. However, our traditional hub-and-spoke model remains our primary operational model and we believe that competition from point-to-point carriers will be directed towards the largest markets that we serve and is likely to continue at this level or intensify in the future. As a result, the effect of competition on us could be significant and could have a material adverse effect on our business, financial condition and results of operations.

We may not realize benefits from Wingo, our low-cost business model.

Wingo is our low-cost business model, which is operated by AeroRepública, S.A., As of December 31, 2020 Wingo used five of our Boeing 737-800s, each configured with 186 seats in a single class cabin. During the first quarter of 2021, we incorporated a new Wingo operator, La Nueva Aerolínea S.A., which will be based in Panama and will initially operate one Boeing 737-800 based in Panama City.

During recent years, we have successfully operated our low-cost business model, with better results than first expected. Therefore, we decided to change the Boeing 737-700s fleet to Boeing 737-800s, with a greater seat density and lower unitary costs, which

shall make stronger our competitive position. Even though we have gained knowledge regarding the low-cost business model over recent years, we have limited experience operating it and we may not be able to accurately predict its impact on our main line services. In particular, if demand for Wingo flights is not substantial, or cannibalizes Copa´s mainline flights, if our pricing strategy does not adequately align with our cost structure, or if Wingo does not meet customer expectations, Wingo's operations could have a negative impact on our reputation or our operating results.

We may not realize benefits from our strategic alliances and other commercial relationships, including from our announced joint business agreement with United Airlines, Inc. ("UAL") and Avianca Holdings ("Avianca").

We maintain a number of strategic alliances and other commercial relationships in many of the jurisdictions in which we operate. For example, we have been a Star Alliance member since June 2012, and we renewed our strategic alliance with UAL in May 2016. In addition, on November 30, 2018, we announced a three-way joint business agreement ("JBA") with UAL and Avianca that is intended to cover our combined network between the United States and Latin America (except Brazil). We, UAL and Avianca intend to apply for regulatory approval of the JBA and an accompanying grant of antitrust immunity from the U.S. Department of Transportation and other relevant agencies. However, we can provide no assurances as to whether or when the parties will receive such approvals, and we do not plan to fully implement the JBA until we have received such approvals. Furthermore, there can be no assurance as to what the impact will be of the recent coronavirus (COVID-19) outbreak or Avianca's voluntary petitions for relief under title 11 of the United States Code with the U.S. Bankruptcy Court ("Chapter 11"). The purpose of these alliances and relationships is to increase revenues by enhancing our network and offering our customers services that we could not otherwise offer. However, the intended benefits may not be realized, or may not outweigh the technological and other costs associated with any alliance or relationship. In addition, if any of our strategic alliances or commercial relationships deteriorates, or is terminated, our business, financial condition and operational results could be adversely affected.

Our business is subject to extensive regulation which may restrict our growth, our operations or increase our costs.

Our business, financial condition and operational results could be adversely affected if we or certain aviation authorities in the countries to which we fly fail to maintain the required foreign and domestic governmental authorizations necessary for our operations. In order to maintain the necessary authorizations issued by the Panamanian Civil Aviation Authority (the *Autoridad Aeronáutica Civil*, or the "AAC"), the Colombian Civil Aviation Administration (the *Unidad Administrativa Especial de Aeronáutica Civil*, or the "UAEAC"), and other corresponding foreign authorities, we must continue to comply with applicable statutes, rules and regulations pertaining to the airline industry, including any rules and regulations that may be adopted in the future. In addition, Panama is a member state of the International Civil Aviation Organization, or "ICAO," a United Nations specialized agency. ICAO coordinates with its member states and various industry groups to establish and maintain international civil aviation standards and recommended practices and policies, which are then used by ICAO member states to ensure that their local civil aviation operations and regulations conform to global standards. We cannot predict or control any actions that the AAC, the UAEAC, the ICAO or other foreign aviation regulators may take in the future, which could include restricting our operations or imposing new and costly regulations or policies. Also, our fares are subject to review by the AAC, the UAEAC, and the regulators of certain other countries to which we fly, any of which may in the future impose restrictions on our fares.

We are also subject to international bilateral air transport agreements that provide for the exchange of air traffic rights between each of Panama and Colombia, and various other countries, and we must obtain permission from the applicable foreign governments to provide service to foreign destinations. There can be no assurance that existing bilateral agreements between the countries in which our airline operating companies are based and foreign governments will continue, or that we will be able to obtain more route rights under those agreements to accommodate our future expansion plans. Any modification, suspension or revocation of one or more bilateral agreements could have a material adverse effect on our business, financial condition and results of operations. The suspension of our permits to operate to certain airports or destinations, the cancellation of any of our provisional routes, the inability for us to obtain favorable take-off and landing rights at certain high-density airports or the imposition of other sanctions could also have a negative impact on our business. We cannot be certain that a change in a foreign government's administration of current laws and regulations or the adoption of new laws and regulations will not have a material adverse effect on our business, financial condition and results of operations.

We plan to restore the scale of our operations and revenues by expanding our presence on previously existing routes. Our ability to successfully implement this strategy will depend upon many factors, several of which are outside our control or subject to change, including the timing and easing of regulations, restrictions and testing requirements promulgated by health authorities in Panama and other countries where we operate in response to the COVID-19 pandemic. These factors include the permanence of a suitable political, economic and regulatory environment in the Latin American countries in which we operate or intend to operate and our ability to identify strategic local partners.

The most active government regulator among the countries to which we fly is the U.S. Federal Aviation Administration, or "FAA". The FAA from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that require significant expenditures. FAA requirements cover, among other things, security measures, collision avoidance systems, airborne wind shear avoidance systems, noise abatement and other environmental issues, and increased inspections and maintenance procedures to be conducted on older aircraft. On March 13, 2019, the FAA issued an emergency order prohibiting the operation of Boeing 737 MAX series airplanes by U.S. certificated operators. On November 18, 2020, the FAA rescinded the order that grounded the Boeing 737-MAX aircraft type and published an Airworthiness Directive and MAX training requirements, paving the way for a return to service. See "—If we fail to successfully operate new aircraft, in particular our new Boeing 737 MAX aircraft, our business could be harmed." Additional new regulations continue to be regularly implemented by the U.S. Transportation Security Administration, or "TSA", as well. As we expand our presence on routes to and from the United States, we expect to continue incurring expenses to comply with the FAA's and TSA's regulations, and any increase in the cost of compliance could have an adverse effect on our financial condition and results of operations.

Copa Airlines is authorized by the DOT to engage in scheduled and charter air transportation services, including the transportation of persons, property (cargo) and mail, or combinations thereof, between points in Panama and points in the United States and beyond (via intermediate points in other countries). Copa Airlines holds the necessary authorizations from the DOT in the form of a foreign air carrier permit, an exemption authority and statements of authorization to conduct our current operations to and from the United States. The exemption authority was granted by the DOT in February 1998 and was due to expire in February 2000. However, the authority remains in effect by operation of law under the terms of the Administrative Procedure Act pending final DOT action on the application we filed to renew the authority on January 3, 2000. There can be no assurance that the DOT will grant the application. Our foreign air carrier permit has no expiration date. A modification, suspension or revocation of any of our DOT authorizations or FAA operating specifications could have a material adverse effect on our business.

The growth of our operations to the United States and the benefits of our code-sharing arrangements with UAL are dependent on Panama's continued favorable safety assessment.

The FAA periodically audits the aviation regulatory authorities of other countries. As a result of this inspection, each country is given an International Aviation Safety Assessment, or "IASA," rating. As of 2018, Panama was rated a Category 1 country under the IASA program, which means that Panama complies with the safety requirements set forth by ICAO. Furthermore, in 2020 Copa Airlines and Copa Colombia successfully completed IOSA audits by external providers. We cannot guarantee that the government of Panama and the AAC in particular, will continue to meet international safety standards, and we have no direct control over their compliance with IASA guidelines. If Panama's IASA rating were to be downgraded in the future, it could prevent us from increasing service to the United States and could affect our code-share arrangement with UAL.

We are highly dependent on our hub at Panama City's Tocumen International Airport.

Our business is heavily dependent on our operations at our hub at Panama City's Tocumen International Airport. The Tocumen International Airport has experienced significant closures and delays as a result of the COVID-19 pandemic, see "—The COVID-19 outbreak has had and is expected to continue to have a material adverse impact on our business."

Most of our Copa flights either depart from or arrive at our hub. Our operations and business strategy is therefore dependent on its facilities and infrastructure, including the success of its multi-phase expansion projects, certain of which have been completed while others are underway and have experienced significant delays. Terminal 2 has experienced delays since one of the contractors responsible for the construction, Norberto Odebrecht Construction, was subject to penalties in 2017 for its past practices related to project approvals. Terminal 2 started operating a few gates during the early part of 2019, but construction is ongoing and is expected to be completed by the end of 2021. Due to the magnitude of the construction required for this new Terminal 2, we may experience logistical issues and/or be subject to further increases in passenger taxes and airport charges related to the financing of the construction.

In addition, the hub-and-spoke structure of our operations is particularly dependent on the on-time arrival of tightly coordinated groupings of flights (or banks) to ensure that passengers can make timely connections to continuing flights. Like other airlines, we are subject to delays caused by factors beyond our control, including air traffic congestion at airports, adverse weather conditions, power outages and increased security measures. Delays affect passengers, reduce aircraft utilization and increase costs, all of which in turn negatively affect our profitability. In addition, at full utilization levels, Tocumen International Airport has limited fuel storage capacity. In the event there is a disruption in the transport of fuel to the airport, we may be forced to suspend flights, or do tankering, until fuel levels are reestablished. A significant interruption or disruption in service or fuel at Tocumen International Airport could have a serious impact on our business, financial condition and operating results. Nevertheless, new fuel storage capacity, consisting of three 1 million- gallon tanks, were added to existing storage capacity during 2019. This addition resulted in an increase of airport fuel storage capacity from 1.5 million to 4.5 million gallons.

Tocumen International Airport is operated by a corporation that is owned and controlled by the government of the Republic of Panama. We depend on our good working relationship with the quasi-governmental corporation that operates the airport to ensure that we have adequate access to aircraft parking positions, landing rights and gate assignments for our aircraft to accommodate our current operations and future plans for expansion. The corporation that operates Tocumen International Airport does not enter into any formal, written leases or other agreements with airlines to govern rights to use the airport's jet ways or aircraft parking spaces. Therefore, we would not have contractual recourse if the airport authority assigned new capacity to competing airlines, reassigned our resources to other aircraft operators, raised fees or discontinued investments in the airport's maintenance and expansion. Any of these events could result in significant new competition for our routes or could otherwise have a material adverse effect on our current operations or capacity for future growth.

We are exposed to increases in airport charges, taxes and various other fees and cannot be assured access to adequate facilities and landing rights necessary to achieve our business strategy.

We must pay fees to airport operators for the use of their facilities. Any additional fees or substantial increase in current airport charges, including at Tocumen International Airport, could have a material adverse impact on our results of operations. Passenger taxes and airport charges have increased in recent years, sometimes substantially. For example, in 2020 we experienced higher effective rates related to airport services in North America. Certain important airports that we use may be privatized in the near future, which is likely to result in significant cost increases to the airlines that use these airports. We cannot ensure that the airports used by us will not impose, or further increase, passenger taxes and airport charges in the future, and any such increases could have an adverse effect on our financial condition and results of operations.

Certain airports that we serve (or that we plan to serve in the future) are subject to capacity constraints and impose various restrictions, including slot restrictions during certain periods of the day, limits on aircraft noise levels, limits on the number of average daily departures and curfews on runway use. We cannot be certain that we will be able to obtain a sufficient number of slots, gates and other facilities at airports to expand our services in line with our growth strategy. It is also possible that airports not currently subject to capacity constraints may become so in the future. In addition, an airline must use its slots on a regular and timely basis or risk having those slots re-allocated to others. Where slots or other airport resources are not available or their availability is restricted in some way, we may have to amend our schedules, change routes or reduce aircraft utilization. Any of these alternatives could have an adverse financial impact on us. In addition, we cannot ensure that airports at which there are no such restrictions may not implement restrictions in the future or that, where such restrictions exist, they may not become more onerous. Such restrictions may limit our ability to continue to provide or to increase services at such airports.

We have significant fixed financing costs and expect to incur additional fixed costs as we expand our fleet.

The airline business is characterized by high leverage. We have significant fixed expenditures in connection with our operating leases and facility rental costs, and a significant portion of our property and equipment is pledged to secure indebtedness. For the year ended December 31, 2020, our finance cost totaled $73.0 million. As of December 31, 2020, approximately 70.2% of our total indebtedness bore interest at fixed rates and the remainder was determined with reference to LIBOR. Most of our aircraft lease obligations bear interest at fixed rates.

As of December 31, 2020, the Company had one purchase contract with Boeing which entails 60 firm orders of Boeing 737 MAX aircraft, agreed to be delivered between 2021 and 2027. The aircraft under this contract have an approximate value of $2.9 billion based on contractual obligations net of discounts and pre-delivery payments, including estimated amounts for contractual price escalation. We will require substantial capital from external sources to meet our future financial commitments. In addition, the acquisition and financing of these aircraft will likely result in a substantial increase in our leverage and fixed financing costs. A high degree of leverage and fixed payment obligations could:

- limit our ability in the future to obtain additional financing for working capital or other important needs;
- impair our liquidity by diverting substantial cash from our operating needs to service fixed financing obligations; or
- limit our ability to plan for or react to changes in our business, in the airline industry or in general economic conditions.

Any one of these factors could have a material adverse effect on our business, financial condition and results of operations.

Discontinuation, reform or replacement of LIBOR, or uncertainty related to the potential for any of the foregoing, may adversely affect us.

On July 27, 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The discontinuation date for submission and publication of rates for certain tenors of USD LIBOR (1-month, 3-month, 6-month and 12-month) has been extended until June 30, 2023. Similarly, it is not possible to predict whether LIBOR will continue to be viewed as an acceptable market benchmark, what rate or rates may become acceptable alternatives to LIBOR, or what effect these changes in views or alternatives may have on financial markets for LIBOR-linked financial instruments. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, has chosen the Secured Overnight Financing Rate (SOFR) as the recommended risk-free reference rate for the U.S. (calculated based on repurchase agreements backed by treasury securities). It is not possible to predict the effect of these changes, other reforms or the establishment of alternative reference rates in the United Kingdom, the United States or elsewhere.

If we fail to successfully operate new aircraft, in particular our new Boeing 737 MAX aircraft, our business could be harmed.

We fly and rely on Boeing aircraft. As of December 31, 2020 we operated a fleet of 77 Boeing aircraft, excluding the aircraft classified as assets held for sale. In 2021, we expect to take delivery of eight additional Boeing 737 MAX 9 aircraft.

In the future we expect to continue incorporating new aircraft into our fleet. This is based on a variety of factors, including the implementation of our business strategy. Acquisition of new aircraft involves a variety of risks relating to their ability to be successfully placed into service including:

- manufacturer's delays in meeting the agreed upon aircraft delivery schedule;
- difficulties in obtaining financing on acceptable terms to complete our purchase of all of the aircraft we have committed to purchase; and
- the inability of new aircraft and their components to comply with agreed upon specifications and performance standards.

In addition, we cannot predict the reliability of our new fleet as the aircraft matures. In particular, we cannot predict the reliability of the Boeing 737 MAX aircraft, powered by, LEAP 1B engines, which first entered commercial service in May 2017. The LEAP 1B engine was developed by Safran Aircraft Engines and GE through their joint company, CFM International, to power the next generation of single-aisle commercial jets. The LEAP-1B has been selected by Boeing as the exclusive power plant for the new 737 MAX single-aisle jetliner.

Following the Ethiopian Airlines accident involving a Boeing 737 MAX 8 aircraft on March 10, 2019, we suspended operations of our six Boeing 737 MAX 9 aircraft, after authorities in Panama and other countries grounded the 737 MAX fleet worldwide, during the investigation into the cause of the accident. We partially covered our operation, with other aircraft in our fleet, with significant cancellations and delays. On November 18, 2020 the FAA rescinded its grounding order, issued an airworthiness directive, and published training requirements enabling the Company to begin modifying certain operating procedures, implementing enhanced pilot training requirements, installing FAA-approved flight control software updates, and completing other required maintenance tasks specific to the MAX aircraft. In January 2021, we resumed operations of our Boeing 737 MAX fleet after the authorization of the *AAC.*

Boeing has announced that it will compensate all airlines impacted by the worldwide suspension of the Boeing MAX fleet operations. During the first quarter of 2021, the Company has reached an agreement with Boeing regarding compensation related to the Boeing 737 MAX grounding. As part of the agreement, the Company will receive compensation in the form of certain credits concurrent with future aircraft deliveries and other considerations, including a revised delivery stream. However, this compensation will only cover financial impact caused by the suspension of Boeing MAX operations. We cannot estimate any reputational and commercial impact that we may have suffered due the grounding of Boeing MAX aircraft. Any technical issues with our aircraft would increase our maintenance expenses and could cause flight cancellations and other disruptions in our services.

If we were to determine that our aircraft, rotable parts or inventory were impaired, it would have a significant adverse effect on our operating results.

If there is objective evidence that an impairment loss on long-lived assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the higher of its fair value less cost

to sell and its value in use, defined as the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the asset's risk adjusted interest rate. The carrying amount of the asset is reduced and the loss is recorded in the consolidated statement of profit or loss. In addition to the fact that the value of our fleet declines as it ages, any potential excess capacity in the airline industry, airline bankruptcies and other factors beyond our control may further contribute to the decline of the fair market value of our aircraft and related rotable parts and inventory. When these impairments occur, we are required under IFRS to write down these assets through a charge to earnings. A significant charge to earnings would adversely affect our financial condition and operating results. In addition, the interest rates on and the availability of certain of our aircraft financing loans are tied to the value of the aircraft securing the loans. If those values were to decrease substantially, our interest rates may rise or the lenders under those loans may cease extending credit to us, either of which could have an adverse impact on our financial condition and results of operations.

For example, as a result of the Company's continuing fleet optimization and efficiency efforts, in December 2018 the Company signed an aircraft sale and purchase agreement with Azorra Aviation for the sale of five Embraer 190 aircraft in 2019. In connection with the transaction, we recognized an impairment charge in respect of our entire Embraer 190 fleet and related spare parts. This impairment generated a non-cash loss of $188.6 million, which was recorded in the fourth quarter of 2018. In 2020, we signed an aircraft sale and purchase agreement for the remaining Embraer 190 aircraft. The deliveries of these aircraft will be completed by June 2021. This anticipated exit resulted in a non-cash loss of $89.3 million related to the remaining aircraft as well as General Electric CF34 spare engines, and our Embraer 190 spare parts inventory. In 2020, we updated the fair value less cost to sell of the Embraer 190 fleet and related assets (spare engines, spare parts and a simulator) and recorded a non-cash loss of $49.5 million.

During 2020, we announced the sale of our B737-700 fleet which resulted in a non-cash impairment charge of $191.2 million. We may experience additional impairment as a result of the COVID-19 pandemic. See "--The significant adverse effect that the COVID-19 pandemic has had on the airline industry is likely to cause impairment in our long-lived assets."

We rely on information and other aviation technology systems to operate our businesses and any failure or disruption of these systems may have an impact on our operational and financial results.

We rely upon information technology systems to operate our business and increase our efficiency. We are highly reliant on certain systems for flight operations, maintenance, reservations, check-in boarding, revenue management, baggage handling accounting and cargo distribution. Other systems are designed to decrease distribution costs through internet reservations and to maximize cargo distributions, crew utilization and flight scheduling. These systems may not deliver their anticipated benefits.

In the ordinary course of business, we may upgrade or replace our systems or otherwise modify and refine our existing systems to address changing business requirements. In particular, our digital channels rely on advanced technology and, as this technology is updated, older technology may become obsolete. Our operations and competitive position could be adversely affected if we are unable to upgrade or replace our systems in a timely and effective manner once they become outdated, and any inability to upgrade or replace our systems could negatively impact our financial results.

Any transition to new systems may result in a loss of data or service interruption that could harm our business. Information systems could also suffer disruptions due to events beyond our control, including natural disasters, power failures, terrorist attacks, cyber-attacks, data theft, equipment or software failures, computer viruses or telecommunications failures. We cannot ensure that our security measures or disaster recovery plans are adequate to prevent failures or disruptions. Substantial or repeated website, reservations systems or telecommunication system failures or disruptions, including failures or disruptions related to our integration of technology systems, could reduce the attractiveness of our Company versus our competitors, materially impair our ability to market our services and operate flights, result in the unauthorized release of confidential or otherwise protected information, and result in increased costs, lost revenue, or the loss or compromise of important data.

Our reputation and business may be harmed and we may be subject to legal claims if there is a loss, unlawful disclosure or misappropriation of, or unsanctioned access to, our customers', employees', business partners' or our own information, or any other breaches of our information security.

We make extensive use of online services and centralized data processing, including through third-party service providers. The secure maintenance and transmission of customer and employee information is a critical element of our operations. Our information technology and other systems, or those of service providers or business partners that maintain and transmit customer information, may be compromised by a malicious third-party penetration of our security measures, or of a third-party service provider or business partner, or impacted by deliberate or inadvertent actions or inactions by our employees, or those of a third-party service provider or business partner. As a result, personal information may be lost, disclosed, accessed or taken without consent.

We transmit confidential credit card information throughout secure private retail networks and rely on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to effectively secure transmission and storage of confidential information, such as customer credit card information. The Company has made significant efforts to secure its data network. If our security or network were compromised in any way, it could have a material adverse effect on the reputation, business, operating results and financial condition of the Company, and could result in a loss of customers. Additionally, any material failure by the Company to achieve or maintain compliance with the Payment Card Industry security requirements or rectify a security issue may result in fines and the imposition of restrictions on the Company's ability to accept credit cards as a form of payment.

As a result of these types of risks, we regularly review and update procedures and processes to prevent and protect against unauthorized access to our systems and information and inadvertent misuse of data.

However, it is difficult or impossible to defend against every risk being posed by changing technologies as well as acts of cyber-crime. Increasing sophistication of cyber criminals and terrorists make keeping up with new threats difficult and controls employed by our information technology department and cloud vendors could prove inadequate. As a result, we cannot be certain that we will not be the target of attacks on our networks and intrusions into our data, particularly given continuous advances in the technical capabilities of potential attackers, and increased financial and political motivations to carry out cyber-attacks on physical systems, gain unauthorized access to information, and make information unavailable for use through, for example, ransomware or denial-of-service attacks, and otherwise exploit new and existing vulnerabilities in our infrastructure. The risk of a data security incident or disruption, particularly through cyber-attack or cyber intrusion, including by computer hackers, foreign governments, criminal organizations and cyber terrorists, has increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Also, the COVID-19 pandemic increased the reliance on employees working remotely, which has increased the risk of exploitation of vulnerabilities in their devices by malicious actors.

Furthermore, in response to data security threats and to data privacy concerns, there has been heightened legislative and regulatory focus on attacks on critical infrastructures, including those in the transportation sector, and on data security and privacy in Panama, Brazil, the United States and other countries where we operate, including requirements for varying levels of data usage consent and data subject notification in the event of a data security incident.

Any such loss, disclosure or misappropriation of, or access to, customers', employees' or business partners' information or other breach of our information security could result in legal claims or legal proceedings, including regulatory investigations and actions, may have a negative impact on our reputation and may materially adversely affect our business, operating results and financial condition. Furthermore, the loss, disclosure or misappropriation of our business information may materially adversely affect our business, operating results and financial condition.

Our liquidity could be adversely impacted in the event one or more of our credit card processors were to impose material reserve requirements for payments due to us from credit card transactions.

We currently have agreements with organizations that process credit card transactions arising from purchases of air travel tickets by our customers. Credit card processors have financial risk associated with tickets purchased for travel that can occur several weeks after the purchase. Our credit card processing agreements provide for reserves to be deposited with the processor in certain circumstances. We do not currently have reserves posted for our credit card processors. If circumstances were to occur requiring us to deposit reserves, the negative impact on our liquidity could be significant, which could materially adversely affect our business.

The Company has agreements with financial institutions that process customer credit card transactions for the sale of air travel and other services. Under certain of the Company's credit card processing agreements, the financial institutions in certain circumstances have the right to require that the Company maintain a reserve equal to a portion of advance ticket sales that has been processed by that financial institution, but for which the Company has not yet provided the air transportation. Such financial institutions may require additional cash or other collateral reserves to be established or additional withholding of payments related to receivables collected if the Company does not maintain certain minimum levels of unrestricted cash, cash equivalents and short-term investments (collectively, "Unrestricted Liquidity"). In light of the effect COVID-19 is having on demand, and in turn capacity, the Company has seen an increase in demand from passengers for refunds on their tickets, and we anticipate that this will continue to be the case for the foreseeable future. Refunds lower our liquidity and put us at risk of triggering liquidity covenants in these credit card processing agreements and, in doing so, could force us to post cash collateral with the credit card companies for advance ticket sales. The Company provides additional credit to incentivize passengers to keep their purchased tickets for future dates, which helps to maintain healthy levels of Unrestricted Liquidity.

Our quarterly results could fluctuate substantially, and the trading price of our Class A shares may be affected by such variations.

The airline industry is by nature cyclical and seasonal, and our operating results may vary from quarter to quarter. In general, demand for air travel is higher in the third and fourth quarters, particularly in international markets, because of the increase in vacation travel during these periods relative to the remainder of the year. We tend to experience the highest levels of traffic and revenue in July and August, with a smaller peak in traffic in December and January. We generally experience our lowest levels of passenger traffic in April and May. Given our high proportion of fixed costs, seasonality can affect our profitability from quarter to quarter. Demand for air travel is also affected by factors such as disease outbreaks, economic conditions, capacity additions by competitors, war or the threat of war, fare levels and weather conditions. The COVID-19 pandemic has materially and negatively affected demand for air travel and disrupted the normal business cycles in our industry. See "—The COVID-19 outbreak has had and is expected to continue to have a material adverse impact on our business."

Due to the factors described above and others described in this annual report, quarter-to-quarter comparisons of our operating results may not be good indicators of our future performance. In addition, it is possible that in any quarter our operating results could be below the expectations of investors and any published reports or analyses regarding our Company. In that event, the price of our Class A shares could decline, perhaps substantially.

Our reputation and financial results could be harmed in the event of an accident or incident involving our aircraft or the type of aircraft that we operate.

An accident or incident involving one of our aircraft could involve significant claims by injured passengers and others, as well as significant costs related to the repair or replacement of a damaged aircraft and its temporary or permanent loss from service. We are required by our creditors and the lessors of our aircraft under our operating lease agreements to carry liability insurance, but the amount of such liability insurance coverage may not be adequate and we may be forced to bear substantial losses in the event of an accident. Our insurance premiums may also increase, or we may lose our eligibility for insurance, due to an accident or incident affecting one of our aircraft. Substantial claims resulting from an accident in excess of our related insurance coverage or increased premiums would harm our business and financial results.

Moreover, any aircraft accident or incident, even if fully insured, could cause the public to perceive us as less safe or reliable than other airlines, which could harm our business and results of operations. The Copa brand name and our corporate reputation are important and valuable assets. Adverse publicity (whether or not justified) could tarnish our reputation and reduce the value of our brand. Adverse perceptions of the types of aircraft that we operate arising from safety concerns or other problems, whether real or perceived, or in the event of an accident involving those types of aircraft, could significantly harm our business as the public may avoid flying on our aircraft. See "—If we fail to successfully operate new aircraft, in particular our new Boeing 737 MAX aircraft, our business could be harmed."

Fluctuations in foreign exchange rates could negatively affect our net income.

In 2020, approximately 65.7% of revenues and 86.0% of expenses were denominated in U.S. dollars (for 2019, US dollar-denominated expenses and revenues were 67.3% and 81.3%, respectively). A significant part of our revenue is denominated in foreign currencies, including the Brazilian real, Colombian peso and Argentinian peso, which represented 9.5%, 9.1% and 4.0%, of our revenues in 2020, respectively (for 2019, Brazilian real, Colombian peso and Argentinian peso comprised 8.7%, 8.3% and 4.8% respectively). If any of these currencies decline in value against the U.S. dollar, our revenues, expressed in U.S. dollars, and our operating margin would be adversely affected. We may not be able to adjust our fares denominated in other currencies to offset any increases in U.S. dollar-denominated expenses, increases in interest expense or exchange losses on fixed obligations or indebtedness denominated in foreign currency.

We are also exposed to exchange rate losses, as well as gains, due to the fluctuation in the value of local currencies against the U.S. dollar during the period of time between the times we are paid in local currencies and the time we are able to repatriate the revenues in U.S. dollars. Typically, this process takes between one and two weeks in most countries to which we fly.

Changes in accounting standards could adversely affect our financial results.

The IASB, or other regulatory authorities, periodically introduce modifications to financial accounting and reporting standards or issue new financial accounting and reporting standards under which we prepare our consolidated financial statements. These changes can materially affect the way we present our financial condition and results of operations. We may also be required to retroactively apply new or revised standards, which would require us to restate previous financial statements.

Our maintenance costs will increase as our fleet ages.

The average age of our fleet was approximately 8.2 years as of December 31, 2020. Historically, we have incurred low levels of maintenance expenses relative to the size of our fleet because most of the parts on our aircraft are covered under multi-year warranties. As our fleet ages and these warranties expire and the time flown by each aircraft increases, our maintenance costs will increase, both on an absolute basis and as a percentage of our operating expenses.

If we enter into a prolonged dispute with any of our employees, many of whom are represented by unions, or if we are required to substantially increase the salaries or benefits of our employees, it may have an adverse impact on our operations and financial condition.

Approximately 66.3% of our 5,667 employees are unionized. There are currently five unions covering our employees based in Panama: the pilots' union; the flight attendants' union; the mechanics' union; the passenger service agents' union; and an industry union, which represents ground personnel, messengers, drivers, passenger service agents, counter agents and other non-executive administrative staff. Copa entered into collective bargaining agreements with the pilot's union in July 2017, the industry union in December 2017, the mechanics' union in June 2018 and the flight attendants' union in October 2018. Collective bargaining agreements in Panama typically have four-year terms. In addition to unions in Panama, there are four unions covering employees in Colombia; in Brazil, all airline industry employees in the country are covered by the industry union agreements, and airport employees in Argentina are affiliated to an industry union (UPADEP).

A strike, work interruption or stoppage or any prolonged dispute with our employees who are represented by any of these unions could have an adverse impact on our operations. These risks are typically exacerbated during periods of renegotiation with the unions, which typically occurs every two to four years depending on the jurisdiction and the union. Any renegotiated collective bargaining agreement could feature significant wage increases and a consequent increase in our operating expenses. Any failure to reach an agreement during negotiations with unions may require us to enter into arbitration proceedings, use financial and management resources, and potentially agree to terms that are less favorable to us than our existing agreements. Employees who are not currently members of unions may also form new unions that may seek further wage increases or benefits.

Our business is labor-intensive. We expect salaries, wages, benefits and other employee expenses to increase on a gross basis, and these costs could increase as a percentage of our overall costs. If we are unable to hire, train and retain qualified pilots and other employees at a reasonable cost, our business could be harmed and we may be unable to complete our expansion plans.

Our revenues depend on our relationship with travel agents and tour operators and we must manage the costs, rights and functionality of these third-party distribution channels effectively.

In 2020, a significant portion of our revenues were derived from tickets sold through third-party distribution channels, including those provided by conventional travel agents, online travel agents, or "OTAs," or tour operators. We cannot assure that we will be able to maintain favorable relationships with these ticket sellers. Our revenues could be adversely impacted if travel agents or tour operators elect to favor other airlines or to disfavor us. Our relationship with travel agents and tour operators may be affected by:

- the size of commissions offered by other airlines;
- changes in our arrangements with other distributors of airline tickets; and
- the introduction and growth of new methods of selling tickets.

These third-party distribution channels, along with global distribution systems, or "GDSs," that travel agents, "OTAs" and tour operators use to obtain airline travel information and issue airline tickets, are more expensive than those we operate ourselves, such as our website. Certain of these distribution channels also effectively restrict the manner in which we distribute our products generally. To remain competitive, we will need to successfully manage our distribution costs and rights, increase our distribution flexibility and

improve the functionality of third-party distribution channels, while maintaining an industry-competitive cost structure. These initiatives may affect our relationships with our third-party distribution channels. Any inability to manage our third-party distribution costs, rights and functionality at a competitive level or any material diminishment or disruption in the distribution of our tickets could have a material adverse effect on our business, results of operations and financial condition.

We rely on third parties to provide our customers and us with services that are integral to our business.

We have several agreements with third-party contractors to provide certain services primarily outside of Panama. Maintenance services include aircraft heavy checks, engine maintenance, overhaul, component repairs and line maintenance activities. In addition to call center services, third-party contractors also provide us with airport services. At airports other than Tocumen International Airport, most of our aircraft services are performed by third-party contractors. Substantially all of our agreements with third-party contractors are subject to termination on short notice. The loss or expiration of these agreements or our inability to renew these agreements or to negotiate new agreements with other providers at comparable rates could negatively impact our business and results of operations. Further, our reliance on third parties to provide reliable equipment or essential services on our behalf could lead us to have less control over the costs, efficiency, timeliness and quality of our service. A contractor's negligence could compromise our aircraft or endanger passengers and crew. This could also have a material adverse effect on our business. We expect to be dependent on such agreements for the foreseeable future and if we enter any new market, we will need to have similar agreements in place.

We depend on a limited number of suppliers.

We are subject to the risks of having a limited number of suppliers for our aircraft and engines. One of the elements of our business strategy is to save costs by operating a simplified fleet. Copa currently operates a fleet of Boeing 737-800 Next Generation aircraft powered by CFM 56-7B engines from CFM International and Boeing 737MAX 9, powered by, Leap 1B engines, from CFM International. If any of Boeing, CFM International or General Electric are unable to perform their contractual obligations, or if we are unable to acquire or lease new aircraft or engines from aircraft or engine manufacturers or lessors on acceptable terms, we would have to find another supplier for a similar type of aircraft or engine.

If we have to lease or purchase aircraft from another supplier we could lose the benefits we derive from our current fleet composition. We cannot ensure that any replacement aircraft would have the same operating advantages as the Boeing 737-800 Next Generation or Boeing 737-MAX 9 that would be replaced or that Copa could lease or purchase engines that would be as reliable and efficient as the CFM 56-7B and Leap 1B. We may also incur substantial transition costs, including costs associated with acquiring spare parts for different aircraft models, retraining our employees, replacing our manuals and adapting our facilities. Our operations could also be harmed by the failure or inability of Boeing, CFM International or General Electric to provide sufficient parts or related support services on a timely basis.

Our business would be impacted if a design defect or mechanical problem with any of the types of aircraft, engines or components that we operate were discovered that would ground any of our aircraft while the defect or problem was being addressed, assuming it could be corrected at all. The use of our aircraft could be suspended or restricted by regulatory authorities in the event of any actual or perceived mechanical or design issues. Following the Ethiopian Airlines accident involving a Boeing 737 MAX 8 aircraft, we suspended operations of our six Boeing 737 MAX 9 aircraft, as regulatory authorities around the world grounded the aircraft, and on November 18, 2020 the FAA rescinded the order that grounded the Boeing 737-MAX aircraft type and published an Airworthiness Directive and MAX training requirements, paving the way for a return to service. On January 2021, we resumed operations of our Boeing 737 MAX fleet after the authorization of the Autoridad Aeronáutica Civil de Panama. Our business would also be negatively impacted if the public began to avoid flying with us due to an adverse perception of the types of aircraft that we operate stemming from safety concerns or other problems, whether real or perceived, or in the event of an accident involving those types of aircraft or components.

We also depend on a limited number of suppliers with respect to supplies obtained locally, such as our fuel. These local suppliers may not be able to maintain the pace of our growth and our requirements may exceed their capabilities, which may adversely affect our ability to execute our day-to-day operations and our growth strategy.

Our business financial condition and results of operations could be materially affected by the loss of key personnel.

Our success depends to a significant extent on the ability of our senior management team and key personnel to operate and manage our business effectively. Most of our employment agreements with key personnel do not contain any non-competition provisions applicable upon termination. Competition for highly qualified personnel is intense. If we lose any executive officer, senior manager or other key employee and are not able to obtain an adequate replacement, or if we are unable to attract and retain new qualified personnel, our business, financial condition and results of operations could be materially adversely affected.

Risks Relating to the Airline Industry

An outbreak of disease or similar public health threat, such as the coronavirus, could have a material adverse impact on the Company's business, operating results and financial condition.

An outbreak of disease or similar public health threat, or fear of such an event, that affects travel demand or travel behavior could have a material adverse impact on the Company's business, financial condition and operating results. In addition, outbreaks of disease could result in travel bans or restrictions, increased government restrictions and regulation, including quarantines of our personnel or an inability to access facilities or our aircraft, which could adversely affect our operations. The COVID-19 pandemic has promulgated globally and has caused travel restrictions that have had a significant impact on the airline industry. See "Risks Relating to the COVID-19 Outbreak."

The airline industry is highly competitive.

We face intense competition throughout our route network. Overall airline industry profit margins are low and industry earnings are volatile. Airlines compete in the areas of pricing, scheduling (frequency and flight times), on-time performance, frequent flyer programs and other services. Some of our competitors have larger customer bases and greater brand recognition in the markets we serve outside Panama, and some of our competitors have significantly greater financial and marketing resources than we have. Airlines based in other countries may also receive subsidies, tax incentives or other state aid from their respective governments, which are not provided by the Panamanian government. In addition, the commencement of, or increase in, service on the routes we serve by existing or new carriers could negatively impact our operating results. Likewise, competitors' service on routes that we are targeting for expansion may make those expansion plans less attractive.

We compete with a number of other airlines that currently serve some of the routes on which we operate, including Avianca, American Airlines, Delta Air Lines, Aeromexico, and LATAM Group among others. Strategic alliances, bankruptcy restructurings and industry consolidations characterize the airline industry and tend to intensify competition. In the past, several air carriers have merged and/or reorganized, including certain of our competitors, such as LAN-TAM, Avianca-Taca, American-US Airways, Delta-Northwest. Furthermore, some of our competitors have received, or may receive, government subsidies due to the COVID-19 pandemic, including from the U.S. government. As a result, they have benefited from lower operating costs and fare discounting in order to maintain cash flows and to enhance continued customer loyalty. It is uncertain how the current Chapter 11 proceedings of Avianca, LATAM and Aeromexico will affect future competition in our markets.

Traditional hub-and-spoke carriers in the United States and Europe continue to face substantial and increasing competitive pressure from LCCs offering discounted fares. The LCC business model appears to be gaining acceptance in the Latin American aviation industry. The LCCs' operations are typically characterized by point-to-point route networks focusing on the highest demand city pairs, high aircraft utilization, single class service and fewer in-flight amenities. As a result, we may face new and substantial competition from LCCs in the future, which could result in significant and lasting downward pressure on the fares we charge for flights on our routes. Current LCCs such as Volaris, Spirit, JetBlue, Azul and Gol are adding pressure to our fares and are also exploring new competitive routes overflying our Hub. We also expect more competition in the market from newer players such as JetSmart and Sky. In December 2016, Copa's subsidiary in Colombia, AeroRepública, launched Wingo, a low-cost business model to serve domestic destinations and some point-to-point international leisure markets, to improve Copa's position within Colombia, and better compete with low unbundled prices from LCCs. Although we intend to compete vigorously and maintain our strong competitive position in the industry, Avianca, LATAM and Viva Air represent a significant portion of the domestic market in Colombia and have access to greater resources as a result of their larger size. Therefore, Copa faces stronger competition now than in recent years, and its prior results may not be indicative of its future performance.

We must constantly react to changes in prices and services offered by our competitors to remain competitive. The airline industry is highly susceptible to price discounting, particularly because airlines incur very low marginal costs for providing service to passengers occupying otherwise unsold seats. Carriers use discount fares to stimulate traffic during periods of lower demand to generate cash flow and to increase market share. Any lower fares offered by one airline are often matched by competing airlines, which often results in lower industry yields with little or no increase in traffic levels. Price competition among airlines in the future could lead to lower fares or passenger traffic on some or all of our routes, which could negatively impact our profitability. We cannot be certain that any of our competitors will not undercut our fares in the future or increase capacity on routes in an effort to increase their respective

market share. Although we intend to compete vigorously and to assert our rights against any predatory conduct, such activity by other airlines could reduce the level of fares or passenger traffic on our routes to the point where profitable levels of operations cannot be maintained. Due to our smaller size and financial resources compared to several of our competitors, we may be less able to withstand aggressive marketing tactics or fare wars engaged in by our competitors should such events occur.

Significant changes or extended periods of high fuel costs or fuel supply disruptions could materially affect our operating results.

Fuel costs constitute a significant portion of our total operating expenses, representing approximately 13.2% of operating expenses in 2020, 29.5% of operating expenses in 2019 and 30.4% in 2018. Jet fuel costs have been subject to wide fluctuations as a result of fluctuations in demand, sudden disruptions in and other concerns about global supply, as well as market speculation. Both the cost and availability of fuel are subject to many economic, political, weather, environmental and other factors and events occurring throughout the world that we can neither control nor accurately predict, including international political and economic circumstances such as the political instability in major oil-exporting countries in Latin America, Africa and Asia. Any future fuel supply shortage (for example, as a result of production curtailments by the Organization of the Petroleum Exporting Countries, or "OPEC," a disruption of oil imports, supply disruptions resulting from severe weather or natural disasters, the continued unrest in the Middle East or otherwise could result in higher fuel prices or further reductions in scheduled airline services). We cannot ensure that we would be able to offset any increases in the price of fuel by increasing our fares.

As of December 31, 2020, the Company was not a party to any outstanding fuel hedge contracts, and has adopted a new strategy of remaining unhedged, while regularly reviewing its policies based on market conditions and other factors. For 2021, although we have not hedged any part of our anticipated fuel needs, we continue to evaluate various hedging strategies and may enter into additional hedging agreements in the future, as any substantial and prolonged increase in the price of jet fuel will likely materially and negatively affect our business, financial condition and results of operation.

We may experience difficulty recruiting, training and retaining pilots and other employees.

The airline industry is a labor-intensive business. We employ a large number of flight attendants, maintenance technicians and other operating and administrative personnel. The airline industry has, from time to time, experienced a shortage of qualified personnel. As is common with most of our competitors, considerable turnover of employees may occur and may not always be predictable. When we experience higher turnover, our training costs may be higher due to the significant amount of time required to train each new employee and, in particular, each new pilot. If our pilots terminate their contracts earlier than anticipated, we may be unable to successfully recoup the costs spent to train those pilots. We cannot be certain that we will be able to recruit, train and retain the qualified employees that we need to continue our current operations to replace departing employees. A failure to hire, train and retain qualified employees at a reasonable cost could materially adversely affect our business, financial condition and results of operations.

Under Panamanian law, there is a limit on the maximum number of non-Panamanian employees that we may employ. Our need for qualified pilots has at times exceeded the domestic supply and as such, we have had to hire a substantial number of non-Panamanian national pilots. However, we cannot ensure that we will continue to attract Panamanian and foreign pilots. The inability to attract and retain pilots, or a change in Panamanian regulations, may adversely affect our growth strategy by limiting our ability to add new routes or increase the frequency of existing routes.

Because the airline industry is characterized by high fixed costs and relatively elastic revenues, airlines cannot quickly reduce their costs to respond to shortfalls in expected revenue.

The airline industry is characterized by low gross profit margins, high fixed costs and revenues that generally exhibit substantially greater elasticity than costs. The operating costs of each flight do not vary significantly with the number of passengers flown and, therefore, a relatively small change in the number of passengers, fare pricing or traffic mix could have a significant effect on operating and financial results. These fixed costs cannot be adjusted quickly to respond to changes in revenues, and a shortfall from expected revenue levels could have a material adverse effect on our net income.

In connection with the reduction in demand and revenues caused by the COVID-19 pandemic, we have reduced the number of flights, suspended capital expenditures (other than necessary aircraft maintenance capital expenditures and any aircraft that is delivered to us under existing contractual arrangements) and reduced fixed and variable expenses. However, this reduction in fixed and variable expenses has been and continues to be gradual and has been outpaced by the sudden decrease in revenues.

Our business may be adversely affected by downturns in the airline industry caused by terrorist attacks, political unrest, war or outbreak of disease, which may alter travel behavior or increase costs.

Demand for air transportation may be adversely affected by terrorist attacks, war or political and social instability, an outbreak of a disease or similar public health threat, natural disasters, cyber security threats and other events. Any of these events could cause governmental authorities to impose travel restrictions or otherwise cause a reduction in travel demand or changes in travel behavior in the markets in which we operate. Any of these events in our markets could have a material impact on our business, financial condition and results of operations. Furthermore, these types of situations could have a prolonged effect on air transportation demand and on certain cost items, such as security and insurance costs.

The terrorist attacks in the United States on September 11, 2001, for example, had a severe and lasting adverse impact on the airline industry, in particular, a decrease in airline traffic in the United States and, to a lesser extent, in Latin America. Our revenues depend on the number of passengers traveling on our flights. Therefore, any future terrorist attacks or threat of attacks, whether or not involving commercial aircraft, any increase in hostilities relating to reprisals against terrorist organizations, including an escalation of military involvement in the Middle East, or otherwise, and any related economic impact could result in decreased passenger traffic and materially and negatively affect our business, financial condition and results of operations.

Increases in insurance costs and/or significant reductions in coverage would harm our business, financial condition and results of operations.

Following the 2001 terrorist attacks, premiums for insurance against aircraft damage and liability to third parties increased substantially, and insurers could reduce their coverage or increase their premiums even further in the event of additional terrorist attacks, hijackings, airline crashes or other events adversely affecting the airline industry abroad or in Latin America. In the future, certain aviation insurance could become unaffordable, unavailable, or available only for reduced amounts of coverage that are insufficient to comply with the levels of insurance coverage required by aircraft lenders and lessors or applicable government regulations. While governments in other countries have agreed to indemnify airlines for liabilities that they might incur from terrorist attacks or provide low-cost insurance for terrorism risks, the Panamanian government has not indicated an intention to provide similar benefits to us. Increases in the cost of insurance may result in higher fares, which could result in a decreased demand and materially and negatively affect our business, financial condition and results of operations.

Failure to comply with applicable environmental regulations could adversely affect our business.

Our operations are covered by various local, national and international environmental regulations. These regulations cover, among other things, emissions to the atmosphere, disposal of solid waste and aqueous effluents, aircraft noise and other activities that result from the operation of aircraft. Future operations and financial results may vary as a result of such regulations. Compliance with these regulations and new or existing regulations that may be applicable to us in the future could increase our cost base and adversely affect our operations and financial results.

For example, the ICAO has issued the first edition of the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA") to address the increase in total CO2 emissions from international aviation. As Colombia and Panama are member states of ICAO, the Civil Aviation Authorities ("CAAs") of Panama and Colombia are developing new regulations to implement CORSIA. They expect to make these regulations public in 2021. Under CORSIA, airplane operators must annually report the fuel consumption of their international commercial operations and the corresponding CO2 emissions (domestic operations are excluded from these requirements). The first annual report was presented on October 2020. Copa Airlines and AeroRepública have already presented to their CAAs the Emission Monitoring Plan ("EMP") required by CORSIA.

In addition to encouraging CO2 emissions reductions, CORSIA will require airline operators to offset CO2 emissions through payments to authorized carbon banks, which will invest in environmental projects to reduce the global carbon footprint. Copa Airlines and AeroRepública will not be subject to the emissions offsetting requirements until 2027, because Panama and Colombia are not participating in the voluntary first phase of CORSIA.

Risks Relating to Panama and our Region

We are highly dependent on conditions in Panama and, to a lesser extent, in Colombia.

A substantial portion of our assets are located in the Republic of Panama and a significant proportion of our passengers' trips either originates or ends in Panama. Furthermore, substantially all of Copa's flights operate through our hub at Tocumen International Airport. As a result, we depend on economic and political conditions prevailing from time to time in Panama. Panama's economic conditions in turn highly depend on the continued profitability and economic impact of the Panama Canal. Control of the Panama Canal and many other assets were transferred from the United States to Panama in 1999 after nearly a century of U.S. control. Political events in Panama may significantly affect our operations.

Copa Colombia's results of operations are also highly sensitive to macroeconomic and political conditions prevailing in Colombia and any political unrest and instability in Colombia could adversely affect Copa Colombia's financial condition and results of operations.

Panama and Colombia have experienced significant economic growth over the last several years. However, like other countries in the region and around the world, the economies of Panama and Colombia have been adversely affected by the COVID-19 pandemic. See "—The COVID-19 pandemic is having a significant negative impact on the economies of the countries in which we operate, which is reducing demand for travel". According to International Monetary Fund estimates, during 2021 the Panamanian and Colombian economies both are expected to grow by 4.0%, as measured by their GDP at constant prices, even with preliminary figures indicating that real GDP decreased by 9.0% in Panama in 2020. However, if either economy experiences a sustained recession, or significant political disruptions, our business, financial condition or results of operations could be materially and negatively affected.

Any increase in the taxes we or our shareholders pay in Panama or the other countries where we do business could adversely affect our financial performance and results of operations.

We cannot ensure that our current tax rates will not increase. Our income tax expenses (credit) were ($23.7 million), $46.4 million and $34.5 million in the years ended December 31, 2020, 2019 and 2018, respectively, which represented an effective income tax rate of (3.8%), 15.8% and 28.1%, respectively. We are subject to local tax regulations in each of the jurisdictions where we operate, the great majority of which are related to the taxation of income. In some of the countries to which we fly, we are not subject to pay income taxes, either because those countries do not have income tax or because of treaties or other arrangements those countries have with Panama. In the remaining countries, we pay income tax at rates ranging from 7% to 34% of income.

Different countries calculate income in different ways, but they are typically derived from sales in the applicable country multiplied by our net margin or by a presumed net margin set by the relevant tax legislation. The determination of our taxable income in certain countries is based on a combination of revenues sourced to each particular country and the allocation of expenses of our operations to that particular country. The methodology for multinational transportation company sourcing of revenues and expenses is not always specifically prescribed in the relevant tax regulations, and therefore is subject to interpretation by both us and the respective taxing authorities. Additionally, in some countries, the applicability of certain regulations governing non-income taxes and the determination of our filing status are also subject to interpretation. We cannot estimate the amount, if any, of potential tax liabilities that might result if the allocations, interpretations and filing positions used by us in our tax returns were challenged by the taxing authorities of one or more countries. If taxes were to increase, our financial performance and results of operations could be materially and adversely affected. Due to the competitive revenue environment, many increases in fees and taxes have been absorbed by the airline industry rather than being passed on to the passenger. If we were to pass any of these increases in fees and taxes onto passengers, we may no longer compete effectively as those increases may result in reduced customer demand for air travel with us and we may no longer compete effectively, thereby reducing our revenues. If we were to absorb any increases in fees and taxes, the additional costs could have a material adverse effect on our results of operations.

The Panamanian tax code for the airline industry states that tax is based on net income earned for passenger and cargo traffic with an origin or final destination in the Republic of Panama. The applicable tax rate is currently 25%. Dividends from our Panamanian subsidiaries, including Copa, are separately subject to a 10% percent withholding tax on the portion attributable to Panamanian-sourced income and a 5% withholding tax on the portion attributable to foreign-sourced income. Additionally, a 7% value added tax is levied on tickets issued in Panama for travel commencing in Panama and going abroad, irrespective of where such tickets were ordered. If such taxes were to increase, our financial performance and results of operations could be materially and adversely affected. In February 2020, the Company received two notifications from the tax authority in Panama related to a tax audit process that began in 2019. The notifications include adjustments to the reported dividend tax for the years 2012 to 2016 and income tax 2016. The Company has filed an

administrative appeal, which is the first legal stage under Panamanian laws. The Company, along with its tax advisors, has concluded that it is not probable that an outflow of resources embodying economic benefits will be required to settle these notices. According to Panamanian laws, the statute of limitations is 3 and 15 years for income tax and dividend tax, respectively. If after going through the appeal process our tax position does not prevail we could have to issue a significant disbursement to the tax authorities.

Political unrest and instability in Latin American countries in which we operate may adversely affect our business and the market price of our Class A shares.

While geographic diversity helps reduce our exposure to risks in any one country, we operate primarily within Latin America and are thus subject to a full range of risks associated with our operations in these regions. These risks may include unstable political or economic conditions, lack of well-established or reliable legal systems, exchange controls and other limits on our ability to repatriate earnings and changeable legal and regulatory requirements. In Venezuela, for example, we and other airlines and foreign companies may only repatriate cash through specific governmental programs, which may effectively preclude us from repatriating cash for periods of time. In addition, Venezuela has experienced difficult political conditions and declines in the rate of economic growth in recent periods as well as governmental actions that have adversely impacted businesses that operate there. For the year ended December 31, 2020, revenue from the Company's flights to Venezuela, including connecting traffic, represented about 5.0% of consolidated revenues and direct flights between Panama and Venezuela. Inflation, any decline in GDP or other future economic, social and political developments in Latin America may adversely affect our financial condition or results of operations.

Although conditions throughout Latin America vary from country to country, our customers' reactions to developments in Latin America generally may result in a reduction in passenger traffic, which could materially and negatively affect our financial condition, results of operations and the market price of our Class A shares.

Risks Relating to Our Class A Shares

The value of our Class A shares may be adversely affected by ownership restrictions on our capital stock and the power of our Board of Directors to take remedial actions to preserve our operating license and international route rights by requiring sales of certain outstanding shares or issuing new stock.

Pursuant to the Panamanian Aviation Act, as amended and interpreted to date, and certain of the bilateral treaties affording us the right to fly to other countries, we are required to be "substantially owned" and "effectively controlled" by Panamanian nationals. Our failure to comply with such requirements could result in the loss of our Panamanian operating license and/or our right to fly to certain important countries. Our Articles of Incorporation (*Pacto Social*) give special powers to our independent directors to take certain significant actions to attempt to ensure that the amount of shares held in us by non-Panamanian nationals does not reach a level that could jeopardize our compliance with Panamanian and bilateral ownership and control requirements. If our independent directors determine it is reasonably likely that we will be in violation of these ownership and control requirements and our Class B shares represent less than 10% of our total outstanding capital stock (excluding newly issued shares sold with the approval of our independent director's committee), our independent directors will have the power to issue additional Class B shares or Class C shares with special voting rights solely to Panamanian nationals. See "Item 10B. Memorandum and Articles of Association—Description of Capital Stock."

If any of these remedial actions are taken, the trading price of the Class A shares may be materially and adversely affected. An issuance of Class C shares could have the effect of discouraging certain changes of control of Copa Holdings or may reduce any voting power that the Class A shares enjoy prior to the Class C share issuance. There can be no assurance that we would be able to complete an issuance of Class B shares to Panamanian nationals. We cannot be certain that restrictions on ownership by non-Panamanian nationals will not impede the development of an active public trading market for the Class A shares, adversely affect the market price of the Class A shares or materially limit our ability to raise capital in markets outside of Panama in the future.

Our controlling shareholder has the ability to direct our business and affairs, and its interests could conflict with those of other shareholders.

All of our Class B shares, representing approximately 25.8% of the economic interest in Copa Holdings and 100% of the voting power of our capital stock, are owned by *Corporación de Inversiones Aéreas, S.A*., or "CIASA," a Panamanian entity. CIASA is in turn controlled by a group of Panamanian investors. In order to comply with the Panamanian Aviation Act, as amended and interpreted to date, we have amended our organizational documents to modify our share capital so that CIASA will continue to exercise voting control of Copa Holdings. CIASA will not be able to transfer its voting control unless control of our Company will remain with Panamanian nationals. CIASA will maintain voting control of the Company so long as CIASA continues to own a majority of our Class B shares and

the Class B shares continue to represent more than 10% of our total share capital (excluding newly issued shares sold with the approval of our independent director's committee). Even if CIASA ceases to own the majority of the voting power of our capital stock, CIASA may continue to control our Board of Directors indirectly through its control of our Nominating and Corporate Governance Committee. As the controlling shareholder, CIASA may direct us to take actions that could be contrary to other shareholders' interests and under certain circumstances CIASA will be able to prevent other shareholders, including you, from blocking these actions. Also, CIASA may prevent change of control transactions that might otherwise provide an opportunity to dispose of or realize a premium on investments in our Class A shares.

The Class A shares will only be permitted to vote in very limited circumstances and may never have full voting rights.

The holders of Class A shares have no right to vote at our shareholders' meetings except with respect to corporate transformations of Copa Holdings, mergers, consolidations or spin-offs of Copa Holdings, changes of corporate purpose, voluntary delisting of the Class A shares from the NYSE, the approval of nominations of our independent directors and amendments to the foregoing provisions that adversely affect the rights and privileges of any Class A shares. The holders of Class B shares have the power to elect the Board of Directors and to determine the outcome of all other matters to be decided by a vote of shareholders. Class A shares will not have full voting rights unless the Class B shares represent less than 10% of our total capital stock (excluding newly issued shares sold with the approval of our independent director's committee). See "Item 10B. Memorandum and Articles of Association—Description of Capital Stock." We cannot assure that the Class A shares will ever carry full voting rights.

Substantial future sales of our Class A shares by CIASA could cause the price of the Class A shares to decrease.

CIASA owns all of our Class B shares, and those Class B shares will be converted into Class A shares if they are sold to non-Panamanian investors. In connection with our initial public offering in December 2005, Continental and CIASA reduced their ownership of our total capital stock from 49.0% to approximately 27.3% and from 51.0% to approximately 25.1%, respectively. In a follow-on offering in June 2006, Continental further reduced its ownership of our total capital stock from 27.3% to 10.0%. In May 2008, we and CIASA released Continental from its standstill obligations and they sold down their remaining shares in the public market. CIASA holds registration rights with respect to a significant portion of its shares pursuant to a registration rights agreement entered into in connection with our initial public offering. In March 2010, CIASA converted a portion of its Class B shares into 1.6 million non-voting Class A shares and sold such Class A shares in an SEC-registered public offering. In the event CIASA seeks to reduce its ownership below 10% of our total share capital, our independent directors may decide to issue special voting shares solely to Panamanian nationals to maintain the ownership requirements mandated by the Panamanian Aviation Act. As a result, the market price of our Class A shares could drop significantly if CIASA further reduces its investment in us, other significant holders of our shares sell a significant number of shares or if the market perceives that CIASA or other significant holders intend to sell their shares. As of December 31, 2020 CIASA owned 25.8% of Copa Holdings' total capital stock.

Holders of our common stock are not entitled to preemptive rights, and as a result, shareholders may experience substantial dilution upon future issuances of stock by us.

Under Panamanian corporate law and our organizational documents, holders of our Class A shares are not entitled to any preemptive rights with respect to future issuances of capital stock by us. Therefore, unlike companies organized under the laws of many other Latin American jurisdictions, we are free to issue new shares of stock to other parties without first offering them to our existing Class A shareholders. In the future we may sell Class A or other shares to persons other than our existing shareholders at a lower price than the shares already sold, and as a result, shareholders may experience substantial dilution of their interest in us.

Shareholders may not be able to sell our Class A shares at the price or at the time desired because an active or liquid market for the Class A shares may not continue.

Our Class A shares are listed on the NYSE. During the three months ended December 31, 2020, the average daily trading volume for our Class A shares as reported by the NYSE was approximately 473,925 shares. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for our investors. The liquidity of a securities market is often affected by the volume of shares publicly held by unrelated parties. We cannot predict whether an active liquid public trading market for our Class A shares will be sustained.

Our operations in Cuba may adversely affect the market price of our Class A shares

We currently offer passenger, cargo and mail transportation services to and from Cuba. For the year ended December 31, 2020, our transported passengers to and from Cuba represented approximately 4.5% of our total passengers. Our operating revenues from Cuban operations during the year ended December 31, 2020 represented approximately 1.4% of our total consolidated operating revenues for the year. Our assets located in Cuba are not significant.

The United States administers and enforces broad economic and trade sanctions and restrictions against Cuba, and groups opposed to the Cuban regime may seek to exert pressure on companies doing business in Cuba. U.S. policy towards Cuba has been in flux in recent years and uncertainty remains over the future of U.S. economic sanctions against Cuba and the impact such sanctions will have on our operations, particularly if the United States imposes additional relevant sanctions. While we believe our operations in Cuba are in compliance with all applicable laws, any violations of U.S. sanctions could result in the imposition of civil and/or criminal penalties and have an adverse effect on our business and reputation. Additionally, Title III of the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 (the Helms-Burton Act) provides a cause of action for U.S. nationals to bring claims against any person who traffics in property expropriated by the Cuban Government. The scope of any potential claims under the Helms-Burton Act are uncertain and companies with commercial dealings in Cuba have faced claims for damages; we could face such claims in the future.

Certain U.S. states have enacted or may enact legislation regarding investments by state-owned investors, such as public employee pension funds and state university endowments, in companies that have business activities with Cuba. As a result, such state-owned institutional investors may be subject to restrictions with respect to investments in companies such as ours, which could adversely affect the market for our shares.

Our Board of Directors may, in its discretion, amend or repeal our dividend policy. Shareholders may not receive the level of dividends provided for in the dividend policy or any dividends at all.

In February 2016, the Board of Directors approved a change to the dividend policy to limit aggregate annual dividends to an amount equal to 40% of the previous year's annual consolidated underlying net income, to be distributed in equal quarterly installments subject to board ratification each quarter. Our Board of Directors may, in its sole discretion and for any reason, amend or repeal any aspect of this dividend policy. Our Board of Directors may decrease the level of dividends provided for in this dividend policy or entirely discontinue the payment of dividends. Future dividends with respect to shares of our common stock, if any, will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, provisions of applicable law and other factors that our Board of Directors may deem relevant. See "Item 8A. Consolidated Statements and Other Financial Information—Dividend Policy." On April 26, 2020, given the challenges presented by the COVID-19 pandemic, the Board decided to postpone payment of dividends for the remainder of 2020.

To the extent we pay dividends to our shareholders, we will have less capital available to meet our future liquidity needs.

Our Board of Directors has reserved the right to amend the dividend policy or pay dividends in excess of the level circumscribed in the dividend policy. The aviation industry has cyclical characteristics, and many international airlines are currently experiencing difficulties meeting their liquidity needs. Also, our business strategy contemplates growth over the next several years, and we expect such growth will require a great deal of liquidity. To the extent that we pay dividends in accordance with, or in excess of, our dividend policy, the money that we distribute to shareholders will not be available to us to fund future growth and meet our other liquidity needs.

Our Articles of Incorporation impose ownership and control restrictions on our Company that ensure that Panamanian nationals will continue to control us and these restrictions operate to prevent any change of control or some transfers of ownership in order to comply with the Aviation Act and other bilateral restrictions.

Under Law No. 21 of January 29, 2003, as amended and interpreted to date, or the "Aviation Act", which regulates the aviation industry in the Republic of Panama, Panamanian nationals must exercise "effective control" over the operations of the airline and must maintain "substantial ownership". Under certain of the bilateral agreements between Panama and other countries pursuant to which we have the right to fly to those other countries and over their territories, we must also continue to have substantial Panamanian ownership and effective control by Panamanian nationals to retain these rights. On November 25, 2005, the Executive Branch of the Government of Panama promulgated a decree stating that the "substantial ownership" and "effective control" requirements of the Aviation Act are met if a Panamanian citizen or a Panamanian company is the record holder of shares representing 51% or more of the voting power of the

Company. Although the decree has the force of law for so long as it remains in effect, it does not supersede the Aviation Act, and it could be modified or superseded at any time by a future Executive Branch decree. Additionally, the decree has no binding effect on regulatory authorities of other countries whose bilateral agreements impose Panamanian ownership and control limitations on us. These phrases are not defined in the Aviation Act itself or in the bilateral agreements to which Panama is a party, and it is unclear how a Panamanian court or, in the case of the bilateral agreements, foreign regulatory authorities, would interpret them.

The share ownership requirements and transfer restrictions contained in our Articles of Incorporation, as well as the dual-class structure of our voting capital stock, are designed to ensure compliance with these ownership and control restrictions. See "Item 10B. Memorandum and Articles of Association—Description of Capital Stock". At the present time, CIASA is the record owner of 100% of our Class B voting shares, representing approximately 25.8% of our total share capital and all of the voting power of our capital stock. These provisions of our Articles of Incorporation may prevent change of control transactions that might otherwise provide an opportunity to realize a premium on investments in our Class A shares. They also ensure that Panamanians will continue to control all the decisions of our Company for the foreseeable future.

The protections afforded to minority shareholders in Panama are different from and more limited than those in the United States and may be more difficult to enforce.

Under Panamanian law, the protections afforded to minority shareholders are different from, and much more limited than, those in the United States and some other Latin American countries. For example, the legal framework with respect to shareholder disputes is less developed under Panamanian law than under U.S. law and there are different procedural requirements for bringing shareholder lawsuits, including shareholder derivative suits. As a result, it may be more difficult for our minority shareholders to enforce their rights against us or our directors or controlling shareholder than it would be for shareholders of a U.S. company. In addition, Panamanian law does not afford minority shareholders as many protections for investors through corporate governance mechanisms as in the United States and provides no mandatory tender offer or similar protective mechanisms for minority shareholders in the event of a change in control. While our Articles of Incorporation provide limited rights to holders of our Class A shares to sell their shares at the same price as CIASA in the event that a sale of Class B shares by CIASA results in the purchaser having the right to elect a majority of our board, there are other change of control transactions in which holders of our Class A shares would not have the right to participate, including the sale of interests by a party that had previously acquired Class B shares from CIASA, the sale of interests by another party in conjunction with a sale by CIASA, the sale by CIASA of control to more than one party, or the sale of controlling interests in CIASA itself.

Item 4. Information on the Company

A. History and Development of the Company

General

Copa was established in 1947 by a group of Panamanian investors and Pan American World Airways, which provided technical and economic assistance as well as capital. Initially, Copa served three domestic destinations in Panama with a fleet of three Douglas C-47 aircraft. In the 1960s, Copa began its international service with three weekly flights to cities in Costa Rica, Jamaica and Colombia using a small fleet of Avro 748s and Electra 188s. In 1971, Pan American World Airways sold its stake in Copa to a group of Panamanian investors who retained control of the airline until 1986. During the 1980s, Copa suspended its domestic service to focus on international flights.

In 1986, CIASA purchased 99% of Copa, which was controlled by the group of Panamanian shareholders who currently control CIASA. From 1992 until 1998, Copa was a part of a commercial alliance with Grupo TACA's network of Central American airline carriers. In 1997, together with Grupo TACA, Copa entered into a strategic alliance with American Airlines. After a year our alliance with American Airlines was terminated by mutual consent.

On May 6, 1998, Copa Holdings, S.A., the holding company for Copa and related companies was incorporated as a *sociedad anónima* under the laws of Panama to facilitate the sale by CIASA of a 49% stake in Copa Holdings to Continental. In connection with Continental's investment, we entered into an extensive alliance agreement with Continental providing for code-sharing, joint marketing, technical exchanges and other cooperative initiatives between the airlines. At the time of our initial public offering in December 2005, Continental reduced its ownership of our total capital stock from 49% to approximately 27.3%. In a follow-on offering in June 2006, Continental further reduced its ownership of our total capital stock from 27.3% to 10.0%. In May 2008, Continental sold its remaining shares in the public market. In March 2010, CIASA sold 4.2% of its interest and as of December 31, 2019 held 25.8% of our total capital stock.

Since 1998, we have grown and modernized our fleet while improving customer service and reliability. Our operational fleet has grown from 13 aircraft in 1998 to 102 aircraft as of the start of 2020. In 2020, we reduced the size of our fleet to 77 aircraft as of December 31, 2020, in part to reduce our capacity due to the COVID-19 pandemic. In 1999, we received our first Boeing 737-700s, followed by our first Boeing 737-800 in 2003 and our first Embraer 190 in 2005. We discontinued the use of our last Boeing 737-200 in 2005. In 2018, we took delivery of our first four Boeing 737 MAX 9 aircraft. In addition, continuing our fleet optimization and efficiency efforts, in 2020 we signed an aircraft sale and purchase agreement for the remaining Embraer 190 fleet. During 2020, we also announced the sale of our B737-700 fleet. We intend to restore capacity to pre-pandemic levels, as well as increase the frequency to the markets we currently serve over the long run.

On April 22, 2005, we acquired an initial 85.6% equity ownership interest in AeroRepública, which was one of the largest domestic carriers in Colombia in terms of passengers carried. Through subsequent acquisitions, we increased our total ownership interest in AeroRepública to 99.9% by the end of that year. In December 2016, we launched a low-cost business model, Wingo, to diversify our offerings and to better compete with other low- cost carriers in the markets. We believe that Copa Airlines' operational coordination with Copa Colombia creates additional passenger traffic in our existing route network by providing Colombian passengers more convenient access to the international destinations served through our Panama hub and by offering direct domestic and international service through our low cost business model, Wingo.

In July 2015, we elected to cease co-branding the MileagePlus frequent flyer program in Latin America and launched our own frequent flyer program, ConnectMiles. We believe that establishing our own direct relationship with our customers is essential to better serve them. Copa and UAL will remain strong loyalty partners through our participation in Star Alliance.

In addition, on November 30, 2018, we disclosed that we have entered into a three-way joint business agreement ("JBA") with UAL and Avianca that is intended to cover our combined network between the United States and Latin America (except Brazil). We, UAL and Avianca intend to apply for regulatory approval of the JBA and an accompanying grant of antitrust immunity from the U.S. Department of Transportation and other relevant agencies. However, there can be no assurance as to what the impact will be of the recent COVID-19 outbreak or Avianca's Chapter 11 proceedings.

Our registered office is located at Avenida Principal y Avenida de la Rotonda, Urbanización Costa del Este, Complejo Business Park, Torre Norte, Parque Lefevre, Panama City, Panama and our telephone number is +507 304-2774. The website of Copa Airlines is www.copaair.com. Information contained on, or accessible through, this website is not incorporated by reference herein and shall not be considered part of this annual report. Our agent for service of process in the United States is Puglisi & Associates, 850 Library Avenue,

Suite 204, Newark, Delaware 19715, and its telephone number is +(302) 738-6680. Also, the SEC maintains an internet site (www.sec.gov) that contains reports, proxy and information statements and other information about the Company that the Company has filed electronically with the SEC.

Capital Expenditures

During 2020, our capital expenditures were $44.1 million, which consisted of acquisition of property and equipment. During 2019, our capital expenditures were $89.6 million, which consisted primarily of advance payments on aircraft purchase contracts and acquisition of property and equipment, offset by reimbursement of advance payments on aircraft purchase contracts. During 2018, our capital expenditures were $183.1 million, which consisted primarily of advance payments on aircraft purchase contracts and acquisition of property and equipment, offset by reimbursement of advance payments on aircraft purchase contracts.

B. Business Overview

We are a leading Latin American provider of airline passenger and cargo service through our two principal operating subsidiaries, Copa Airlines and Copa Colombia. Copa Airlines operates from its strategically located position in the Republic of Panama, and Copa Colombia flies from Colombia to Copa Airlines Hub of the Americas in Panama, and operates a low-cost business model, Wingo, within Colombia and various cities in the region. As of December 31, 2020, we operate a fleet of 77 aircraft, 70 Boeing 737-Next Generation aircraft and seven Boeing 737 MAX 9 aircraft to meet our current capacity requirements. The Company had one purchase contract with Boeing, which entails 60 firm orders of Boeing 737 MAX aircraft, agreed to be delivered between 2021 and 2027.

Copa currently offers approximately 104 daily scheduled flights among 54 destinations in 25 countries in North, Central and South America and the Caribbean from its Panama City hub. Copa provides passengers with access to flights to more than 200 other destinations through code-share arrangements with UAL and other airlines pursuant to which each airline places its name and flight designation code on the other's flights. Through its Panama City hub, Copa is able to consolidate passenger traffic from multiple points to serve each destination effectively.

Copa has a strategic alliance with United Airlines, or "UAL" or "United," that encompass joint marketing strategies and code-sharing arrangements, among other things. We have been a member of Star Alliance since June 2012.

Our Strengths

We believe our primary business strengths that have allowed us to compete successfully in the airline industry include the following:

- *Our "Hub of the Americas" airport is strategically located.* We believe that Copa's base of operations at the geographically central location of Tocumen International Airport in Panama City, Panama provides convenient connections to our principal markets in North, Central and South America and the Caribbean, enabling us to consolidate traffic to serve several destinations that do not generate enough demand to justify point-to-point service. Flights from Panama operate with few service disruptions due to weather, contributing to high completion factors and on-time performance. Tocumen International Airport's sea-level altitude allows our aircraft to operate without the performance restrictions they would be subject to in higher altitude airports. We believe that Copa's hub in Panama allows us to benefit from Panama City's status as a center for financial services, shipping and commerce and from Panama's stable, dollar-based economy, free-trade zone and growing tourism.
- *We focus on keeping our operating costs low.* In recent years, our low operating costs and efficiency have contributed significantly to our profitability. We believe that our cost per available seat mile reflects our modern fleet, efficient operations and the competitive cost of labor in Panama. During 2020 Panama's authorities suspended commercial operations to and from Panama, Copa underwent through extensive renegotiations of contracts and cost reduction exercise that will lead us to achieve CASM levels in the range of 6¢ when we are able to achieve back around 80% of pre-COVID-19 capacity. See "—The COVID-19 outbreak has had and is expected to continue to have a material adverse impact on our business."
- *We operate a modern fleet.* Our fleet consists of Boeing 737-MAX and Boeing 737 -Next Generation aircraft equipped with winglets and other modern cost-saving and safety features. Over the next several years, we intend to enhance our modern fleet through the addition of 60 Boeing 737 MAX aircraft to be delivered between 2021 and 2027. We believe that our modern fleet contributes to our on-time performance and high completion factor (percentage of scheduled flights not cancelled).

- *We believe Copa has a strong brand and a reputation for quality service*. We believe that the Copa brand is associated with value to passengers, providing world-class service and competitive pricing. For the year ended December 31, 2020, Copa's statistic for on-time performance, according to DOT standard methodology of arrivals within 14 minutes of scheduled arrival time, was and its completion factor was 90.1%. We believe our focus on customer service has helped to build passenger loyalty. In addition, the excellent response to our new loyalty program, ConnectMiles, demonstrates the strong affinity Copa customers have for the brand. In January 2020, we were recognized by OAG as the second most on-time airline in the world and the most on-time airline in Latin America, and by Flight Stats in 2019, for the seventh consecutive year as the most on-time airline in Latin America.

- *Our management fosters a culture of teamwork and continuous improvement*. Our management team has been successful at creating a culture based on teamwork and focused on continuous improvement. Each of our employees has individual objectives based on corporate goals that serve as a basis for measuring performance. When corporate operational and financial targets are met, employees are eligible to receive bonuses according to our profit-sharing program. See "Item 6D. Employees". We also recognize outstanding performance of individual employees through company-wide recognition, one-time awards, special events and, in the case of our senior management, grants of restricted stock and stock options. Our goal-oriented culture and incentive programs have contributed to a motivated work force that is focused on satisfying customers, achieving efficiencies and growing profitability.

Our Strategy

Our goal is to continue to grow profitably and enhance our position as a leader in Latin American aviation by providing a combination of superior customer service, convenient schedules and competitive fares, while maintaining competitive costs. The key elements of our business strategy include the following:

- *Expand our network by increasing frequencies and adding new destinations.* We believe that demand for air travel in Latin America is likely to expand in the next decade, and we intend to use our increasing fleet capacity to meet this growing demand. We intend to focus on expanding our operations by increasing flight frequencies on our most profitable routes and initiating service to new destinations. Copa's Panama City hub allows us to consolidate traffic and provide non-stop or one-stop connecting service to over 2,000 city pairs, and we intend to focus on providing new or increased service to destinations that we believe best enhance the overall connectivity and profitability of our network. While the core tenets of our business model remain in place, the future demand and competitive environment of the region remain highly uncertain due to the coronavirus (COVID-19) outbreak and the restructuring of several of our competitors.

- *Continue to focus on keeping our costs low*. We seek to reduce our cost per available seat mile without sacrificing services valued by our customers as we execute our growth plans. Our goal is to maintain a modern fleet and to make effective use of our resources through efficient aircraft utilization and employee productivity. We intend to reduce our distribution costs by increasing direct sales as well as improving efficiency through technology and automated processes.

- *Emphasize superior service and value to our customers.* We intend to continue to focus on satisfying our customers and earning their loyalty by providing a combination of superior service and competitive fares. We believe that continuing our operational success in keeping flights on time, reducing mishandled luggage and offering convenient schedules to attractive destinations will be essential to achieving this goal. In January 2020, we were recognized by OAG as the second most on-time airline in the world and the most on-time airline in Latin America, and by Flight Stats in 2019, for the seventh consecutive year as the most on-time airline in Latin America. We intend to continue to incentivize our employees to improve or maintain operating and service metrics relating to our customers' satisfaction by continuing our profit-sharing plan and employee recognition programs. We will continue to reward our customer loyalty with, ConnectMiles awards, upgrades and access to our Copa Club lounges.

Industry

In Latin America, the scheduled passenger service market consists of three principal groups of travelers: strictly leisure, business and travelers visiting friends and family. Leisure passengers and passengers visiting friends and family typically place a higher emphasis on lower fares, whereas business passengers typically place a higher emphasis on flight frequency, on-time performance, breadth of network and service enhancements, including loyalty programs and airport lounges.

According to data from the International Air Transport Association, or "IATA", Latin America comprised approximately 7.0% of international worldwide passengers flown in 2019 or 317 million passengers.

The Central American aviation market is dominated by international traffic. According to data from IATA, international revenue passenger kilometers, or "RPKs", are concentrated between North America and Central America. This segment represented 76% of international RPKs flown to and from Central America in 2019, compared to 17.5% RPKs flown between Central America and South America and 6.4% for RPKs flown between Central American countries. Total RPKs flown on international flights to and from Central America increased 2.8%, and load factors on international flights to and from Central America were 84% on average.

The chart below details passenger traffic between regions in 2019:

	2019 IATA Traffic Results					
	Passenger Kms Flown		**Available Seat Kms**		**Passenger Load Factor**	
	(Millions)	**Change (%)**	**(Millions)**	**Change (%)**	**Load Factor**	**Change (%)**
North America - Central America / Caribbean	160,104	6.0	192,527	4.4	83.2%	1.3 p.p.
North America - South America	116,929	(2.7)	136,619	(5.9)	85.6%	2.9 p.p.
Within South America	40,217	(2.9)	49,993	(3.3)	80.4%	0.4 p.p.
Central America/Caribbean - South America	36,789	2.8	44,531	2.1	82.6%	0.5 p.p.
Within Central America	13,433	0.5	17,281	(0.1)	77.7%	0.4 p.p.

For 2020, due to the COVID pandemic, some countries in Latin America declared a suspension of operations for several months. Operations were restarted for most airlines in Latin America on the fourth quarter, and capacity is gradually being restored following the currently reduced demand.

Panama serves as a hub for connecting passenger traffic between major markets in North, South, and Central America and the Caribbean. Accordingly, passenger traffic to and from Panama is significantly influenced by economic growth in surrounding regions. Major passenger traffic markets in North, South and Central America experienced a decrease in their GDP in 2020. Preliminary figures indicate that real GDP decreased by 9.0% in Panama and by 8.2% in Colombia, according to data of the World Economic and Financial Survey conducted by the International Monetary Fund or "IMF".

	GDP (in US$ billions)		**GDP per Capita**
	2020 Current Prices (US$)	**2020 Real GDP (% Growth)**	**2020 Current Prices (US$)**
Argentina	383	(11.8)	8,433
Brazil	1,364	(5.8)	6,450
Chile	245	(6.0)	12,612
Colombia	265	(8.2)	5,207
Mexico	1,040	(9.0)	8,069
Panama	60	(9.0)	14,090
USA	20,807	(4.3)	63,051

Source: International Monetary Fund, World Economic Outlook Database, October 2020

Prior to the COVID-19 pandemic, Panama had benefited from a stable economy with moderate inflation and steady GDP growth. According to IMF estimates, from 2014 to 2020, Panama's real GDP grew at an average annual rate of 2.7%, while inflation averaged 0.6% per year. The IMF currently estimates Panama's population to be approximately 4.4 million in 2020, with the majority of the population concentrated in Panama City, where our hub at Tocumen International Airport is located. We believe the combination of a stable, service-oriented economy and steady population growth has helped drive our domestic origin and destination passenger traffic.

Domestic travel within Panama primarily consists of individuals visiting families as well as domestic and foreign tourists visiting the countryside. Most of this travel is done via ground transportation, and its main flow is to and from Panama City, where most of the economic activity and population is concentrated. Demand for domestic air travel is growing and relates primarily to leisure travel from foreign and local tourists. Since January 2015, Copa has operated daily flights to the second-largest city in Panama, David in the province of Chiriqui. The remaining market is served primarily by one local airline, Air Panama, which operates a fleet consisting of turbo prop aircraft generally with less than 50 seats. This airline offers limited international service and operates in the secondary Marcos Gelabert airport of Panama City, which is located 30 minutes by car from Tocumen International Airport.

Colombia is the third largest country in Latin America in terms of population, with a population of approximately 50.9 million in 2020 according to the IMF and has a land area of approximately 440,000 square miles. Colombia's GDP is estimated to be $264.9 billion for 2020, and per capita income was approximately $5.2 thousand (current prices) according to the IMF. Colombia's geography is marked by the Andean mountains and an inadequate road and rail infrastructure, making air travel a convenient and attractive transportation alternative. Colombia shares a border with Panama, and for historic, cultural and business reasons it represents a significant market for many Panamanian businesses.

Route Network and Schedules

As of December 31, 2020, Copa provided regularly scheduled flights to 54 cities in North, Central and South America and the Caribbean. These represent 67% the number of cities served in 2019. The reduction in the number of cities served is due to the effects of the COVID-19 pandemic on the economies in the region. The majority of Copa flights operate through our hub in Panama City which allows us to transport passengers and cargo among a large number of destinations with service that is more frequent than if each route were served directly.

We believe our hub-and-spoke model is the most efficient way for us to operate our business since most of the origination/destination city pairs we serve do not generate sufficient traffic to justify point-to-point service. Also, since we serve many countries, it would be very difficult to obtain the bilateral route rights necessary to operate a competitive network-wide point-to-point system.

Copa schedules its hub flights using a "connecting bank" structure, where flights arrive at the hub at approximately the same time and depart a short time later. In June 2011, we increased our banks of flights from four to six a day. This allowed us to increase efficiency in the use of hub infrastructure in addition to providing more time of day choices to passengers.

As a part of our strategic relationship with UAL, Copa provides flights through code-sharing arrangements to over 200 other destinations. In addition to code-shares provided with our Star Alliance partners, Copa also has code-sharing arrangements in place with several other carriers, including Air France, KLM, Iberia, Air Europa, Emirates, Gol, Azul and Cubana.

In addition to increasing the frequencies to destinations we already serve, Copa's business strategy is also focused on adding new destinations across Latin America, the Caribbean and North America in order to increase the attractiveness of our Hub of the Americas at Tocumen International Airport for intra-American traffic. We currently plan to introduce new destinations and to increase frequencies to many of the destinations that Copa currently serves. Our fleet allows us to improve our service by increasing frequencies and service to new destinations with the right-sized aircraft.

In December 2016, we launched a low-cost business model, Wingo, to diversify our offerings and to better compete with other low-cost carriers in the markets. Wingo serves domestic flights in Colombia and some international cities to and from Colombia. We also expect to incorporate a new Wingo operator, La Nueva Aerolínea S.A., which will be based in Panama and will initially operate one 737-800 from the *Panama Pacífico International Airport* outside of Panama City.

The coronavirus (COVID-19) outbreak and the resulting effects of decreased demand and increased passenger entry requirements implemented by many governments in our region has had a dramatic impact on our traffic volumes and therefore the flight schedules we offer. While most experts project that it will take several years for air travel demand to return to the levels of 2019, there can be no assurance as to if or when air travel demand will recover in our region.

Revenue by Region

The following table shows our revenue generated in each of our major operating regions.

	Year Ended December 31,				
Region	2020	2019	2018	2017	2016
North America (1)	29.8%	32.0%	31.2%	29.6%	28.8%
South America	36.0%	36.5%	40.6%	42.2%	42.2%
Central America (2)	31.6%	27.7%	24.5%	24.5%	23.1%
Caribbean (3)	2.7%	3.8%	3.7%	3.7%	5.9%

(1) Includes USA, Canada, Mexico
(2) Includes Panama
(3) Cuba, Dominican Republic, Haiti, Jamaica, Puerto Rico, Aruba, Curaçao, St. Maarten, Bahamas, Barbados, and Trinidad and Tobago

Airline Operations

Passenger Operations

Passenger revenue accounted for approximately $760.6 million in 2020, $2,612.6 million in 2019, and $2,587.4 million in 2018, representing 95.0%, 96.5%, and 96.6%, respectively, of Copa's total revenues. Leisure traffic, which makes up close to half of Copa's total traffic, tends to coincide with holidays, school vacations and cultural events and peaks in July and August, and again in December and January. Despite these seasonal variations, Copa's overall traffic pattern is relatively stable due to the constant influx of business travelers. Approximately one third of Copa's passengers regard Panama City as their destination or origination point, and most of the remaining passengers pass through Panama City in transit to other points on our route network.

Cargo Operations

In addition to our passenger service, we make efficient use of extra capacity in the belly of our aircraft by carrying cargo. Our cargo operations consist principally of freight service. Copa's cargo business generated revenues of approximately $21.0 million in 2020, $62.5 million in 2019, and $62.5 million in 2018, representing 2.6%, 2.3%, and 2.3% respectively, of Copa's operating revenues. We primarily move our cargo in the belly of our aircraft; however, we also wet-lease and charter freighter capacity when necessary to meet our cargo customers' needs.

Pricing and Revenue Management

Copa has designed its fare structure to balance its load factors and yields in a way that it believes will maximize profits on its flights. Copa also maintains revenue management policies and procedures that are intended to maximize total revenues, while remaining generally competitive with those of our major competitors. In 2020, Copa implemented the PROS Revenue Management system, replacing the system formerly used by the company.

Copa charges higher fares for tickets sold on higher-demand routes, tickets purchased on short notice and other itineraries suggesting a passenger would be willing to pay a premium. This represents strong value to Copa's business customers, who need more flexibility with their flight plans. The number of seats Copa offers at each fare level in each market results from a continual process of analysis and forecasting. Past booking history, seasonality, the effects of competition and current booking trends are used to forecast demand. Current fares and knowledge of upcoming events at destinations that will affect traffic volumes are included in Copa's forecasting model to arrive at optimal seat allocations for its fares on specific routes. Copa uses a combination of approaches, taking into account yields, flight load factors and effects on load factors of continuing traffic, depending on the characteristics of the markets served, to arrive at a strategy for achieving the best possible revenue per available seat mile, balancing the average fare charged against the corresponding effect on our load factors.

Relationship with UAL

In May 1998, Copa Airlines and Continental entered into a comprehensive alliance agreement to offer a more complete and seamless travel experience to passengers. The agreement encompasses a broad array of activities, including Copa's participation in Continental's frequent flyer programs and VIP lounges, as well as trademark agreements merged to permit joint marketing activities. Continental became a subsidiary of UAL after its merger with United Airlines in 2010, and UAL has recognized all benefits of our original alliance with Continental.

As a result of our alliance, we have benefited from Continental's and UAL's expertise and experience over the years. For example, prior to July 2015 when we launched our own frequent flyer program, ConnectMiles, we adopted Continental's OnePass (now UAL's MileagePlus) frequent flyer program and rolled out a co-branded joint product in most of Latin America, which enabled Copa to develop brand loyalty among travelers. The co-branding of the OnePass (now MileagePlus) loyalty program helped Copa to leverage the brand recognition that Continental already enjoyed across Latin America and has enabled Copa to compete more effectively against regional. We also have adopted several important information technology systems, such as the SHARES computer reservation system in an effort to maintain commonality with UAL.

Our alliance relationship with UAL enjoys a grant of antitrust immunity from the U.S. Department of Transportation, or "DOT". The agreement expires in 2026, and is terminable by either airline in cases of, among other things, uncured material breaches of the alliance agreement, bankruptcy, termination of the services agreement for breach, termination of the frequent flyer participation agreement without entering into a successor agreement, certain competitive activities, certain changes of control of either of the parties and certain significant operational service failures.

Trademark License Agreement. Under our trademark license agreement with UAL, we have the right to use a logo incorporating a design that is similar to the design of the UAL logo. We also have the right to use UAL's trade dress, aircraft livery and certain other UAL marks under the agreement that allow us to more closely align our overall product with our strategic alliance partner. The trademark license agreement is coterminous with the alliance agreement and can also be terminated for breach. In most cases, we have a period of five years after termination to cease to use the marks on our aircraft, with less time provided for signage and other uses of the marks or in cases where the agreement is terminated for a breach by us.

Joint Business Agreement

In November 2018, Copa Airlines announced it has reached an agreement with UAL and Avianca for a JBA that, pending government approval, is expected to provide substantial benefits for customers, communities and the marketplace for air travel between the United States and 19 countries in Central and South America.

By integrating their complementary route networks into a collaborative revenue-sharing JBA, Copa, United and Avianca will offer customers many benefits, including:

- Integrated, seamless service in more than 12,000 city pairs.
- New nonstop routes.
- Additional flights on existing routes, and
- Reduced travel times.

The carriers expect the agreement to drive significant traffic growth at major gateway cities throughout Latin America, which the carriers believe should help bring new investment and create more economic development opportunities for their communities. Further, the carriers anticipate the JBA will provide customers with expanded codeshare flight options, competitive fares and a more streamlined travel experience.

Additionally, allowing the three carriers to serve customers as if they were a single airline is expected to enable the companies to better align their frequent flyer programs, coordinate flight schedules and look to improve the overall travel experience.

To enable the deep coordination required to deliver these benefits to consumers, communities and the marketplace, Copa, United and Avianca plan to apply for regulatory approval of the agreement and an accompanying grant of antitrust immunity from the DOT and other regulatory agencies. The parties plan to fully implement the JBA after receiving the necessary government approvals.

The JBA currently includes cooperation between the U.S. and Central and South America, excluding Brazil. With the recently concluded Open Skies agreement between the US and Brazil, the carriers are exploring the possibility of adding Brazil to the JBA.

Once approved, the JBA will enable deep commercial and strategic cooperation that will apply exclusively in the itineraries between Latin America and the U.S. contemplated in the agreement, but each of the three airlines will remain independent companies. However, given the recent COVID-19 outbreak and Avianca's Chapter 11 proceedings, we can provide no assurances of the approvals and subsequence implementation of the JBA.

Sales, Marketing and Distribution

Sales and Distribution. A significant portion of our sales were completed through travel agents, including OTAs and other airlines while the rest came from direct sales via our city ticket offices, or "CTOs," call centers, airport counters or website. In recent years, travel agents' base commissions have decreased significantly in most markets as more efficient back-end incentive programs have been implemented to reward selected travel agencies that exceed their sales targets.

Travel agents obtain airline travel information and issue airline tickets through global distribution systems, or "GDSs," that enable them to make reservations on flights from a large number of airlines. GDSs are also used by travel agents to make hotel and car rental reservations. Copa participates actively in all major international GDSs, including SABRE, Amadeus, Travelport. In return for access to these systems, Copa pays transaction fees that are generally based on the number of reservations booked through each system.

Copa has a sales and marketing network consisting of 33 domestic and international ticket offices, including city ticket offices located in Panama and Colombia, in addition to the airports where we operate.

The call center that operates Copa's reservations and sales services handles calls from Panama as well as most other countries to which Copa flies. Such centralization has resulted in a significant increase in telephone sales, as it efficiently allows for improvements in service levels such as 24-hour-a-day, 7-days-a-week service, in three different languages.

Advertising and Promotional Activities. In recent years, we have increased our use of digital marketing, including social media via Facebook, Instagram and Twitter to enhance our brand image and engage customers in a new way. Although the majority of our efforts are currently focused on digital channels, our advertising and promotional activities also include the use of television, print, radio and billboards, as well as targeted public relation events in the cities where we fly. We believe that the corporate traveler is an important part of our business, and we particularly promote our service to these customers by conveying the reliability, convenience and consistency of our service and offering value-added services such as convention and conference travel arrangements. We also promote package deals for the destinations where we fly through combined efforts with selected hotels and travel agencies.

Competition

We face considerable competition throughout our route network. Overall airline industry profit margins are relatively low and industry earnings are volatile. Airlines compete in the areas of pricing, scheduling (frequency and flight times), on-time performance, frequent flyer programs and other services. Strategic alliances, bankruptcy restructurings and industry consolidations characterize the airline industry and tend to intensify competition.

Copa competes with a number of other airlines that currently serve the routes on which we operate, including Avianca, American Airlines, Delta Air Lines, Spirit, JetBlue, Azul, Aeromexico, Gol, Interjet, Volaris, Viva Air and LATAM, among others. In order to remain competitive, we must constantly react to changes in prices and services offered by our competitors.

The airline industry continues to experience increased consolidation and changes in international alliances, both of which have altered and will continue to alter the competitive landscape in the industry by resulting in the formation of airlines and alliances with increased financial resources, more extensive global networks and altered cost structures. Moreover, the COVID-19 outbreak and consequent economic effects has created significant uncertainty about the competitive landscape in the coming years.

The airline industry is highly susceptible to price discounting, particularly because airlines incur very low marginal costs for providing service to passengers occupying otherwise unsold seats. Carriers use discount fares to stimulate traffic during periods of lower demand to generate cash flow and to increase market share. Any lower fares offered by one airline are often matched by competing airlines, which frequently results in lower industry yields with little or no increase in traffic levels. Price competition among airlines could lead to lower fares or passenger traffic on some or all of our routes, which could negatively impact our profitability.

Airlines based in other countries may also receive subsidies, tax incentives or other state aid from their respective governments, which are not provided by the Panamanian government. The commencement of, or increase in, service on the routes we serve by existing or new carriers could negatively impact our operating results. Likewise, competitors' service on routes that we are targeting for expansion may make those expansion plans less attractive. We must constantly react to changes in prices and services offered by our competitors to remain competitive.

Traditional hub-and-spoke carriers in the United States and Europe have in recent years faced substantial and increasing competitive pressure from low-cost carriers offering discounted fares. The low-cost carriers' operations are typically characterized by point-to-point route networks focusing on the highest demand city pairs, high aircraft utilization, single class service and fewer in-flight amenities. As evidenced by the operations of competitors in South and Central American countries it is clear that low-cost carriers are gaining acceptance in the Latin American aviation industry.

With respect to our cargo operations, we will continue to face competition from all of the major airfreight companies, most notably DHL, which has a cargo hub operation at Tocumen International Airport.

Aircraft

As of December 31, 2020, Copa operated a fleet consisting of 77 aircraft, including two Boeing 737-700 Next Generation aircraft and 68 Boeing 737-800 Next Generation aircraft**.** As of December 31, 2020, Copa had firm orders to purchase 60 Boeing 737 MAX aircraft to be delivered between 2021 and 2027. In October 2018 Copa signed an aircraft sale and purchase agreement with Azorra Aviation for the sale of five Embraer 190 aircraft in 2019. In 2020, we signed an aircraft sale and purchase agreement for the remaining Embraer 190 aircraft. The deliveries of these aircraft will be completed by June 2021. During 2020, we also announced the sale of our Boeing 737-700 fleet.

The current composition of the Copa fleet as of December 31, 2020 is fully described below:

	Number of Aircraft			Average Term of Lease Remaining (Years)	Average Age (Years)	Seating Capacity
	Total	Owned	Leased			
Boeing 737 MAX	7	7	0	—	1.8	166
Boeing 737-700	2	0	2	0.3	21.2	124
Boeing 737-800	68	41	27	2.7	8.4	154/160/186
Total	77	48	29	2.5	8.2	—

The table below describes the expected size of our fleet at the end of each year set forth below, assuming delivery of all aircraft for which we currently have firm orders but not taking into account any aircraft for which we have purchase rights and options:

Aircraft Type	2021	2022	2023	2024	2025
737-800	67	62	53	42	41
737-MAX[(1)]	15	20	28	36	45
Total Fleet	82	82	81	78	86

(1) We have the flexibility to choose between the different members of the 737 MAX family. The delivery schedule above reflects contractual commitments.

The Boeing 737 aircraft currently in our fleet are fuel-efficient and suit our operations well for the following reasons:

- They have simplified maintenance procedures.
- They require just one type of standardized training for our crews.
- They have one of the lowest operating costs in their class.

Our focus on profitable operations means that we periodically review our fleet composition. As a result, our fleet composition changes over time when we conclude that adding other types of aircraft will help us achieve this goal. Following our strategy, by December 31, 2020

we had an order for 60 Boeing 737 MAX aircraft. The 737 MAX provides additional benefits to the current fleet such as fuel efficiency, longer range and additional capacity compared to the current Copa seat configuration. Following the Ethiopian Airlines accident involving a Boeing 737 MAX 8 aircraft, we suspended operations of our six Boeing 737 MAX 9 aircraft as regulatory authorities around the world grounded the aircraft. On November 18, 2020 the FAA rescinded its grounding order, issued an airworthiness directive, and published training requirements enabling the Company to begin modifying certain operating procedures, implementing enhanced pilot training requirements, installing FAA-approved flight control software updates, and completing other required maintenance tasks specific to the MAX aircraft. On January 2021, we resumed operations of our Boeing 737 MAX fleet after the authorization of the *Autoridad Aeronáutica Civil de Panama.*

Through several special purpose vehicles, we currently have beneficial ownership of 48 of our aircraft. In addition, we lease two of our Boeing 737-700s and 27 of our Boeing 737-800s under long-term operating lease agreements that have an average remaining term of 2.5 years. Leasing some of our aircraft provides us with flexibility to change our fleet composition if we consider it to be in our best interests to do so. We make monthly rental payments, some of which are based on floating rates, but we are not required to make termination payments at the end of the lease. Currently, we do not have purchase options under any of our operating lease agreements. Under our operating lease agreements, we are required to make supplemental rent payments at the end of the lease that are calculated with reference to the aircraft's maintenance schedule. In either case, we must return the aircraft in the agreed-upon condition at the end of the lease term. Title to the aircraft remains with the lessor. We are responsible for the maintenance, servicing, insurance, repair and overhaul of the aircraft during the term of the lease.

To better serve the growing number of business travelers, we offer a business class (*Clase Ejecutiva*) configuration in our fleet. Our business class service features upgraded meal service, special check-in desks, bonus mileage for full-fare business class passengers and access to VIP lounges. Our Boeing 737-800 aircraft currently have two different configurations, one with 16 business class seats with 38-inch pitch; and a second, with 48-inch pitch seats, which is currently being used in 36 of our 737-800s. In order to accommodate these seats, a row from economy class was removed, decreasing the total number of seats in those aircraft from 160 to 154. The Boeing 737 MAX 9 aircraft feature 16 full lie-flat seats in business class (Dreams) and a total of 166 seats. By the end of 2021, a new Boeing 737 MAX 9 configuration will be part of the fleet, with 12 full lie-flat seats in business class (Dreams) and a total of 174 seats.

Also, within the Copa Holdings fleet, there are six 737-800s dedicated to the operations of Wingo. These aircraft are equipped with 186 economy class seats.

Each of our Boeing 737-Next Generation aircraft is powered by two CFM International Model CFM 56-7B engines. Our Boeing 737 MAX 9 aircraft are powered by two CFM International Leap 1B engines. We currently have nine spare engines for service replacements and for periodic rotation through our fleet.

Maintenance

The maintenance performed on our aircraft can be divided into two general categories: line and heavy maintenance. Line maintenance consists of routine, scheduled maintenance checks on our aircraft, including pre-flight, service visits, "A-checks" and any diagnostics and routine repairs. Copa's line maintenance is performed by Copa's own technicians at our main base in Panama and/or at the out stations by Copa Airlines and/or Copa Colombia employees or third-party contractors. Heavy maintenance consists of more complex inspections and overhauls, including "C-checks," and servicing of the aircraft that cannot be accomplished during an overnight visit. Maintenance checks are performed intermittently as determined by the aircraft manufacturer through Copa Airlines AAC approved maintenance program. These checks are based on the number of hours, departures or calendar months flown. Historically we had contracted with certified outside maintenance providers, such as COOPESA. In October of 2010, Copa decided to begin performing a portion of the heavy maintenance work in-house. The hiring, training, facility and tooling setup, as well as enhancing certain support shops, were completed during a ten-month period. Ultimately, Copa acquired the required certifications by the local authorities to perform the first in-house C-Check in August 2011, followed by its second C-check in October of the same year. Today we are performing a continuous line of C-Checks in-house for the entire year, and on January 20, 2017 we held the ground-breaking of our new maintenance facility at Tocumen International Airport which allows us to perform up to three complete continuous lines of C-checks, as required. The new facility commenced operations in January 2019. In 2020, 5 heavy maintenance checks were successfully performed in-house. When possible, Copa attempts to schedule heavy maintenance during its lower-demand seasons in order to maximize productive use of its aircraft. Additionally, as of the of 2020, 13 of our Boeing 737-700/800 had been sent to CAVU Aerospace at Roswell International Air Center in New Mexico in 2020 for short term and long-term storage due to the COVID-19 pandemic impact on the economies we serve and our operations.

Copa has exclusive long-term contracts with GE Engines whereby they perform maintenance on all of our CFM-56 engines.

In October of 2014, Copa Airlines established its own maintenance technician training academy. Through this program, we recruit and train technicians through on-the-job training and formal classes. These future technicians stay in the program for four years total. After the first two years, each trainee receives their airframe license and becomes a mechanic. After the next two years, each trainee receives their power plant license and is released as a mechanic into our work force.

Copa Airlines and Copa Colombia employ, system-wide, around 483 maintenance professionals, who perform maintenance in accordance with maintenance programs that are established by the manufacturers and approved and certified by international aviation authorities. Every mechanic is trained in factory procedures and goes through our own rigorous in-house training program. Every mechanic is licensed by the AAC and approximately 24 of our mechanics are also licensed by the FAA. Our safety and maintenance procedures are reviewed and periodically audited by the AAC (Panama), UAEAC (Colombia), the FAA (United States), IATA (IOSA) and, to a lesser extent, every foreign country to which we fly. Copa Airlines' maintenance facility at Tocumen International Airport has been certified by the FAA as an approved repair station, under FAR Part 145, and once a year the FAA inspects this facility to validate and renew the certification. Copa's aircraft are initially covered by warranties that have a term of four years, resulting in lower maintenance expenses during the period of coverage. All of Copa Airlines' and Copa Colombia's mechanics are trained to perform line maintenance on each of the Boeing 737-Next Generation and Boeing 737 MAX.

All of Copa Colombia's maintenance and safety procedures are certified by the *Aeronáutica Civil* of Colombia and Bureau Veritas Quality International ("BVQI"), the institute that issues International Organization for Standardization, or "ISO," quality certificates. All of Copa Colombia's maintenance personnel are licensed by the *Aeronáutica Civil* of Colombia. In December 2017, Copa Colombia received its IATA Operational Safety Audit, or "IOSA," compliance certification, which will remain valid until December 2021.

Safety

We place a high priority on providing safe and reliable air service. We are focused on continuously improving our safety performance by implementing internationally recognized best practices such as Safety Management System, or "SMS," Flight Data Analysis (FDA), internal and external operational safety audits, and associated programs.

Our SMS provides operational leaders with reactive, proactive, and predictive data analyses that are delivered on a frequent and recurring basis. This program also uses a three-tiered meeting structure to ensure the safety risk of all identified hazards are assessed and corrective actions (if required) are implemented. At the lowest meeting level, the Operational Leaders review the risk assessments, assign actions, and monitor progress. At the middle meeting level, the Chief Operations Officer meets with the Operational Leaders to ensure all cross-divisional issues are properly addressed and funded. At the highest meeting level, the Chief Executive Officer monitors the performance of the SMS program and ensures the safety risk is being properly managed.

The SMS is supported by safety investigations and a comprehensive audit program. Investigations are initiated either by operational events or analyses of relevant trend information, such as via our Flight Data Analysis program. These investigations are conducted by properly qualified and trained internal safety professionals. Our audit program consists of three major components. The first serves as the aircraft maintenance quality assurance program and is supported by six dedicated maintenance professionals. The second team consists of an internal team dedicated to conducting standardized audits of airport, flight operations, and associated functions. The third component of our audit program is a biennial audit of all operational components by the internationally recognized standard IOSA (IATA Operational Safety Audit). In 2020 Copa Airlines and Copa Colombia successfully completed IOSA audits by external providers.

Airport Facilities

We believe that our hub at Panama City's Tocumen International Airport (PTY) is an excellent base of operations for the following reasons:

- Panama's consistently temperate climate is ideal for airport operations.
- Tocumen is the only airport in Central America with two operational runways. Also, unlike some other regional airports, consistent modernization and growth of our hub has kept pace with our needs. In 2012, Tocumen Airport completed Phase II of an expansion project of the existing terminal. In 2013, Tocumen awarded the bid for the construction of a new terminal ("Terminal 2" or "T2"), with an additional 20 gates and eight remote positions. Currently, T2 is partially operating and is expected to be available to operate at full capacity by the end of 2021.
- Panama's central and sea level location provides a very efficient base to operate our narrow body fleet, efficiently serving short and long-haul destinations in Central, North and South America, as well as the Caribbean.

Tocumen International Airport is operated by an independent corporate entity established by the government, where stakeholders have a say in the operation and development of the airport. The law that created this entity also provided for a significant portion of revenues generated at Tocumen to be used for airport expansion and improvements. None of the airlines operating at Tocumen have any formal, written agreements with the airport management to govern access fees, landing rights or allocation of terminal gates. We rely upon our good working relationship with the airport's management and the Panamanian government to ensure that we have access to the airport resources we need at prices that are reasonable.

We provide most of our own ground services and handling of passengers and cargo at Tocumen International Airport. In addition, we provide services to several of the main foreign airlines that operate at Tocumen. In most of the other airports where we operate, airport support services are provided by external third parties.

We use a variety of facilities at Tocumen, including our maintenance hangars and our operations facilities in the airport terminal. In January 2019, we opened a new hangar next to our existing maintenance facility. This new hangar has an area of approximately 90,000 square feet and can accommodate up to three narrow body aircraft simultaneously.

Our Gold and higher PreferMember passengers have access to a Copa Club at the Tocumen International Airport in Panama. These passengers also have access to other Copa Clubs in the region, which are strategically located in San José, Guatemala City, Santo Domingo and Bogota.

Due to COVID-19, the Copa Clubs were temporarily closed for a significant part of 2020. The Copa Clubs at Tocumen International Airport and in San José have restarted operations. We expect the rest to reopen during 2021.

Fuel

Fuel costs are extremely volatile, as they are subject to many global economic, geopolitical, weather, environmental and other factors that we can neither control nor accurately predict. Due to its inherent volatility, aircraft fuel has historically been our most unpredictable unit cost. In the past, rapid increases in prices have come from increased demand for oil coupled with limited refinery capacity and instability in oil-exporting countries.

Aircraft Fuel Data	2020	2019	2018
Average price per gallon of jet fuel into plane (excluding hedge) (in U.S. dollars)	$ 1.81	$ 2.16	$ 2.32
Gallons consumed (in millions)	92.8	321.4	328.1
Available seat miles (in millions)	7,301	25,113	25,817
Gallons per ASM (in hundredths)	1.27	1.28	1.27

In 2020, the average price of West Texas Intermediate or "WTI" crude oil, a benchmark widely used for crude oil prices that is measured in barrels and quoted in U.S. dollars, decreased by 31.2% from $57.0 per barrel to $39.2 per barrel. In 2020, we did not hedge any of our fuel needs, and we have not hedged any part of our fuel needs for 2021. Although we have not added hedge positions since August of 2015, we continue to evaluate various hedging strategies and may enter into additional hedging agreements in the future, as any substantial and prolonged increase in the price of jet fuel will likely materially and negatively affect our business, financial condition and results of operation. In the past, we have managed to offset some of the increases in fuel prices with higher load factors, fuel surcharges and fare increases. In addition, our relatively young, winglet-equipped fleet and robust fuel conservation measures also help us mitigate the impact of higher fuel prices.

Tocumen International Airport has limited fuel storage capacity. In the event there is a disruption in the transport of fuel to the airport, we may be forced to suspend flights until the fuel tanks can be refueled. However, during 2019, new fuel storage capacity, consisting of three 1 million-gallon tanks, were added to existing storage capacity. This addition resulted in an increase of airport fuel storage capacity from 1.5 million to 4.5 million gallons.

Insurance

We maintain passenger liability insurance in an amount consistent with industry practice, and we insure our aircraft against losses and damages on an "all risks" basis. We have obtained all insurance coverage required by the terms of our leases. We believe our insurance coverage is consistent with airline industry standards and appropriate to protect us from material losses in light of the activities we conduct. No assurance can be given, however, that the amount of insurance we carry will be sufficient to protect us from material losses. By leveraging the purchasing power of our alliance partner, UAL, we have been able to negotiate lower premiums than those we would get if we were to purchase a standalone Hull and Airline Liability Insurance policy.

Environmental

Our operations are covered by various local, national, and international environmental regulations. These regulations cover, among other things, gas emissions into the atmosphere, disposal of solid waste and aqueous effluents, aircraft noise, and other activities that result from the operation of aircraft and our aircraft comply with all environmental standards applicable to their operations as described in this annual report. Currently, we maintain an Environmental Management and Adequacy Program ("PAMA"), in all our facilities located in Panama, including our maintenance hangar and support facilities at the Tocumen International Airport, Administrative Offices in Costa del Este and Training Center in Clayton. This program was approved by the Panamanian National Environmental Authority ("MiAmbiente"), in 2013, and includes actions such as a recycling program, better use of natural resources and final disposition of the unfiltered water used for aircraft maintenance, among many others. Currently, the Copa Tocumen Airport's PAMA final report is presented to MiAmbiente on an annual basis to monitor and report our environmental follow-up assessments. Copa Airlines is an active signatory company of the Global Compact of the United Nations with its local chapter of the Global Compact Network Panama, and have, thus, published our Communication on Progress ("COP") since October 2001. This Global Compact agreement requires us to implement measures like maintaining a young fleet, incorporating new navigation technologies such as RNAV to reduce fuel consumption, installing latest generation winglets and scimitars in our planes to reduce fuel consumption and recycling, among many others.

Starting in 2019, Copa is reporting the fuel consumption burned during its annual flight operations and its gas emissions to the AAC. As a result, Copa is in line with the global aviation effort led by ICAO to implement CORSIA. The first gas emissions report corresponding to 2019 operations was successfully delivered to the AAC on October 2020, after passing the audit by our external Verification Body of greenhouse gas emissions accredited by ICAO.

From January to December 2020 our recycling program was affected by the COVID-19 pandemic and the temporary suspension of our operations, however, we were able to collect a total of 52,876 tons of recycling materials in Panama's Copa facilities and avoid sending waste to the landfill. During the same period, we recycled vehicle oil and aircraft fuel, for which we outsourced the collection of 5,155 gallons of hydrocarbons for use as alternative fuel for other industries, thus avoiding the contamination of natural resources. We also outsourced the collection of 214,689 gallons of water contaminated with chemicals generated during aircraft cleaning and painting operations, and also from vehicle maintenance processes. The subsequent treatment of the collected water made it possible to recover 171,751 gallons of water which were then returned to nature. We have properly disposed of a total of 23,110 kilograms of chemical waste from Aircraft Maintenance operations. In comparison to 2019, in 2020 our environmental management reduced the generation of chemical waste and optimized the use of water during our operations.

Regulation

Panama

Authorizations and Certificates. Panamanian law requires airlines providing commercial services in Panama to hold an Operation Certificate and an Air Transportation License/Certificate issued by the AAC. The Air Transportation Certificate specifies the routes, equipment used, capacity, and frequency of flights. This certificate must be updated every time Copa acquires new aircraft, or when routes and frequencies to a particular destination are modified.

Panamanian law also requires that the aircraft operated by Copa Airlines be registered with the Panamanian National Aviation Registrar kept by the AAC, and that the AAC certifies the airworthiness of each aircraft in the fleet.

The Panamanian government does not have an equity interest in our Company. Bilateral agreements signed by the Panamanian government have protected our operational position and route network, allowing us to have a significant hub in Panama to transport traffic within and between the Americas and the Caribbean. All international fares are filed and, depending on the bilateral agreement, are technically subject to the approval of the Panamanian government. Historically, we have been able to modify ticket prices on a daily basis to respond to market conditions.

Copa Airlines' status as a private carrier means that it is not required under Panamanian law to serve any particular route and is free to withdraw service from any of the routes it currently serves, subject to bilateral agreements. We are also free to determine the frequency of service we offer across our route network without any minimum frequencies imposed by the Panamanian authorities.

Ownership Requirements. The most significant restriction on our Company imposed by the Panamanian Aviation Act, as amended and interpreted to date, is that Panamanian nationals must exercise "effective control" over the operations of the airline and must maintain "substantial ownership." These phrases are not defined in the Aviation Act itself and it is unclear how a Panamanian court would interpret them. The share ownership requirements and transfer restrictions contained in our Articles of Incorporation, as well as the structure of our capital stock described under the caption "Description of Capital Stock", are designed to ensure compliance with these ownership and control restrictions created by the Aviation Act. While we believe that our ownership structure complies with the ownership and control restrictions of the Aviation Act as interpreted by a decree by the Executive Branch, we cannot assure you that a Panamanian court would share our interpretation of the Aviation Act or the decree or that any such interpretations would remain valid for the entire time you hold our Class A shares.

Although the Panamanian government does not currently have the authority to dictate the terms of our service, the government is responsible for negotiating the bilateral agreements with other nations that allow us to fly to other countries. Several of these agreements require Copa to remain "effectively controlled" and "substantially owned" by Panamanian nationals in order for us to use the rights conferred by the agreements. Such requirements are analogous to the Panamanian Aviation Act described above that requires Panamanian control of our business.

Antitrust Regulations. In 1996, the Republic of Panama enacted antitrust legislation, which regulates industry concentration and vertical anticompetitive practices and prohibits horizontal collusion. The Consumer Protection and Free Trade Authority is in charge of enforcement and may impose fines only after a competent court renders an adverse judgment. The law also provides for direct action by any affected market participant or consumer, independently or through class actions. The law does not provide for the granting of antitrust immunity, as is the case in the United States. In February 2006, the antitrust legislation was amended to increase the maximum fines that may be assessed to $1,000,000 for violations and $250,000 for minor infractions of antitrust law. In October 2007, the antitrust legislation was amended again to include new regulations.

Colombia

Even though the Colombian aviation market continues to be regulated by the Colombian Civil Aviation Administration, *Unidad Especial Administrativa de Aeronáutica Civil*, or "*Aeronáutica Civil*," the government policies have become more liberal in recent years.

Colombia has expanded its open-skies agreements with several countries in the last years. In addition to Aruba and the Andean Pact nations of Bolivia, Ecuador and Peru, open-skies agreements have been negotiated with Costa Rica, El Salvador, Panama and Dominican Republic. In the framework of liberalization between Colombia and Panama, any airline has the right to operate unlimited frequencies between any city pair of the two countries. As a result, Copa offers scheduled services between nine main cities in Colombia and Panama. In November 2010, Colombia signed an open-skies agreement with the United States, which took effect in January 2013. With respect to domestic aviation, airlines must present feasibility studies to secure specific route rights, and no airline may serve the city pairs with the most traffic unless that airline has at least five aircraft with valid airworthiness certificates. While *Aeronáutica Civil* has historically regulated the competition on domestic routes, in December 2012 it revoked a restriction requiring a maximum number of competing airlines on each domestic route.

In October 2011, *Aeronáutica Civil* announced its decision to liberalize air fares in Colombia starting April 1, 2012, including the elimination of fuel surcharges. However, airlines are required to charge an administrative fee (*tarifa administrativa*) for each ticket sold on domestic routes within Colombia through an airline's direct channels. Passengers in Colombia are also entitled by law to compensation in the event of delays in excess of four hours, over-bookings and cancellations. Currently, the San Andrés, Bogotá, Pereira, Cali, Cartagena, Medellin, Bucaramanga, Santa Marta and Cucuta airports, among others, are under private management arrangements. The government's decision to privatize airport administration in order to finance the necessary expansion projects and increase the efficiency of operations has increased airports fees and facility rentals at those airports.

Authorization and Certificates. Colombian law requires airlines providing commercial services in Colombia to hold an operation certificate issued by the *Aeronáutica Civil,* which is renewed every five years. Copa Colombia's operation certificate was renewed in 2017.

Safety Assessment. On December 9, 2010, Colombia was re-certified as a Category 1 country under the FAA's IASA program.

Ownership Requirements. Colombian regulations establish that an airline satisfies the ownership requirements of Colombia if it is registered under the Colombian Laws and Regulations.

Antitrust Regulations. In 2009, an antitrust law was issued by the Republic of Colombia; however, commercial aviation activities remain under the authority of the *Aeronáutica Civil*.

Airport Facilities. The airports of the major cities in Colombia have been granted to concessionaries, who impose charges on the airlines for the rendering of airport services. The ability to contest these charges is limited, but contractual negotiations with the concessionaries are possible.

United States

Operations to the United States by non-U.S. airlines, such as Copa Airlines, are subject to Title 49 of the U.S. Code, under which the DOT, the FAA and the TSA exercise regulatory authority. The U.S. Department of Justice also has jurisdiction over airline competition matters under federal antitrust laws.

Authorizations and Licenses. The DOT has jurisdiction over international aviation with respect to air transportation to and from the United States, including regulation of related route authorities, the granting of which are subject to review by the President of the United States. The DOT exercises its jurisdiction with respect to unfair practices and methods of competition by airlines and related consumer protection matters as to all airlines operating to and from the United States. Copa Airlines is authorized by the DOT to engage in scheduled and charter air transportation services, including the transportation of persons, property (cargo) and mail, or combinations thereof, between points in Panama and points in the United States and beyond (via intermediate points in other countries). Copa Airlines holds the necessary authorizations from the DOT in the form of a foreign air carrier permit, an exemption authority and statements of authorization to conduct our current operations to and from the United States. The exemption authority was granted by the DOT in February 1998 and was due to expire in February 2000. However, the authority remains in effect by operation of law under the terms of the Administrative Procedure Act pending final DOT action on the application we filed to renew the authority on January 3, 2000. There can be no assurance that the DOT will grant the application. Our foreign air carrier permit has no expiration date.

Copa Airlines' operations in the United States are also subject to regulation by the FAA with respect to aviation safety matters, including aircraft maintenance and operations, equipment, aircraft noise, ground facilities, dispatch, communications, personnel, training, weather observation, air traffic control and other matters affecting air safety. The FAA requires each foreign air carrier serving the United States to obtain operational specifications pursuant to 14 CFR Part 129 of its regulations and to meet operational criteria associated with operating specified equipment on approved international routes. We believe that we are in compliance in all material respects with all requirements necessary to maintain in good standing our operations specifications issued by the FAA. The FAA can amend, suspend, revoke or terminate those specifications, or can temporarily suspend or permanently revoke our authority if we fail to comply with the regulations, and can assess civil penalties for such failure. A modification, suspension or revocation of any of our DOT authorizations or FAA operating specifications could have a material adverse effect on our business. The FAA also conducts safety audits and has the power to impose fines and other sanctions for violations of airline safety regulations. We have not incurred any material fines related to operations. The FAA also conducts safety International Aviation Safety Assessment, or "IASA," as to Panama's compliance with ICAO safety standards. Panama is currently considered a Category 1 country that complies with ICAO international safety standards. As a Category 1 country, no limitations are placed upon our operating rights to the Unites States. If the FAA should determine that Panama does not meet the ICAO safety standards, the FAA and DOT would restrict our rights to expand operations to the United States.

Security. On November 19, 2001, the U.S. Congress passed, and the President signed into law, the Aviation and Transportation Security Act or the "Aviation Security Act". This law federalized substantially all aspects of civil aviation security and created the TSA, an agency of the Department of Homeland Security, to which the security responsibilities previously held by the FAA were transitioned. The Aviation Security Act requires, among other things, the implementation of certain security measures by airlines and airports, such as the requirement that all passengers, their bags and all cargo be screened for explosives and other security-related contraband. Funding for airline and airport security required under the Aviation Security Act is provided in part by a $2.50 per segment passenger security fees for flights departing from the United States, subject to a $10 per roundtrip cap; however, airlines are responsible for costs incurred to meet security requirements beyond those provided by the TSA. The United States government is considering increases to this fee as the TSA's costs exceed the revenue it receives from these fees. Implementation of the requirements of the Aviation Security Act has resulted in increased costs for airlines and their passengers. Since the events of September 11, 2001, the U.S. Congress has mandated, and the TSA has implemented numerous security procedures and requirements that have imposed and will continue to impose burdens on airlines, passengers and shippers.

Passenger Facility Charges. Most major U.S. airports impose passenger facility charges. The ability of airlines to contest increases in these charges is restricted by federal legislation, DOT regulations and judicial decisions. With certain exceptions, air carriers pass these charges on to passengers. However, our ability to pass through passenger facility charges to our customers is subject to various factors, including market conditions and competitive factors. Passenger facility charges are capped at $4.50 per flight segment with a maximum of two PFCs charged on a one-way trip or four PFCs on a round trip, for a maximum of $18 total, respectively.

Airport Access. Two U.S. airports at which we operate, O'Hare International Airport in Chicago (O'Hare) and John F. Kennedy International Airport in New York, or "JFK", were formerly designated by the FAA as "high density" traffic airports subject to arrival and departure slot restrictions during certain periods of the day. From time to time, the FAA has also issued temporary orders imposing slot restrictions at certain airports. Although slot restrictions at JFK were formally eliminated as of January 1, 2007, on January 15, 2008, the FAA issued an order limiting the number of scheduled flight operations at JFK during peak hours to address the over-scheduling, congestion and delays at JFK. The FAA is currently contemplating the implementation of a long-term congestion management rule at LaGuardia Airport, JFK and Newark Liberty International Airport, which would replace the order currently in effect at JFK. We cannot predict the outcome of this potential rule change on our costs or ability to operate at JFK.

On July 8, 2008, the DOT also issued a revised Airport Rates and Charges policy that allows airports to establish non-weight based fees during peak hours and to apportion certain expenses from "reliever" airports to the charges for larger airports in an effort to limit congestion. Additionally, in 2020, due to the reduced number of departures of several airports in North America, we experienced higher effective rates related to airport services.

Noise Restrictions. Under the Airport Noise and Capacity Act of 1990 and related FAA regulations, aircraft that fly to the United States must comply with certain Stage 3 noise restrictions, which are currently the most stringent FAA operating noise requirements. All of our Copa aircraft meet the Stage 3 requirement.

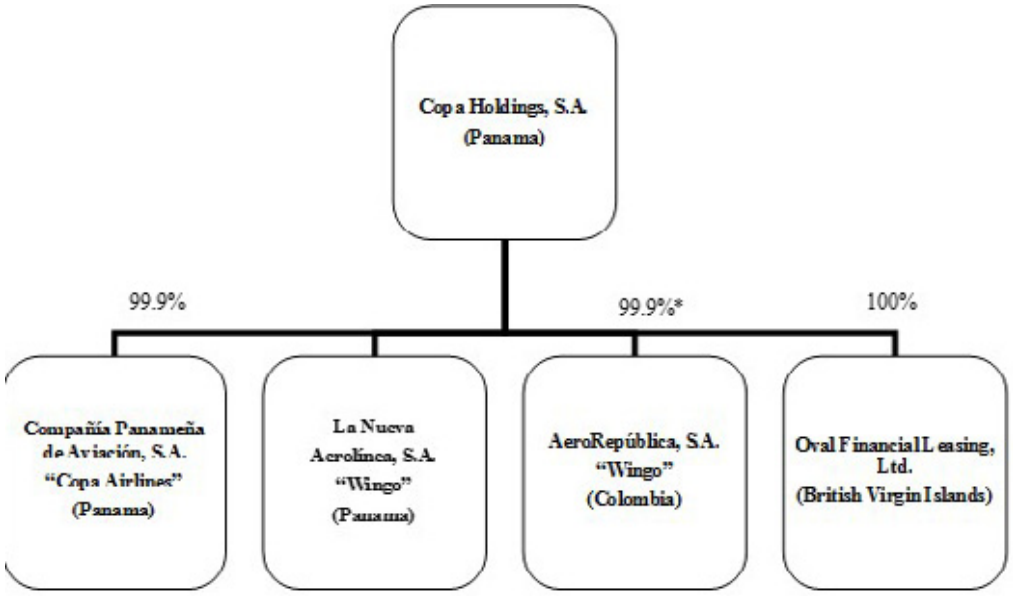
Other Regulation. U.S. laws and regulations have been proposed from time to time that could significantly increase the cost of airline operations by imposing additional requirements or restrictions on airlines. There can be no assurance that laws and regulations currently enacted or enacted in the future will not adversely affect our ability to maintain our current level of operating results.

Other Jurisdictions

We are also subject to regulation by the aviation regulatory bodies that set standards and enforce national aviation legislation in each of the jurisdictions to which we fly. These regulators may have the power to set fares, enforce environmental and safety standards, levy fines, restrict operations within their respective jurisdictions or any other powers associated with aviation regulation. We cannot predict how these various regulatory bodies will perform in the future, and the evolving standards enforced by any of them could have a material adverse effect on our operations.

C. Organizational Structure

The following is an organizational chart showing Copa Holdings and its principal subsidiaries.



* Includes ownership by us held through wholly-owned holding companies organized in the British Virgin Islands.

Copa Airlines is our principal airline operating subsidiary that operates out of our hub in Panama and provides passenger service in North, South and Central America and the Caribbean. Copa Airlines Colombia is our operating subsidiary that provides air travel from Colombia to Copa Airlines Hub of the Americas in Panama, and operates a low-cost business model, Wingo, within Colombia and various cities in the region. Oval Financial Leasing, Ltd. controls the special purpose vehicles that have a beneficial interest in the majority of our fleet.

D. Property, plants and equipment

Headquarters

Our headquarters are located six miles away from Tocumen International Airport. We have leased five floors consisting of approximately 105,981 square feet of the building from *Desarollo Inmobiliario Del Este, S.A.*, an entity controlled by some of the investors that controls CIASA, under a ten-year lease that began in January 2015 at a rate of $0.2 million per month.

Other Property

At Tocumen International Airport, we lease two maintenance hangars, operations offices in the terminal, counter space, parking spaces and other operational properties from the entity that manages the airport. We pay approximately $212,439 per month for this leased property. Around Panama City, we also lease various office spaces, parking spaces and other properties from a variety of lessors, for which we pay approximately $108,931 per month in the aggregate.

In each of our destination cities, we also lease space at the airport for check-in, reservations and airport ticket office sales, and we lease space for CTOs in those cities.

Copa Colombia leases most of its airport offices and CTOs. Owned properties only include one CTO and a warehouse close to the Bogota airport.

See also our discussion of "Aircraft" and "Airport Facilities" above.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

A. Operating Results

You should read the following discussion in conjunction with our consolidated financial statements and the related notes and the other financial information included elsewhere in this annual report. Discussions of year-over-year comparisons between 2019 and 2018 that are not included in this Form 20-F can be found in Part I, Item 5, Operating and Financial Review and Prospects" of our Form 20-F for the fiscal year ended December 31, 2019.

We are a leading Latin American provider of airline passenger and cargo service through our two principal operating subsidiaries, Copa Airlines and Copa Colombia. Copa Airlines operates from its strategically located position in the Republic of Panama, and Copa Colombia provides air travel from Colombia to Copa Airlines Hub of the Americas in Panama and operates a low-cost business model within Colombia and various cities in the region.

Copa currently offers approximately 104 daily scheduled flights among 54 destinations in 25 countries in North, Central, South America and the Caribbean from its Panama City hub. Copa provides passengers with access to flights to more than 200 other destinations through code-share arrangements with our Star Alliance partners and other carriers including Air France, KLM, Iberia, Emirates, Gol, Azul, Tame, Cubana and Aeromexico. Through its Panama City hub, Copa Airlines is able to consolidate passenger traffic from multiple points to serve each destination effectively.

As of December 31, 2020, Copa Airlines and Copa Colombia operate a modern fleet of 77 Boeing 737 aircraft. To meet growing capacity requirements, we have firm orders, including purchase and lease commitments. The Company had one purchase contract with Boeing, which entails 60 firm orders of Boeing 737 MAX aircraft, agreed to be delivered between 2021 and 2027.

Factors Affecting Our Results of Operations

Fuel

In 2020, the average price of WTI crude oil, a benchmark widely used for crude oil prices that is measured in barrels and quoted in U.S. dollars, decreased by 31.2% from $57.0 per barrel to $39.2 per barrel. In 2020, we did not hedge any of our fuel needs. For 2021 although we have not hedged any part of our anticipated fuel needs, we continue to evaluate various hedging strategies and may enter into additional hedging agreements in the future, as any substantial and prolonged increase in the price of jet fuel will likely materially and negatively affect our business, financial condition and results of operation. In the past, we have managed to offset some of the increases in fuel prices with higher load factors, fuel surcharges and fare increases. In addition, our relatively young, winglet-equipped fleet and robust fuel conservation measures also help us mitigate the impact of higher fuel prices.

Regional Economic Environment

Our historical financial results have been, and we expect them to continue to be, materially affected by the general level of economic activity and growth of per capita disposable income in North, South and Central America and the Caribbean, which have a material impact on discretionary and leisure travel (drivers of our passenger revenue) and the volume of trade between countries in the region (the principal driver of our cargo revenue).As a result of the effects of COVID-19 global pandemic, in March 2020 the Company and the entire aviation industry began to experience a significant drop in the demand for air travel.

In Colombia, real GDP, at constant prices, experienced a decline of 8.2% in 2020. Average inflation of consumer prices in Colombia was approximately 2.4% in 2020, according to the IMF.

In previous years our yields in Venezuela were negatively impacted by exchange controls, along with high inflation and political uncertainty, which led us to restrict ticket sales for passengers paying in Venezuelan bolivars. Today, sales in Venezuela are very limited (approximately 0.1% of our total sales) and operational feasibility of Venezuela flights is closely monitored in order to deliver optimal profitability and avoid accumulations of Venezuelan bolivars. According to data from the IMF, Venezuela's GDP contracted by 25% in 2020. Exact data regarding inflation rates in Venezuela varies significantly, depending on the source. In response to continued hyperinflation, the Venezuelan government introduced the Bolivar Soberano on August 20, 2018, replacing the Bolivar Fuerte at a rate of 1 to 100,000.

According to data from The Preliminary Overview of the Economies of Latin America and the Caribbean, an annual United Nations publication prepared by the Economic Development Division, the economy of Latin America (including the Caribbean) is estimated to increase by 3.7% in 2021. Preliminary figures for 2020 indicate that the Panamanian economy decreased by 9.0% (versus 3.0% growth in 2019). Headline deflation in Panama (as indicated by the consumer price index) was 0.8% compared to 2019.

Revenues

We derive our revenues primarily from passenger transportation, which represented 95.0% of our revenues for the year ended December 31, 2020. In addition, 2.6% of our total revenues are derived from cargo and 2.4% from other activities.

We recognize passenger revenue from tickets when transportation is provided rather than when a ticket is sold. Passenger revenues reflect the capacity of our aircraft on the routes we fly, load factor and yield. Our capacity is measured in terms of available seat miles, or "ASMs", which represents the number of seats available on our aircraft multiplied by the number of miles the seats are flown. Our usage is measured in terms of RPMs, which is the number of revenue passengers multiplied by the miles these passengers fly. Load factor, or the percentage of our capacity that is actually used by paying customers, is calculated by dividing RPMs by ASMs. Yield is the average amount that one passenger pays to fly one mile. We use a combination of approaches, taking into account yields, flight load factors and effects on load factors of connecting traffic, depending on the characteristics of the markets served, to arrive at a strategy for achieving the best possible revenue per available seat mile, balancing the average fare charged against the corresponding effect on our load factors.

We recognize cargo revenue when transportation is provided. Historically our other revenue consists primarily of commissions earned on tickets sold for flights on other airlines, special charges, non-air frequent flyer program revenue and services provided to other airlines.

Overall demand for our passenger and cargo services is highly dependent on the regional economic environment in which we operate, including the GDP of the countries we serve and the disposable income of the residents of those countries. Approximately 40% of our passengers travel at least in part for business reasons, and the growth of intraregional trade greatly affects that portion of our business. The remaining 60% of our passengers are tourists or travelers visiting friends and family.

The following table sets forth our capacity, load factor and yields for the periods indicated.

	2020	2019	2018	2017	2016
Capacity (in available seat miles, in millions)	7,301	25,113	25,817	23,936	22,004
Load factor	79.6%	84.8%	83.4%	83.2%	80.4%
Yield (in cents)	13.09	12.26	12.02	12.27	12.15

Seasonality

Generally, revenues and profitability of our flights peak during the northern hemisphere's summer season in July and August and again during the December and January holiday season. Given our high proportion of fixed costs, this seasonality is likely to cause our results of operations to vary from quarter to quarter.

Operating Expenses

The main components of our operating expenses are aircraft fuel, wages, salaries, benefits and other employees' expenses, sales and distribution and airport facilities and handling charges. A common measure of per unit costs in the airline industry is cost per available seat mile, or "CASM", which is generally defined as operating expenses divided by ASMs.

Fuel. The price we pay for aircraft fuel varies significantly from country to country primarily due to local taxes. While we purchase aircraft fuel at most of the airports to which we fly, we attempt to negotiate fueling contracts with companies that have a multinational presence in order to benefit from volume purchases. During 2020, as a result of the location of its hub, Copa purchased 57% of its aircraft fuel in Panama. Copa has 22 suppliers of aircraft fuel across its network. In some cases, we tanker fuel in order to minimize our cost, by fueling in airports where fuel prices are lowest. Our aircraft fuel expenses are variable and fluctuate based on global oil prices.

Aircraft Fuel Data	2020	2019	2018
Average price per gallon of jet fuel into plane (excluding hedge) (in U.S. dollars)	$ 1.81	$ 2.16	$ 2.32
Gallons consumed (in millions)	92.8	321.4	328.1
Available seat miles (in millions)	7,301	25,113	25,817
Gallons per ASM (in hundredths)	1.27	1.28	1.27

Wages, salaries and other employees' expenses. Salary and benefit expenses have historically increased at the rate of inflation and by the growth in the number of our employees. In some cases, we have adjusted the salaries of our employees to correspond to changes in the cost of living in the countries where these employees work. We do not increase salaries based on seniority. On 2020 we are showing a decrease in salary and benefit expenses, mostly as a result of a reduced payroll given contract suspensions, workhour reductions and voluntary retirements, among others, partly offset by severance related expenses.

Passenger servicing. Our passenger servicing expenses consist of catering, in-flight entertainment and liability insurance among others. These expenses are generally directly related to the number of passengers we carry or the number of flights we operate.

Airport facilities and handling charges. Our airport facility and handling charges consist of take-off/landing charges, aircraft parking charges, baggage handling, and airport security charges. These charges are mainly driven by the number of flights we operate.

Sales and distribution. Our sales and distribution expenses are driven mainly by passenger revenues, indirect channel penetration performance, agreed commission rates, and from payments to global distribution systems "GDS", such as Amadeus and Sabre. Our commission expenses consist primarily of payments for ticket sales made by travel agents and commissions paid to credit card companies, depending on the country. During the last few years we have reduced our commission expense per available seat mile as a result of an industry-wide trend of paying lower commissions to travel agencies and by increasing the proportion of our sales made through direct channels. We expect this trend to continue as more of our customers become accustomed to purchasing through our website at www.copaair.com, mobile app, and call centers. While increasing direct sales may increase the commissions we pay to credit card companies, we expect that the savings from the corresponding reduction in travel agency commissions will more than offset this increase. In recent years, base commissions paid to travel agents have decreased significantly. At the same time, we have encouraged travel agencies to move from standard base commissions to incentive compensation based on sales volume and fare types. In addition, the GDS or reservation systems tend to raise their rates periodically, but we expect that if we are successful in encouraging our customers to purchase tickets through our direct sales channels, these costs will decrease as a percentage of our operating costs. A portion of our reservations and sales expenses is also comprised of our licensing payments for the SHARES reservation and check-in management software we use, which is not expected to change significantly from period to period.

Maintenance, materials and repairs. Our maintenance, materials and repairs expenses consist of aircraft repair expenses and charges related to the line maintenance of our aircraft, including maintenance materials, and aircraft return costs. As the age of our fleet increases and our warranties expire, our maintenance expenses will increase. We conduct line and heavy maintenance internally and outsource some of the heavy maintenance to independent third-party contractors. In 2015, we restructured the original contract negotiated with GE Engine Services in 2003 for the repair and maintenance of our CFM-56 engines which power our Boeing 737-Next Generation fleet. Our engine maintenance costs are also aided by the sea-level elevation of our hub and the use of winglets which allow us to operate the engines on our Boeing 737-Next Generation aircraft with lower thrust, thus putting less strain on the engines.

Depreciation, amortization and impairment. These expenses correspond primarily to the depreciation of aircraft owned by the company, engines, maintenance components, other related flight equipment and the depreciation of the right of use on leased assets.

Flight operations. These expenses are related to the charges that the countries which we overfly levy on our aircraft as overflight charges. These fees are generally related to the number of flights we operate.

Other operating and administrative expenses. Other expenses include cargo and courier expenses, overhead expenditures and miscellaneous expenses. Also includes the expense for contract services, variable lease payments, short term and low value leases.

Taxes

We pay taxes in the Republic of Panama and in other countries in which we operate, based on regulations in effect in each respective country. Our revenues come principally from foreign operations, and according to the Panamanian Fiscal Code income from these foreign operations are not subject to income tax in Panama.

The Panamanian Fiscal Code for the airline industry states that tax is based on net income earned for traffic whose origin or final destination is the Republic of Panama. The applicable tax rate is currently 25%. Dividends from our Panamanian subsidiaries, including Copa, are separately subject to a 10% percent withholding tax on the portion attributable to Panamanian sourced income and a 5% withholding tax on the portion attributable to foreign sourced income. Additionally, a 7% value added tax is levied on tickets issued in Panama for travel commencing in Panama and going abroad, irrespective of where such tickets were ordered. In February 2020, the Company received two notifications from the tax authority in Panama related to a tax audit process that began in 2019. The notifications include adjustments to the reported dividend tax for the years 2012 to 2016 and income tax 2016. The Company has filed an administrative appeal which is the first legal stage under Panamanian laws. The Company, along with its tax advisors, has concluded that it is not probable that an outflow of resources embodying economic benefits will be required to settle these notices. According to Panamanian laws, the statute of limitations is 3 and 15 years for income tax and dividend tax, respectively.

We are also subject to local tax regulations in each of the other jurisdictions where we operate, the great majority of which are related to the taxation of our income. In some of the countries to which we fly, we do not pay any income taxes because we do not generate income under the laws of those countries either because they do not have income taxes or due to treaties or other arrangements those countries have with Panama. In the remaining countries, we pay income tax at rates ranging from 7% to 34% of our income attributable to those countries. Different countries calculate our income in different ways, but they are typically derived from our sales in the applicable country multiplied by our net margin or by a presumed net margin set by the relevant tax legislation.

The determination of our taxable income in several countries is based on a combination of revenues sourced to each particular country and the allocation of expenses to that particular country. The methodology for multinational transportation company sourcing of revenue and expense is not always specifically prescribed in the relevant tax regulations, and therefore is subject to interpretation by both ourselves and the respective tax authorities. Additionally, in some countries, the applicability of certain regulations governing non-income taxes and the determination of our filing status are also subject to interpretation. We cannot estimate the amount, if any, of the potential tax liabilities that might result if the allocations, interpretations and filing positions we use in preparing our income tax returns were challenged by the tax authorities of one or more countries. If taxes were to increase, our financial performance and results of operations could be materially and adversely affected. Due to the competitive revenue environment, many increases in fees and taxes have been absorbed by the airline industry rather than being passed on to the passenger. Any such increases in our fees and taxes may reduce demand for air travel and thus our revenues.

Under a reciprocal exemption confirmed by a bilateral agreement between Panama and the United States, we are exempt from the U.S. source transportation income tax derived from the international operation of aircraft.

Our income tax expense (credit) totaled approximately ($23.7) million in 2020, $46.4 million in 2019 and $34.5 million in 2018.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with IFRS as issued by the IASB requires our management to adopt accounting policies and make estimates and judgments to develop amounts reported in our consolidated financial statements and related notes. We strive to maintain a process to review the application of our accounting policies and to evaluate the appropriateness of the estimates required for the preparation of our consolidated financial statements. We believe that our estimates and judgments are reasonable; however, actual results and the timing of recognition of such amounts could differ from those estimates. In addition, estimates routinely require adjustments based on changing circumstances and the receipt of new or better information.

Our critical accounting policies and estimates are described below as those that are reflective of significant judgments and uncertainties and potentially result in materially different results under different assumptions and conditions. For a more extensive disclosure of these and other accounting policies, see notes 3 and 4 to our annual consolidated financial statements in Item 18 of this report.

Revenue recognition

Revenue is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The consideration received or receivable is measured taking into account contractually defined terms of payment and excluding taxes or duties. The following specific recognition criteria must also be met before revenue is recognized:

Passenger tickets. Passenger revenue from tickets is recognized when transportation is provided rather than when a ticket is sold. The amount of passenger ticket sales, not yet recognized as revenue, is reflected under "Air traffic liability" in the consolidated statement of financial position. Refundable and nonrefundable tickets expire after one year from the date of issuance.

In addition, revenue is recognized for tickets that are expected not to be used, the Company performs a monthly liability evaluation using its historical experience with refundable and nonrefundable expired tickets and other facts. A year after the sale is made, actual ticket breakage is removed from "Air Traffic liability" and the provision is reversed.

Estimating the expected expiration tickets requires management's judgment, among other things, the historical data and experience is an indication of future customer behavior.

Typically, unused tickets expire after one year, and any revenue associated with tickets sold for future travel is recognized within 12 months. In response to COVID-19, the Company is extending the ticket expiration date up to December 2021, only for tickets purchased on or before December 31, 2020 and with original travel dates ending on or before December 31, 2020. As such, any revenue associated with these tickets will not be recognized until the new flight date. Additionally, given this change in travel schedule, the Company's estimates of revenue from unused tickets may be subject to variability and differ from historical averages.

Frequent flyer program. The Company's frequent flyer program objective is to reward customer loyalty. Members in this program earn miles for travel on Copa Airlines, Star Alliance partners' airlines and also by purchasing the goods and services of the Company network of non-airline partners and co-branded credit cards. The miles or points earned can be exchanged for flights on Copa or any of other Star Alliance partners' airlines.

Passenger revenue includes flights redeemed under our frequent flyer program. When a passenger elects to receive Copa's frequent flyer miles in connection with a flight, the Company recognizes a portion of the tickets sale as revenue when the air transportation is provided and recognizes a deferred liability (Frequent flyer deferred revenue) for the portion of the ticket sale representing the value of the related miles as a separate performance obligation. To determine the amount of revenue to be deferred, the Company estimates and allocates the fair value of the miles that were essentially sold along with the airfare, based on a weighted average ticket value, which incorporates the expected redemption of miles including factors such as redemption pattern, cabin class and geographic region.

A statistical model that estimates the percentages of points that will not be redeemed before expiration is used to estimate breakage. The breakage and the fair value of the miles are reviewed at least annually, and any adjustments are reflected on a prospective basis to passenger revenues.

The Company calculates the short and long-term portion of the frequent flyer deferred revenue, using a model that includes estimates based on the members´ redemption rates projected by management due to clients' behavior.

Currently, when a member of another carrier frequent flyer program redeems miles on a Copa Airlines flight, those carriers pay to the Company a per mile rate. The rates paid by them depend on the class of service, the flight length and the availability of the reward, and is included in passenger revenues.

Ancillaries revenues. Primarily composed of services performed in conjunction with a passenger's flight, including administrative fees (such as ticket change fees), baggage fees, and other ticket-related fees. These ancillary fees are part of the travel performance obligation and, as such, are recognized as passenger revenue when the travel occurs.

Cargo and mail revenue. Cargo and mail revenue is recognized when the Company provides and completes the shipping services as requested by the client and the risks on the merchandise and goods are transferred.

Other operating revenue. Other operating revenue includes revenue associated with the marketing component of the frequent flyer program. This revenue is comprised of the marketing component of mileage sales to co-branded card, other partners and other marketing related payments.

The Company sells miles to non-airline businesses with which it has marketing agreements. The main contracts to sell miles are related to co-branded credit card relationships with major banks in the region. The Company determined the selling prices of miles according to a method which allocates consideration based upon the relative selling price of the deliverables. The relative selling price of the deliverables is determined based upon

the estimated standalone selling prices of each deliverable in the arrangement and is allocated between the miles sold to the passenger (as described above) and the marketing elements. Revenue allocated to the performance obligations, related to marketing components, is recorded in other operating revenue when miles are delivered.

The remaining amounts included within other revenue are related to lease income and advertising.

Accounting for property and equipment

Property and equipment comprise mainly airframe, engines, and other related flight equipment. All property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

When a major maintenance inspection or overhaul cost is embedded in the initial purchase cost of an aircraft, the Company estimates the carrying amount of the component. These initial built-in maintenance assets are depreciated over the estimated time period until the first maintenance event is performed. The cost of major maintenance events completed after the aircraft acquisition are capitalized and depreciated over the estimated time period until the next major maintenance event. The remaining value of the previously capitalized component if any, is charged to expense upon completion of the subsequent maintenance event.

The Company recognizes the depreciation on a straight-line basis, which for some aircraft components is akin to depreciation based on use, over the estimated useful life of the assets. Depreciation is recognized in the consolidated statement of profit or loss from the date the property, and equipment is installed and ready for use.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The costs of major maintenance events for leased aircraft are capitalized and depreciated over the shorter of the scheduled usage period to the next major inspection event or the remaining life of lease term (as appropriate), the remaining value of the previously capitalized maintenance or the right-of-use asset ("ROU") component if any, is charged to expense upon completion of the subsequent maintenance event.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Pre-delivery deposits refer to prepayments made based on the agreements entered into with the Boeing Company for the purchase of aircraft and include interest and other finance charges incurred during the manufacture of aircraft. Interest costs incurred on borrowings that fund progress payments on assets under construction, including pre-delivery deposits to acquire new aircraft, are capitalized and included as part of the cost of the assets through the earlier of the date of completion or aircraft delivery.

We evaluate annually whether there is an indication that our property, plant and equipment may be impaired. Factors that would indicate potential impairment may include, but are not limited to technological obsolescence, significant decreases in the market value of long-lived asset(s), a significant change in physical condition or useful life of long-lived asset(s) and operating or cash flow losses associated with the use of long-lived asset (s). The Company assesses at each reporting date whether there is an indication that an asset or its cash-generating unit ("CGU") may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. For a more extensive disclosure of these accounting policies, see notes 13 and 16 of our annual consolidated financial statements in Item 18 of this report.

Goodwill. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed of the acquired subsidiary at the date of acquisition. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGU or group of CGU's that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. For a more extensive disclosure of these accounting policies, see note 16 of our annual consolidated financial statements in Item 18 of this report.

Lease accounting. The Company enters into contracts for the use of the aircraft it operates and real estate which include, airport and terminal facilities, sales offices, maintenance facilities, and general offices. The Company assesses, based on the terms and conditions of the arrangements, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, the Company recognizes a ROU and a lease liability.

The ROU is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU or component, or lease term. The estimated useful life of ROU is determined of the same basis of those property and equipment.

The lease liability, is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, if that rate can be readily determined or the lessee's incremental borrowing rate.

For leases under IFRS 16 the Company recognizes a provision to estimate the costs for work required to be performed just before the redelivery of the aircraft to the lessors and which does not depend of the aircraft utilization, this provision is booked as a dismantling provision cost under "long term liabilities" in the consolidated statement of financial position.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, if there a change in the Company's estimated amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease accounting is critical for us because it requires an extensive analysis of the lease agreements in order to classify and measure the transactions in our financial statements and significantly impacts our financial position and results of operations. Changes in the terms of our outstanding lease agreements and the terms of future lease agreements may impact the accounting for the lease transactions and our future financial position and results of operations.

Provision for return condition

The Company records a provision to accrue for the cost that will be incurred in order to return the lease aircraft to their lessor in the agreed-upon condition, excluded estimated dismantling costs not based on utilization of the aircraft which are included in the ROU asset and lease liabilities. The methodology applied to calculate the provision requires management to make assumptions, including the future maintenance costs, discount rate, related inflation rates and aircraft utilization. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning. Any difference in the actual maintenance cost incurred and the amount of the provision is recorded under "Maintenance, materials and repairs" in the consolidated statement of profit or loss. The effect of any changes in estimates, including those mentioned above, is also recognized under "Maintenance, materials and repairs" for the period.

Deferred taxes. Deferred taxes are recognized for tax losses, tax credits, and temporary differences between tax bases and carrying amounts for financial reporting purposes of our assets and liabilities. Recognition and measurement of deferred taxes is a critical accounting policy for us because it requires a number of assumptions and is based on our best estimate of our projections related to future taxable profit. In addition, because the preparation of our business plan is subject to a variety of market conditions, the results of our operations may vary significantly from our projections and as such, the amounts recorded as deferred tax assets may be impacted significantly in the future.

Recently Issued Accounting Pronouncements

The standards and interpretations that are issued, but not yet effective, up to date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*
- Amendments to IFRS 3 – *Reference to the Conceptual Framework*
- Amendment to IAS 16 – *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to IAS 37 – *Onerous Contracts – Costs of Fulfilling a Contract*
- *Amendments to IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark reform*
- Amendment to IFRS 9 – *Fees in the '10 per cent' test for derecognition of financial liabilities*

For a discussion of these improvements to IFRS, see note 6 to our annual consolidated financial statements.

Results of Operation

The following table shows each of the line items in our statement of profit or loss for the periods indicated as a percentage of our total operating revenues for that period:

	2020	2019	2018
Operating revenues:			
Passenger revenue	95.0%	96.5%	96.6%
Cargo and mail revenue	2.6%	2.3%	2.3%
Other operating revenue	2.4%	1.2%	1.0%
Total operating revenues	100.0%	100.0%	100.0%
Operating expenses:			
Fuel	20.8%	25.7%	28.6%
Wages, salaries, benefits and other employees expenses	32.0%	16.6%	16.6%
Passenger servicing	3.4%	3.8%	3.9%
Airport facilities and handling charges	7.4%	6.7%	7.0%
Sales and distribution	8.8%	7.8%	7.8%
Maintenance, materials and repairs	9.6%	4.7%	4.1%
Depreciation, amortization and impairment	62.7%	13.7%	17.4%
Flight operations	3.7%	3.8%	4.0%
Other operating and administrative expenses	9.0%	4.4%	4.6%
Total operating expenses	157.5%	87.2%	94.0%
Operating income	-57.5%	12.8%	6.0%
Non-operating income (expense):			
Finance cost	-9.1%	-2.1%	-1.9%
Finance income	2.5%	0.9%	0.9%
Gain (loss) on foreign currency fluctuations	-1.1%	-0.6%	-0.4%
Net change in fair value of derivatives	-13.4%	0.0%	0.0%
Other non-operating income (expense)	-0.1%	-0.2%	0.0%
Total non-operating income (expense)	-21.2%	-1.9%	-1.4%
Profit before income taxes	-78.7%	10.8%	4.6%
Income taxes	3.0%	-1.7%	-1.3%
Net (loss) profit	-75.8%	9.1%	3.3%

Year 2020 Compared to Year 2019

Our consolidated net loss in 2020 totaled $607.1 million, compared to a net profit of $247.0 million in 2019. In addition, we had consolidated operating loss of $460.9 million in 2020, compared to an operating profit of $346.2 million in 2019. Our consolidated operating margin in 2020 was -57.5%, a decrease of 70.3 percentage points versus 2019. These results were driven by sharp declines in passenger demand and bookings resulting from the COVID-19 pandemic and the related travel restrictions. Our revenue declined at a greater rate than certain costs because of the fixed nature of such costs, and because of delays before certain costs savings could be realized. These results also include a non-cash loss of $243.1 million mainly related to the measurement upon held for sale designation of the Embraer 190 and Boeing 737-700 fleet in 2020 and $89.3 million in 2019 related to an impairment of non-financial assets due to the sale of our Embraer fleet.

Operating revenue

Our consolidated revenue totaled $801.0 million in 2020, a 70.4% decrease over operating revenue of $2,707.4 million in 2019, mainly due to less revenue related to COVID-19 impact.

Passenger revenue. Passenger revenue totaled $760.6 million in 2020, a 70.9% decrease over passenger revenue of $2,612.6 million in 2019. This was driven by a reduction in passengers carried of 72.0%, partially offset by an increase of 4.0% in passenger average fare compared to 2019.

Cargo and mail revenue. Cargo and mail revenue totaled $21.0 million in 2020, a 66.4% decrease from cargo and mail revenue of $62.5 million in 2019, reflecting a decrease in capacity, which was offset by a higher average fare per kilo.

Other operating revenue. Other operating revenue totaled $19.4 million in 2020, a 40.0% decrease from other revenue of $32.3 million in 2019 driven by a decrease in frequent flyer program partnership revenues. Other operating revenue includes revenue associated with the marketing component of the frequent flyer program.

Operating expenses

Our consolidated operating expenses totaled $1.3 billion in 2020, a 46.6% decrease over operating expenses of $2.4 billion in 2019. This is mainly as a result of fixed expenses with a reduced operation versus 2019.

An overview of the major variances in operating expenses on a consolidated basis follows:

Fuel. Aircraft fuel totaled $166.7 million in 2020, a 76.1% decrease from aircraft fuel of $696.2 million in 2019, mainly due to a 31% lower effective fuel price and a 71.5% decrease in block hours.

Wages, salaries and other employees' expenses. Salaries and benefits totaled $256.3 million in 2020, a 43.1% decrease over salaries and benefits of $450.4 million in 2019, mostly as a result of a reduced payroll given contract suspensions, workhour reductions and voluntary retirements, among others, partly offset by severance related expenses.

Passenger servicing. Passenger servicing totaled $27.6 million in 2020 compared to $102.1 million in 2019. This represented a 73.0% decrease driven by 72.0% less passengers and a lower effective rate per passenger.

Airport facilities and handling charges. Airport facilities and handling charges totaled $59.5 million in 2020, a 67.3% decrease over $182.0 million in 2019. This decrease was driven mainly by a 71.3% decrease in departures offset by higher effective rates related to airport services in North America.

Sales and Distribution. Sales and distribution totaled $70.4 million in 2020, a 66.6% decrease compared to $210.6 million in 2019, driven mainly to 70.9% less passenger revenue.

Maintenance, materials and repairs. Maintenance, materials and repairs totaled $76.9 million in 2020, a 39.7% decrease over maintenance, materials and repairs of $127.6 million in 2019. This decrease was primarily a result of less operation due to COVID-19.

Depreciation, amortization and impairment. Depreciation totaled $502.4 million in 2020, a 35.3% increase over $371.4 million in 2019, mainly due to a non-recurring impairment charge related to the Boeing 737-700 fleet in 2020.

Flight operations. Flight operations amounted to $30.0 million in 2020, a 70.8% decrease compared to $102.8 million in 2019, mainly due to 71.5% less block hours.

Other operating and administrative expenses. Other expenses totaled $72.0 million in 2020, a 39.0% decrease from $118.1 million in 2019, mainly due to less overhead expenses.

Total Non-operating Income (Expense)

Non-operating expense totaled $169.8 million in 2020, as compared to non-operating expense of $52.7 million in 2019 mainly due to a translational loss in fair value derivatives and an increase in finance cost.

Finance cost. Finance cost totaled $73.0 million in 2020, a 27.2% increase over finance cost of $57.4 million in 2019, mainly as a result of interest expense related to convertible notes issued in 2020.

Finance income. Finance income totaled $20.0 million in 2020, an 18.2% decrease over finance income of $24.4 million in 2019 mainly due to lower interest rates.

Other non-operating income (expense). Other non-operating expense totaled $1.2 million in 2020, compared to $4.3 million in 2019 mainly due to Embraer sales related expenses.

B. Liquidity and Capital Resources

Our cash, cash equivalents, and short-term investments at December 31, 2020 increased by $38.7 million, to $889.9 million. As part of our financing policy, we expect to meet our liquidity needs with cash from operations, cash on hand and the utilization of committed credit facilities, if needed. As of the date hereof, our current unrestricted cash exceeds our forecasted cash requirements to carry out operations, including payment of debt service for fiscal year 2021.

Our cash, cash equivalent and short-term investment position represented 111.1% of our revenues for the year ended December 31, 2020; 23.1% of our total assets and 69.3% of our total equity as of December 31, 2020, which we believe provides us with an adequate liquidity position.

In recent years, we have been able to meet our working capital requirements through cash from our operations. However, as a result of the impact of COVID-19 on our operations, in 2020 we experienced an operational net cash outflow of $779.6 million. To maintain its liquidity position, the Company issued new debt in the form of a convertible bond issuance in the amount of $350.0 million. Our ability to meet our liquidity needs in the future is subject to numerous risks and uncertainties, including the levels of cash refunds of customer deposits, our ability to reduce labor costs, the result of contract negotiations with suppliers and whether we take delivery of aircraft pursuant to existing commitments as well as the terms on which we do so and the terms of any related financing available to us. Additionally, if air traffic levels do not rebound, or if we face further interruptions to air travel, then we may not be able to maintain sufficient liquidity to me our liquidity needs.

Our capital expenditures, which consist primarily of aircraft purchases, are funded through a combination of our cash from operations and long-term financing. From time to time, we finance pre-delivery payments related to our aircraft with short or medium-term financing in the form of commercial bank loans and/or bonds privately placed with commercial banks, as well as resorting to a deferred pre-delivery schedule from the aircraft manufacturer. Given the state of the industry as a result of the COVID-19 pandemic, aviation financing has become much harder and more expensive to obtain. Therefore, we cannot ensure that we will be able to continue to raise financing from past sources, or from other sources, on terms comparable to our existing financing or at all.

Copa Holdings, S.A., through its subsidiaries, has short term unsecured committed credit facilities with financial institutions in the aggregate amount of $305.0 million. These lines of credit have been put in place to finance aircraft pre-delivery payments and for working capital purposes. As of December 31, 2020, we had no outstanding borrowings under these credit lines.

Operating Activities

We rely primarily on cash flows from operations to provide working capital for current and future operations. Nevertheless, as a result of the impact of COVID-19 and the related restrictions on air travel for most of the year, our net cash flows provided by operating activities for the year ended December 31, 2020 were a net operating cash inflow of $5.3 million, a decrease compared to a net operating cash inflow of $784.9 million in 2019. Our principal source of cash is receipts from ticket sales to customers, which for the year ended December 31, 2020 decreased by $1,958.8 million over receipts in the year 2019.

Investing Activities

Net cash flow used in investing activities was $93.8 million in 2020 compared to a net cash flow used in investing activities of $192.9 million in 2019. During 2020, we made capital expenditures of $13.4 million, which consisted of expenditures related to the net of acquisition of property and equipment, and proceeds from sale of property equipment, compared to $29.5 million in 2019. In 2020, the Company used $63.9 million in acquisition and redemption from investments compared to $121.4 million in 2019. Also, in 2020 we had no advance payments on aircraft purchase contracts compared to $75.4 million in 2019, and $16.4 million in acquisition of intangible assets compared to $25.5 million in 2019.

Financing Activities

Net cash inflow used in financing activities were $93.6 million in 2020 compared to net cash outflows used in financing activities of $545.3 million in 2019. During 2020, $342.9 million in proceeds from issue of convertible notes and $145.0 million of proceeds from borrowings were offset by the repayment of $267.1 million in debt, $34.0 million in dividends paid and $93.2 million in payment of lease liability. During 2019, $95.0 million of proceeds from financing were offset by the repayment of $426.8 million in debt, $110.4 million in dividends declared and $103.1 million in payment of lease liability.

Over the years, we have financed the acquisition of 40 Boeing 737-Next Generation aircraft through syndicated loans provided by international financial institutions with the support of guarantees issued by the Export-Import Bank of the United States, or "Ex-Im", with repayment profiles of 12 years. The Ex-Im guarantees support 80%-85% of the net purchase price and are secured with a first priority mortgage on the aircraft in favor of a security trustee on behalf of Ex-Im. The documentation for each loan follows standard market forms for this type of financing, including standard events of default. Our Ex-Im supported financings amortize on a quarterly basis, are denominated in dollars and can bear interest at a floating rate linked to LIBOR or be set at a fixed rate. Our Ex-Im guarantee facilities typically offer an option to fix the applicable interest rate. We have exercised this option with respect to $83.3 million as of December 31, 2020 at an average weighted interest rate of 2.88%, $77.1 million bears interest at a floating weighted average interest rate of 0.44% representing a spread of 20 bps over the 3 month LIBOR as of December 31, 2020. At December 31, 2020, the total amount outstanding under our Ex-Im-supported financings totaled $160.7 million.

Since 2014, we have financed our aircraft through a mix of Japanese Operating Leases with Call Options, or "JOLCO", and sale-leasebacks.

JOLCO is a Japanese-sourced lease transaction that provides for 100% financing and is typically used to finance new aircraft and has a minimum lease term of 10 years. In a JOLCO, the aircraft is purchased by a Japanese equity investor. The Japanese equity investor funds approximately 30% of the acquisition cost of the aircraft and becomes the owner of the aircraft via a Special Purpose Entity. An international bank with onshore lending capabilities provides the balance of the aircraft purchase price via a senior secured mortgage loan. JOLCOs have a call option, which lessees often expect the lessor to exercise. Under IFRS, these transactions are accounted for as financings. We have financed 19 Boeing 737 Next Generation and 737 MAX aircraft since 2014 through JOLCO financing. As of December 31, 2020 JOLCO, financed debt outstanding was $782.3 million.

Capital resources. We finance our aircraft through long-term debt and operating lease financings. Although we expect to finance future aircraft deliveries with a combination of similar debt arrangements and financing leases, we may not be able to secure such financing on attractive terms. To the extent we cannot secure financing, we may be required to modify our aircraft acquisition plans or incur higher than anticipated financing costs. We expect to meet our operating obligations as they become due through available cash and internally generated funds, supplemented as necessary by short-term or medium-term credit lines.

As of December 31, 2020, the Company had one purchase contract with Boeing which entails 60 firm orders of Boeing 737 MAX aircraft, agreed to be delivered between 2021 and 2027. The aircraft under this contract have an approximate value of $2.9 billion based on contractual obligations net of discounts and pre-delivery payments, including estimated amounts for contractual price escalation.

We meet our pre-delivery deposit requirements for our Boeing 737 MAX aircraft by using cash from operations, or by using short or medium-term borrowing facilities and/or vendor financing for deposits required between three years and six months prior to delivery.

The Company maintained letters of credit with several banks with a value of $44.3 million as of December 31, 2020 ($25.8 million as of December 31, 2019). These letters of credit are pledged mainly for IATA settlement systems, operating lessors, maintenance providers and airport operators.

The Company has committed unsecured credit facilities of $200.0 million, currently undrawn. In addition, the Company closed a secured revolving credit facility for an initial aggregate amount of $105.0 million. Including this facility, the Company has $305.0 million in unutilized committed credit facilities as of December 31, 2020 (2019: $305.0 million). These credit facilities have been put in place for contingency and working capital purposes.

C. Research and Development, Patents and Licenses, etc.

We believe that the Copa brand has strong value and indicates superior service and value in the Latin American travel industry. We have registered the trademarks “Copa”, “Copa Airlines”, “Wingo” and “Hub of the Americas” with the trademark offices in Panama, the United States, and the majority of the countries in which we operate. We license certain brands, logos and trade uniforms under the trademark license agreement with UAL related to our alliance. We will have the right to continue to use our current logos on our aircraft for up to five years after the end of the alliance agreement term. “Copa Colombia”, “Copa Airlines Colombia”, “Wingo” and “Hub of the Americas” are registered names and trademarks in Colombia, Panama, Ecuador, Venezuela, Mexico, Dominican Republic, and Guatemala.

We operate many software products under licenses from our vendors, including our passenger services system, booking engine, revenue management software and our cargo management system. Under our agreements with Boeing, we also use a large amount of Boeing’s proprietary information to maintain our aircraft. The loss of these software systems or technical support information from our vendors could negatively affect our business.

D. Trend Information

In 2020 the COVID-19 pandemic has had, and may continue to have in 2021, a material adverse impact on the Company’s operations, including but not limited to a material negative impact on our average monthly cash consumption rate for the months of April to December 2020 of $40 million per month. The extent of the future impact of COVID-19 on the Company’s operational and financial performance will depend on future developments, including, but not limited to, the scope and severity of the pandemic related travel advisories and restrictions, the availability and effectiveness of vaccines, the effectiveness of available vaccines against variants of the virus, the duration and severity of the impact of COVID-19 on overall demand for air travel, and the deep economic recession expected, all of which are highly uncertain and cannot be predicted. We do not expect economic and operating conditions for our business to improve until customers, who to date are experiencing increasing levels of unemployment and income loss, are once again willing and able to travel, and once we, other airlines and accommodation providers, such as hotels, are able to serve those customers. This may not occur until well after the broader global economy begins to improve.

E. Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

Our non-cancelable contractual obligations at December 31, 2020 included the following:

At December 31,	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			(in thousands of dollars)		
Aircraft and engine purchase commitments (1)	2,975,408	560,914	609,689	953,982	850,823
Aircraft operating leases	212,212	83,065	117,165	11,982	0
Other operating leases (3)	32,981	5,878	9,743	8,640	8,720
Short-term debt and long-term debt (2)	643,411	121,357	212,145	183,967	125,941
Total	4,507,804	805,759	971,652	1,573,695	1,156,698

(1) Based on contractual obligations net of discounts and pre-delivery payments, including estimated amounts for contractual price escalation.
(2) Includes actual interest and estimated interest for floating-rate debt based on December 31, 2020 rates.
(3) Only includes contracts classified as leases according to IFRS 16.

Most contract leases include renewal options. Non-aircraft related leases have renewable terms of one year, and their respective amounts included in the table above have been estimated through 2020, but we cannot estimate amounts with respect to those leases for later years. Our leases do not include residual value guarantees.

G. Safe harbor

Not applicable.

Item 6. Directors, senior management and employees

A. Directors and Senior Management

Currently, our Board of Directors is comprised of eleven members. The number of directors elected each year varies. Messrs. Stanley Motta, Jaime Arias, Jose Castañeda and Josh Connor were re-elected as directors for two-year terms at our annual shareholders' meeting held in 2019. Messrs. Pedro Heilbron, Ricardo A. Arias, Alvaro Heilbron, Carlos A. Motta, John Gebo, Julianne Canavaggio, and Andrew Levy were each re-elected for two-year terms at our annual shareholders' meeting held in 2020.

The following table sets forth the name, age and position of each member of our Board of Directors as of February 28, 2021. A brief biographical description of each member of our Board of Directors follows the table:

Name	Position	Age
Pedro Heilbron	Chief Executive Officer and Director	62
Stanley Motta	Chairman and Director	75
Alvaro Heilbron	Director	55
Jaime Arias	Director	86
Ricardo Alberto Arias	Director	81
Carlos A. Motta	Director	48
John Gebo	Director	50
Jose Castañeda Velez	Director	76
Andrew Levy	Director	51
Josh Connor	Director	47
Julianne Canavaggio	Director	39

Mr. Pedro Heilbron. See "—Executive Officers".

Mr. Stanley Motta has been one of the directors of Copa Airlines since 1986 and a director of Copa Holdings since it was established in 1998. Since 1990, he has served as the President of Motta Internacional, S.A. an international importer and distributor of consumer goods. Mr. Motta is father of Mr. Carlos A. Motta. He serves on the boards of directors of Motta Internacional, S.A., BG Financial Group, S.A., ASSA Compañía de Seguros, S.A., Televisora Nacional, S.A., Inversiones Bahía, Ltd. and GBM Corporation. Mr. Motta is a graduate of Tulane University.

Mr. Alvaro Heilbron was elected as director of Copa Holdings in 2012. He is the brother of Mr. Pedro Heilbron, our chief executive officer. Mr. Heilbron is Co-Founder and Executive Director at Editora del Caribe, S.A. He serves on the board of Grupo PTM Panama, S.A., Gold Mills de Panama, S.A., Desarrollo Costa del Este, Inversiones Haripasa and he is a member of Babson College´s Global Advisory Board. Mr. Heilbron holds a B.S. in Business Administration from George Washington University, and a Post-Graduate degree in Management from INCAE Business School. Mr. Heilbron also served as Vice-President of Commercial for Copa Airlines between the years of 1988 and 1999.

Mr. Jaime Arias has been one of the directors of Copa Airlines since 1983 and a director of Copa Holdings since it was established in 1998. He is a founding partner of Galindo, Arias & Lopez. Mr. Arias holds a BA from Yale University, a JD from Tulane University and completed legal studies at the University of Paris, Sorbonne. He serves on the boards of directors of Televisora Nacional, S.A., ASSA Compañía de Seguros, S.A., Empresa General de Inversiones, S.A., Petroleos Delta, S.A., BAC International Bank, Inc., Direct Vision, S.A. and Promed, S.A.

Mr. Ricardo Arias has been one of the directors of Copa Airlines since 1985 and a director of Copa Holdings since it was established in 1998. He is a founding partner of Galindo, Arias & Lopez. Mr. Arias is the former Panamanian ambassador to the United Nations. Mr. Arias holds a BA in international relations from Georgetown University, an LL.B. from the University of Puerto Rico and an LL.M. from Yale Law School. He serves on the boards of directors of Banco General, S.A. and Empresa General de Inversiones, S.A., which is the holding company that owns Banco General, S.A. Mr. Arias is also listed as a principal or alternate director of several subsidiary companies of Banco General, S.A. and Empresa General de Inversiones, S.A. Mr. Arias is a former Director and President of the Panamanian Stock Exchange.

Mr. Carlos A. Motta was elected as a director of Copa Holdings in 2014. He has held several positions within Motta Internacional, S.A. and is currently a director and part of the executive committee. He is the son of Mr. Stanley Motta. Mr. Motta serves on the board of Inversiones Bahia, Copa Holdings, ASSA Compañía de Seguros, S.A, Banco General, Motco Inc., Fundación Alberto C. Motta, IFF Panama (Panama Film Festival), and Junior Achievement Worldwide among others. Mr Motta is a member of YPO (Young Presidents Organization); AGLN (The Aspen Global Leadership Network); CEAL (Consejo Empresarial de America Latina). Mr. Motta received a bachelor's degree in marketing from Boston College and an MBA from Thunderbird (The American Graduate School of International Management).

Mr. John Gebo was elected as a director of Copa Holdings in 2015. He is Senior Vice President of Transformation for United Airlines. Prior to his current position, Mr. Gebo was United's Senior Vice President of Alliances, and Senior Vice President of Financial Planning and Analysis. Mr. Gebo joined United in 2000, and has held positions of increasing responsibility in finance, investor relations, and alliances. Prior to joining United, Mr. Gebo worked at General Motors Corporation in manufacturing engineering. Mr. Gebo received his bachelor's degree in mechanical engineering from the University of Texas and his master's degree in business administration from the University of Michigan. Mr. Gebo has also been a member of the board of directors of Azul S.A. and served for eight years on the board of directors of Alliant Credit Union, one of the largest credit unions in the United States, last serving as Vice Chairman in 2018.

Mr. Jose Castañeda Velez is one of the independent directors of Copa Holdings. He is currently a director on the boards of MMG Bank Corporation and MMG Trust S.A. Previously, Mr. Castañeda Velez was the chief executive officer of Banco Latinoamericano de Exportaciones, S.A. —BLADEX and has held managerial and officer level positions at Banco Río de la Plata, Citibank, N.A., Banco de Credito del Peru and Crocker National Bank. He is a graduate of the University of Lima.

Mr. Andrew Levy is CEO of Houston Air Holdings, Inc, owner of a small passenger charter airline in the US. Previously, he served as CFO of UAL. He also served as President, Chief Operating Officer and a member of the Board of Directors of Allegiant Travel Company. He joined Allegiant in early 2001, and during his tenure, his executive responsibilities included strategy, planning, finance, commercial, people and operations. Mr. Levy became President in 2009, served as Chief Financial Officer from 2007 to 2010, and was its Treasurer from 2001 through 2010. Mr. Levy started his airline career in 1994 at ValuJet Airlines, Inc. and then joined Savoy Capital, an investment, banking and advisory firm specializing in the airline industry in 1996. He holds a Juris Doctor degree from Emory University School of Law and a BA degree in Economics from Washington University in St. Louis.

Mr. Josh Connor is one of the independent directors of Copa Holdings. He is currently Chairman of the Audit Committee and Independent Directors Committees. He is the founding partner of the investment firm Connor Capital. He was a Managing Director and the Head of the Industrials Banking Group at Barclays until July 2015; and was a member of the firm's Operating Committee. Prior to joining Barclays in 2011, he was with Morgan Stanley for 15 years and was the Co-Head of Morgan Stanley's Transportation & Infrastructure Investment Banking Group, a member of the firm's Investment Banking Management Committee, and was on the Board of Trustees for the Morgan Stanley Foundation. He has a BA degree in Economics from Williams College, is on the Board of Directors of Frontier Airlines, is a strategic adviser to Oaktree Capital Management's Infrastructure Fund, and is a Trustee of Laguna Blanca School.

Mrs. Julianne Canavaggio was elected as an independent director of Copa Holdings in 2019. She is a Managing Director and Head of Central America and the Caribbean for Lazard, responsible for Lazard's financial advisory division in this geography. Ms. Canavaggio joined Lazard in 2014; and has held positions of increasing responsibility. Prior to joining Lazard, Julianne established a successful legal career in mergers and acquisitions across a variety of industries. Ms. Canavaggio currently serves on the board of directors of a Sustainable Luxury® real estate development company, as well as two private investment vehicles. She has previously served on the board of directors of a conglomerate of wholesale distribution operations for fragrances, cosmetics and skin care products, as well as a Panamanian chain of department stores in the mid-high range, and a general license bank authorized to operate in Panama in the banking and trust business (fiduciaries). Ms. Canavaggio holds a BA from Harvard University and a JD from Tulane University.

The following table sets forth the name, age and position of each of our executive officers as of February 28, 2021. A brief biographical description of each of our executive officers follows the table.

Name	Position	Age
Pedro Heilbron	Chief Executive Officer and Director	62
José Montero	Chief Financial Officer	51
Daniel Gunn	Senior Vice-President of Operations	53
Dennis Cary	Senior Vice-President of Commercial and Planning	56
Peter Donkersloot	Vice-President of Human Resources	37
Julio Toro	Vice-President of Technology	47
Bolívar Domínguez	Vice-President of Flight Operations	45
Christophe Didier	Vice-President of Sales	57
Eduardo Lombana	Chief Executive Officer of AeroRepública, S.A. (Copa Airlines Colombia)	59

Mr. Pedro Heilbron has been our Chief Executive Officer since 1988. He received an MBA from George Washington University and a BA from College of the Holy Cross. He is a member of the Star Alliance Chief Executive Board, where he served as its Chairman from December 2016, until December 2020, President of the Association of Latin America and Caribbean Airlines (ALTA) and member of IATA's Chair Committee and Board of Governors. He is currently a member of the advisory board of the Smithsonian Tropical Research Institute. Mr. Heilbron is the brother of Mr. Alvaro Heilbron, a member of our Board of Directors.

Mr. Jose Montero has been our Chief Financial Officer since March 2013. He started his career with Copa Airlines in 1993 and has held various technical, supervisory, and management positions including Manager of Flight Operations, Director of System Operations Control Center (SOCC), and, between 2004 and 2013, Director of Strategic Planning. He has a BS in Aeronautical Studies from Embry-Riddle Aeronautical University and an MBA from Cornell University. He serves as an independent director of Latinex, Inc, the holding company of the Panama Stock Exchange, and is a member of IATA's Financial Advisory Council.

Mr. Daniel Gunn has been our Senior Vice-President of Operations since February 2009. Prior to this Mr. Gunn had served as Vice-President of Commercial and Planning and Vice-President of Planning and Alliances. Prior to joining Copa in 1999, he spent five years with American Airlines holding positions in Finance, Real Estate and Alliances. Mr. Gunn received a BA in Business & Economics from Wheaton College and an MBA from the University of Southern California.

Mr. Dennis Cary has been our Senior Vice-President of Commercial and Planning, since April 2015. Prior to joining Copa Airlines, Mr. Cary held Senior Vice-President position in various industries, including aviation. Mr. Cary served as Senior Vice-President, Chief Marketing and Customer Officer at United Airlines, and several other top management positions in United Airlines and American Airlines. Mr. Cary graduated from California State University, Northridge with a bachelor's degree in Computer Sciences and holds an MBA from Duke University.

Mr. Peter Donkersloot joined Copa Airlines in August 2019 and has served as Vice President of Human Resources since January 2020. Mr. Donkersloot has over fifteen years working experience holding key positions in five different countries (Jamaica, Panama, Peru, El Salvador and Guatemala). His experience ranges in Commercial Operations, Logistics, Risk Assessment, Strategic Planning and General Management. He holds a Global MBA from the Thunderbird School of Global Management along with professional qualifications in Industrial Engineering from the *Instituto Tecnológico y de Estudios Superiores de Monterrey* (ITESM).

Mr. Julio Toro has been our Vice-President of Technology since October 2015. He joined Copa in May 2011 as Director of the Project Management Office. Before joining Copa, he served as Operations Manager and Vice-President of Information Systems for Cable & Wireless Panama. He received a BS in Electrical Engineering from Texas A&M University, a Master in Renewable Energy from *Universidad Tecnológica*, and an MBA jointly issued by New York University Stern School of Business, London School of Economics and Political Science, and HEC Paris School of Management.

Captain Bolivar Dominguez G. has been our Vice President of Flight Operations since December 2017. He began his career with Copa Airlines in 2000 as a Copilot in the Boeing 737-200, and throughout his career within the Company, he has held roles of increased responsibility, such as Head of Training on the Embraer fleet, Director of System Operations Control Center (SOCC), and most recently Chief Pilot. Bolivar is also a member since 2019 of the IATA Safety, Flight and Ground Operations Advisory Council (SFGOAC), responsible to act as advisor to the Board of Governors and the Director General of IATA on all matters connected with the improvement of safety and efficiency of civil air transport, ground operations and baggage. Bolivar holds an Airline Transport Pilot License, with Type Ratings on the Boeing 727, Embraer 190, and Boeing 737, and received a BS in Industrial Engineering from *Universidad Latina* and an MBA from the University of Louisville.

Mr. Christophe Didier has been our Vice-President of Sales since September 2016. Prior to joining Copa Airlines, Mr. Didier held several sales and marketing positions in the airline industry since 1990, including Air France, Delta Air Lines and Etihad Airways, based in Europe and the Americas. He served as Delta's Vice-President for Latin America and the Caribbean during Delta's significant expansion in the region, merger with Northwest Airlines and Transatlantic joint venture implementation with Air France / KLM and equity investment in Gol and Aeromexico. Mr. Didier, a French and Brazilian National, holds a Master in Management from ESCP Europe business school based in Paris and speaks English, Spanish, Portuguese and French.

Mr. Eduardo Lombana joined the Company in May 2005 as Chief Operating Officer and was appointed as Chief Executive Officer of Copa Colombia as of February 2012. He served three years at Avianca as Vice-President of Network, responsible for revenue management, network planning and revenue accounting during the company's bankruptcy turn over. Prior to that, he served as VicePresident of Flight Operations for ACES before it merged with Avianca. Mr. Lombana holds a BS in Aviation Technology and an AS in Aviation Maintenance Technology from Embry Riddle Aeronautical University.

The business address for all of our senior management is c/o Copa Airlines, Avenida Principal y Avenida de la Rotonda, Urbanización Costa del Este, Complejo Business Park, Torre Norte, Parque Lefevre Panama City, Panama.

B. Compensation

In 2020, we paid an aggregate of approximately $3.2 million in cash compensation to our executive officers. In addition, members of committees of the Board of Directors receive additional compensation per committee meeting. All of the members of our Board of Directors and their spouses receive benefits to travel on Copa flights as well.

Incentive Compensation Program

In 2005, the Compensation Committee of our Board of Directors eliminated the then-existing Long-Term Retention Plan and approved a one-time non-vested stock bonus award program for certain executive officers or the "Stock Incentive Plan". Non-vested stock delivered under the Stock Incentive Plan may be sourced from treasury stock or authorized un-issued shares. In accordance with this program, the Compensation Committee of our Board of Directors had granted restricted stock awards to our senior management and to certain named executive officers and key employees. Normally, these shares vest over three to five years in yearly installments equal to one-third of the awarded stock on each anniversary of the grant date, 100% of the awarded stock at the third anniversary of the grant date or in yearly installments equal to 15% of the awarded stock on each of the first three anniversaries of the grant date, 25% on the fourth anniversary and 30% on the fifth anniversary.

The following table shows shares granted:

	2020	2019	2018
Shares	28,201	29,462	43,355
Fair value	$108.77	$89.33/$96.25	$135.81
Contractual life	3 years	3 years	3 to 5 years

The Compensation Committee plans to make additional equity-based awards under the plan from time to time, including additional non-vested stock and stock option awards. While the Compensation Committee will retain discretion to vary the exact terms of future awards, we anticipate that future employee non-vested stock and stock option awards granted pursuant to the plan will generally vest over a three-year period and the stock options will carry a ten-year term.

The total compensation cost recognized for non-vested stock and options awards amounts to $5.3 million, $6.1 million, and $7.1 million in 2020, 2019, and 2018, respectively, and was recorded as a component of "Wages, salaries, benefits and other employees' expenses" within operating expenses.

During the first quarter of 2021, the Compensation Committee of the Company's Board of Directors approved two awards. Awards under these plans will grant approximately 136,654 shares of non-vested stock, which will vest over a period of three to five years. The Company estimates the fair value of these awards to be approximately $11.5 million and the 2021 compensation cost for these plans will be $5.7 million.

Please also see "Item 6D. Employees" for a description of the bonus plan implemented by the Company.

C. Board Practices

Our Board of Directors currently meets quarterly. Additionally, informal meetings with UAL are held on an ongoing basis and are supported by annual formal meetings of an "Alliance Steering Committee", which directs and reports on the progress of the Copa and UAL Alliance. Our Board of Directors is focused on providing our overall strategic direction and as a result is responsible for establishing our general business policies and for appointing our executive officers and supervising their management.

Currently, our Board of Directors is comprised of eleven members. The number of directors elected each year varies. Messrs. Stanley Motta, Jose Castañeda, Jaime Arias and Josh Connor were re-elected as directors for two-year terms at our annual shareholders' meeting held in 2019. Messrs. Pedro Heilbron, Ricardo A. Arias, Alvaro Heilbron, Carlos A. Motta, John Gebo, Julianne Canavaggio and Andrew Levy were each re-elected for two-year terms at our annual shareholders' meeting held in 2020.

Pursuant to contractual arrangements with us and CIASA, UAL is entitled to designate one of our directors. Currently, Mr. John Gebo is the UAL-appointed director.

None of our Directors has entered into any service contract with the Company or its subsidiaries.

Committees of the Board of Directors

Audit Committee. The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing:

- the integrity of financial reports and other financial information made available to the public or any regulator or governmental body;
- the effectiveness of our internal financial control and risk management systems, including cybersecurity and privacy risks and the Company's procedures and policies for assessing and managing such risks;
- the effectiveness of our internal audit function, and the independent audit process including the appointment, retention, compensation, and supervision of the independent auditor; and
- the compliance with laws and regulations, as well as the policies and ethical codes established by management and the Board of Directors.

The Audit Committee is also responsible for implementing procedures for receiving, retaining and addressing complaints regarding accounting, internal control and auditing matters, including the submission of confidential, anonymous complaints regarding questionable accounting, ethical or auditing matters.

Mrs. Julianne Canavaggio and Messrs. Jose Castañeda, and Josh Connor, all independent non-executive directors under the applicable rules of the New York Stock Exchange, are the current members of the committee. The Committee´s chairman is Mr. Josh Connor. All members are financially literate. Messrs. Castañeda and Connor have been determined to be financial experts by the Board of Directors.

Compensation Committee. Our Compensation Committee is responsible for the selection process of the Chief Executive Officer and the evaluation of all executive officers (including the CEO), recommending the level of compensation and any associated bonus. The charter of our Compensation Committee requires that all its members shall be non-executive directors, of which at least one member will be an independent director under the applicable rules of the New York Stock Exchange. Messrs. Stanley Motta, Jaime Arias and Jose Castañeda are the members of our Compensation Committee, and Mr. Stanley Motta is the Chairman of the Compensation Committee.

Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee is responsible for developing and recommending criteria for selecting new directors, overseeing evaluations of the Board of Directors, its members and committees of the Board of Directors and handling other matters that are specifically delegated to the Nominating and Corporate Governance Committee by the Board of Directors from time to time. Our charter documents require that there be at least one independent member of the Nominating and Corporate Governance Committee until the first shareholders' meeting to elect directors after such time as the Class A shares are entitled to full voting rights. Messrs. Carlos Alberto Motta, Alvaro Heilbron, and José Castañeda are the members of our Nominating and Corporate Governance Committee, and Mr. Carlos Alberto Motta is the Chairman of the Nominating and Corporate Governance Committee.

Independent Directors Committee. Our Independent Directors Committee is created by our Articles of Incorporation and consists of any directors that the Board of Directors determines from time to time meet the independence requirements of the NYSE rules applicable to audit committee members of foreign private issuers. Our Articles of Incorporation provide that there will be no fewer than three independent directors at all times, subject to certain exceptions. Under our Articles of Incorporation, the Independent Directors Committee must approve:

- any transactions in excess of $5 million between us and our controlling shareholders;
- the designation of certain primary share issuances that will not be included in the calculation of the percentage ownership pertaining to the Class B shares for purposes of determining whether the Class A shares should be converted to voting shares under our Articles of Incorporation; and
- the issuance of additional Class B shares or Class C shares to ensure Copa Airlines' compliance with aviation laws and regulations.

The Independent Directors Committee shall also have any other powers expressly delegated by the Board of Directors. Under the Articles of Incorporation, these powers can only be changed by the Board of Directors acting as a whole upon the written recommendation of the Independent Directors Committee. The Independent Directors Committee will only meet regularly until the first shareholders' meeting at which the Class A shareholders will be entitled to vote for the election of directors and afterwards at any time that Class C shares are outstanding. All decisions of the Independent Directors Committee shall be made by a majority of the members of the committee. See "Item 10B. Memorandum and Articles of Association—Description of Capital Stock".

Mrs. Julianne Canavaggio and Messrs. Jose Castañeda, and Josh Connor, are independent non-executive directors under the applicable rules of the New York Stock Exchange, are the current members of the committee.

D. Employees

We believe that our growth potential and the achievement of our results-oriented corporate goals are directly linked to our ability to attract, motivate and maintain the best professionals available in the airline business. In order to help retain our employees, we encourage open communication channels between our employees and management. Our CEO meets quarterly with all of our Copa employees in Panama in town hall-style meetings during which he explains the Company's performance and encourages feedback from attendees. A similar presentation is made by our senior executives at each of our foreign stations. Our compensation strategy reinforces our determination to retain talented and highly motivated employees and is designed to align the interests of our employees with our shareholders through profit-sharing.

Approximately 84.2% of the Company's employees are located in Panama, while the remaining 15.8% are distributed among our foreign stations. Copa's employees can be categorized as follows:

December 31,	2020	2019	2018
Pilots	1,060	1,391	1,426
Flight attendants	1,462	2,185	2,358
Mechanics	340	527	530
Customer service agents, reservation agents, ramp and others	1,087	2,544	2,905
Management and clerical	1,718	2,230	2,231
Total employees	5,667	8,877	9,450

Our profit-sharing program reflects our belief that our employees will remain dedicated to our success if they have a stake in that success. We identify key performance drivers within each employee's control as part of our annual objectives plan, or "Path to Success". Typically, we pay bonuses in the first quarter of the year based on our performance during the preceding calendar year. For members of management, 75% of the bonus amount is based on our performance as a whole and 25% is based on the achievement of individual goals. Bonuses for non-management employees are based on the Company's performance and payment is typically a multiple of the employee's weekly salary. The bonus payments are approved by our compensation committee. We typically make accruals each month for the expected annual bonuses, which are reconciled to actual payments at their dispersal within the first half of the following year.

We provide training for all of our employees, including technical training for our pilots, dispatchers, flight attendants and other technical staff. In addition, we provide recurrent customer service training to frontline staff, as well as leadership training for managers. We currently have three flight simulators at our training facility in Panama's City of Knowledge. In 2006, we leased a Level B flight simulator for Boeing 737-Next Generation training that served 80% of our initial training, transition and upgrade training, and 100% of our recurrent training needs relating to that aircraft. During 2007, we upgraded this simulator to Level C to provide 100% of our initial training. We leased a similar flight simulator for Embraer 190 until October 2015, when we decided to buy this simulator to serve our initial and recurrent training needs. This Embraer 190 flight simulator was sold in November 2020. In 2011, Copa bought a second 737-Next Generation Full Flight Simulator, or "FFS", Level D. The Level D qualification is the highest certification provided by the Federal Aviation Administration (FAA) to any Flight Training Device. Another important acquisition in 2011 was the second B737 Virtual Procedure Trainer (VPT), which complements the new FFS training. In October 2012, the lease on our first B737 Next Generation simulator expired and we bought a new FFTX technology training device accompanied by a new Virtual Procedure Trainer (VPT). In 2015, Copa bought a new Boeing 737-800 Full Flight Simulator (FFS-X) compliant with regulatory Qualification Level D, and two new B737-800 Cockpit Procedure Trainers (CPTs) compliant with regulatory Qualification FTD Level 4 to provide 100% of our initial, recurrent, transition and upgrade training needs. We bought a new Boeing 737 MAX Full Flight Simulator compliant with regulatory qualification Level D to provide 100% of our training needs which is available for use since May of 2019.

Approximately 66.3% of the Company's 5,667 employees are unionized. Our employees currently belong to nine union organizations; five covering employees in Panama and four covering employees in Colombia, in addition to union organizations in other countries to which we fly. Copa Airlines has traditionally had good relations with its employees and all the unions and expects to continue to enjoy good relations with its employees and the unions in the future.

The five unions covering employees in Panama include: the pilots' union (UNPAC); the flight attendants' union (SIPANAB); the mechanics' union (SITECMAP), the industry union (SIELAS), which represents ground personnel, messengers, drivers, passenger service agents, counter agents and other non-executive administrative staff, and other industry union named UGETRACA which represents ground personnel and flight attendants.

Copa entered into collective bargaining agreements with the pilots' union in July 2017, the industry union in December 2017, the mechanics' union in June 2018 and with the flight attendants' union in October 2018. Collective bargaining agreements in Panama are typically between three and four-year terms.

The four unions covering employees in Colombia are: the pilots' union (ACDAC), the flight attendants' union (ACAV), the industry union in Colombia (SITRANAC), and the Mechanics Union in Colombia (ACMA).

Copa entered into collective bargaining with ACDAC and ACAV in January 2018.

SINTRATAC and Copa entered into collective bargaining agreement in December 2017 for terms of four years until December 2021. Negotiations with ACMA were resolved by arbitration on December 31, 2015, extending the validation every 6 months from this date, until June 30, 2018. ACMA has not presented a new bill of petition.

Typically, collective bargaining agreements in Colombia have terms of two to three years. Although Copa Colombia usually settles many of its collective bargaining agreement negotiations through arbitration proceedings, it has traditionally experienced good relations with its unions.

In addition to the unions in Panama and Colombia, the Company's employees in Brazil are covered by industry union agreements that cover all airline industry employees in the country and airport employees in Argentina are affiliated with an industry union (UPADEP).

E. Share Ownership

The members of our Board of Directors and our executive officers as a group own less than one percent of our Class A shares. See "Item 7A. Major Shareholders".

For a description of stock options granted to our Board of Directors and our executive officers, see "—Compensation—Incentive Compensation Program".

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth information relating to the beneficial ownership of our Class A shares as of December 31, 2020 by each person known to us to beneficially own 5% or more of our common shares and all our directors and officers as a group.

Class A shares are limited voting shares entitled only to vote in certain specified circumstances. See "Item 10B. Additional Information – Memorandum and Articles of Association – Description of Capital Stock".

	Class A Shares Beneficially Owned
	Shares
CIASA[2]	0
Executive officers and directors as a group (13 persons)	105,256
Others	31,316,009
Total	**31,421,265**

(1) Based on a total of 31,421,265 Class A shares outstanding.
(2) CIASA owns 100% of the Class B shares of Copa Holdings representing 25.8% of our total capital stock.

In June 2006, Continental reduced its ownership of our total capital stock from 27.3% to 10.0%. In May 2008, Continental sold down its remaining shares in the public market.

CIASA currently owns 100% of the Class B shares of Copa Holdings, representing 100% of the voting power of our capital stock. CIASA is controlled by a group of Panamanian investors representing several prominent families in Panama. This group of investors has historically acted together in a variety of business activities both in Panama and elsewhere in Latin America, including banking, insurance, real estate, telecommunications, international trade and commerce and wholesale. Members of the Motta, Heilbron and Arias families, and their affiliated companies, including our Chief Executive Officer, Mr. Pedro Heilbron, and several of our directors beneficially own approximately 90% of CIASA's shares, as of February 28, 2021. Such individual shareholders of CIASA have entered into a shareholders' agreement that restricts transfers of CIASA shares to non-Panamanian nationals. Mr. Stanley Motta exercises effective control of CIASA.

In March 2010, CIASA converted a portion of its Class B shares into 1.6 million non-voting New York Stock Exchange-listed Class A shares and sold such Class A shares in an SEC-registered public offering. As a result, CIASA's ownership decreased from 29.2% to 25.1% of our capital stock. CIASA's current ownership is 25.8% of our capital stock. In the event CIASA seeks to reduce its ownership below 10% of our total share capital, our independent directors may decide to issue special voting shares solely to Panamanian nationals to maintain the ownership requirements mandated by the Panamanian Aviation Act.

The address of CIASA is Corporación de Inversiones Aéreas, S.A., c/o Copa Holdings, S.A., Boulevard Costa del Este, Avenida Principal y Avenida de la Rotonda, Urbanización Costa del Este, Complejo Business Park, Torre Oeste, Parque Lefevre, Panama City, Panama.

It is not practicable for us to determine the number of Class A shares beneficially owned in the United States. As of February 28, 2021, we had 204 registered record holders of our Class A shares.

B. Related Party Transactions

Registration Rights Agreement

Under the registration rights agreement, as amended by the supplemental agreement, CIASA continues to have the right to make one demand on us with respect to the registration and sale of our common stock held by them. The registration expenses incurred in connection with a demand registration requested after the date hereof, which expenses exclude underwriting discounts and commissions, will be paid ratably by each security holder participating in such offering in proportion to the number of their shares that are included in the offering.

Agreements with our controlling shareholders and their affiliates

Our directors and controlling shareholders have many other commercial interests within Panama and throughout Latin America. We have commercial relationships with several of these affiliated parties from which we purchase goods or services, as described below. In each case we believe our transactions with these affiliated parties are consistent with market rates and terms.

Banco General, S.A.

We have a strong commercial banking relationship with Banco General, S.A., a Panamanian bank partially owned by our controlling shareholders. We have obtained financing from Banco General under short to medium-term financing arrangements for part of the commercial loan tranche of one of the Company's Export-Import Bank facilities. We also maintain general lines of credit and time deposit accounts with Banco General. Interest received from Banco General amounted to $2.7 million, $4.2 million and $3.8 million in 2020, 2019, or 2018, respectively. There have not been any material interest payments for the last three years. There was no outstanding debt balance at December 31, 2020, 2019, or 2018.

ASSA Compañía de Seguros, S.A.

Panamanian law requires us to maintain our insurance policies through a local insurance company. We have contracted with ASSA, an insurance company that provide substantially all of the Company's insurance policies. While the Company's controlling shareholders do not hold a controlling equity interest in ASSA Compañía de Seguros, S. A., various members of the Company's Board of Directors are also board members of ASSA Compañía de Seguros, S. A. ASSA has, in turn, reinsured almost all of the risks under those policies with insurance companies around the world. The payments to ASSA totaled $7.2 million in 2020, $11.2 million in 2019 and $9.7 million in 2018.

Petróleos Delta, S.A.

Since 2005, we entered into a contract with Petróleos Delta, S.A. to supply our jet fuel needs. The price agreed to under this contract is based on the two-week average of the U.S. Gulf Coast Waterborne Mean index plus local taxes, certain third-party handling charges and a handling charge to Petróleos Delta, S.A. The contract term is two years and the last contract subscribed was on June 2020. While our controlling shareholders do not hold a controlling equity interest in Petróleos Delta, S.A., several of our directors are also board members of Petróleos Delta, S.A. Payments to Petróleos Delta totaled $102.7 million in 2020, $376.8 million in 2019 and $398.7 million in 2018.

Desarollo Inmobiliario del Este, S.A.

During January 2006, we moved into headquarters located six miles away from Tocumen International Airport. We lease five floors consisting of approximately 105,981 square feet of the building from Desarollo Inmobiliario Del Este, S.A., an entity controlled by the same group of investors that controls CIASA. Payments to Desarrollo Inmobiliario Del Este, S.A. totaled $3.3 million, $4.0 million and $3.8 million in 2020, 2019 and 2018, respectively.

Galindo, Arias & Lopez

Most of our legal work is carried out by the law firm Galindo, Arias & Lopez. Messrs. Jaime Arias and Ricardo Alberto Arias, partners of Galindo, Arias & Lopez, are indirect shareholders of CIASA and serve on our Board of Directors. Payments to Galindo, Arias & Lopez totaled $0.2 million, $0.3 million and $0.5 million in 2020, 2019 and 2018, respectively.

Cable Onda, S.A.

The Company is responsible for providing television and internet broadcasting services in Panama. A member of the Company's Board of Directors is shareholder of Cable Onda, S.A. Payments to Cable Onda, S.A. totaled $0.7 million. $1.4 million, and $1.7 million in 2020, 2019 and 2018, respectively.

Panama Air Cargo Terminal

Provides cargo and courier services in Panama, an entity controlled by the same group of investors that controls CIASA. Payments to Panama Air Cargo Terminal totaled $2.0 million in 2020, $3.5 million in 2019 and $5.8 million in 2018.

GBM International, Inc.

Provides systems integration and computer services, as well as technical services and enterprise management. A member of the Company's Board of Directors is shareholder of GBM International, Inc. Payments to GBM International, Inc. totaled $0.1 million, $0.2 million and $0.2 million in 2020, 2019, 2018, respectively.

Other Transactions

We also purchase most of the alcohol and some of the other beverages served on our aircraft from Motta Internacional, S.A. and Global Brands, S.A., both of which are controlled by our controlling shareholders. We do not have any formal contracts for these purchases but pay wholesale prices based on price lists periodically submitted by those importers and comparisons to other options in the marketplace. We paid these entities approximately $0.58 million in 2020, $1.96 million in 2019 and $1.64 million in 2018.

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See "Item 3A. Key Information—Selected Financial Data" and "Item 18. Financial Statements."

Legal Proceedings

In the ordinary course of our business, we are party to various legal actions, which we believe are incidental to the operation of our business. While legal proceedings are inherently uncertain, we believe that the outcome of the proceedings to which we are currently a party is not likely to have a material adverse effect on our financial position, results of operations and cash flows.

Dividends and Dividend Policy

The payment of dividends on our shares is subject to the discretion of our Board of Directors. Under Panamanian law, we may pay dividends only out of retained earnings and capital surplus. So long as we do not default on our payments under our loan agreements, there are no covenants or other restrictions on our ability to declare and pay dividends. Our Articles of Incorporation provide that all dividends declared by our Board of Directors will be paid equally with respect to all of the Class A and Class B shares. See "Item 10B. Additional Information—Memorandum and Articles of Association—Description of Capital Stock—Dividends".

In February 2016, the Board of Directors approved a change to the dividend policy to limit aggregate annual dividends to an amount equal to 40% of the prior year's annual consolidated underlying net income, to be distributed in equal quarterly installments subject to board ratification each quarter. Our Board of Directors may, in its sole discretion and for any reason, amend or discontinue the dividend policy. Our Board of Directors may change the level of dividends provided for in this dividend policy or entirely discontinue the payment of dividends. Future dividends with respect to shares of our common stock, if any, will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, provisions of applicable law and other factors that our Board of Directors may deem relevant. Given the uncertainty related to the COVID-19 pandemic, including the effect on future air travel demand, on April 26, 2020 our Board of Directors postponed dividend payments for the remainder of 2020.

Dividend for Fiscal Year:	Payment Date	Total Dividend Payment (U.S. Dollars)	Cash Dividend per Share
2020	March 13, 2020	$ 34 million	0.80
2019	December 13, 2019	$ 28 million	0.65
2019	September 13, 2019	$ 28 million	0.65
2019	June 14, 2019	$ 28 million	0.65
2019	March 15, 2019	$ 28 million	0.65
2018	December 14, 2018	$ 37 million	0.87
2018	September 14, 2018	$ 37 million	0.87
2018	June 15, 2018	$ 37 million	0.87
2018	March 15, 2018	$ 37 million	0.87
2017	December 15, 2017	$ 32 million	0.75
2017	September 12, 2017	$ 32 million	0.75
2017	June 15, 2017	$ 22 million	0.51
2017	March 13, 2017	$ 22 million	0.51
2016	December 15, 2016	$ 22 million	0.51
2016	September 13, 2016	$ 22 million	0.51
2016	June 16, 2016	$ 21 million	0.51
2016	March 16, 2016	$ 21 million	0.51

B. Significant Changes

None.

Item 9. The Offer and Listing

A. Offer and Listing Details

Our Class A shares have been listed on the New York Stock Exchange, or NYSE, under the symbol “CPA” since December 14, 2005.

B. Plan of Distribution

Not applicable.

C. Markets

Our Class A shares have been listed on the NYSE under the symbol “CPA” since December 14, 2005. Our Class B shares are not listed on any exchange and are not publicly traded. We are subject to the NYSE corporate governance listing standards. The NYSE requires that corporations with shares listed on the exchange comply with certain corporate governance standards. As a foreign private issuer, we are only required to comply with certain NYSE rules relating to audit committees and periodic certifications to the NYSE. The NYSE also requires that we provide a summary of the significant differences between our corporate governance practices and those that would apply to a U.S. domestic issuer. Please refer to “Item 16 G. Corporate Governance” for a summary of the significant differences between our corporate governance practices and those that would typically apply to a U.S. domestic issuer under the NYSE corporate governance rules.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Copa Holdings was formed on May 6, 1998 as acorporation (*sociedad anónima*) duly incorporated under the laws of Panama with an indefinite duration. The Registrant is registered under Public Document No. 3.989 of May 5, 1998 of the Notary Number Eight of the Circuit of Panama and recorded in the Public Registry Office, Microfilm (Mercantile) Section, Microjacket 344962, Film Roll 59672, Frame 0023.

Objects and Purposes

Copa Holdings is principally engaged in the investment in airlines and aviation-related companies and ventures, although our Articles of Incorporation grant us general powers to engage in any other lawful business, whether or not related to any of the specific purposes set forth in the Articles of Incorporation (See Article 2 of the Company's Articles of Incorporation).

Common Stock

Our authorized capital stock consists of 80 million shares of common stock without par value, divided into Class A shares, Class B shares and Class C shares. As of December 31, 2020, we had 33,861,872 Class A shares issued and 31,421,265 Class A shares outstanding; 10,938,125 Class B shares issued and outstanding, and no Class C shares outstanding. Class A and Class B shares have the same economic rights and privileges, including the right to receive dividends, except as described in this section.

For a description of our common stock, see Exhibit 2.1 to this annual report.

C. Material Contracts

1998 Aircraft General Terms Agreement between The Boeing Company and Copa Airlines

In 1998, Copa entered into an agreement with Boeing for the purchase of aircraft, installation of buyer furnished equipment provided by Copa, customer support services and product assurance. In addition to the aircraft supplied, the Boeing Company will provide maintenance training and flight training programs, as well as operations engineering support. The agreement is still in effect and has been amended several times since then, most recently in October 2019.

Engine Services Agreements between GE Engine Services, LLC and Copa Holdings, S.A.

Since May 2011, we have entered into three separate Rate per Engine Flight Hour Engine Services Agreements with GE Engine Services, LLC, pursuant to which GE shall be the exclusive provider of maintenance, repair and overhaul services to our CF-34 and CFM-56 aircraft engines. Most maintenance services are performed at a certain rate per engine flight hour incurred by our engines. These rates were set based on our predicted operating parameters and will be adjusted in case of variation of those parameters. Unless terminated, the agreement with respect to the CF-34 engines will continue through September 30, 2022 while the agreements with respect to the CFM-56 engines expire on December 31, 2021 and April 30, 2026, respectively, in each case unless renewed upon the parties' mutual agreements. Either party may terminate the agreement in the event of insolvency of the other party or upon a material breach by the other party which remains uncured. Any material breach by us of this agreement could, at the option of GE, trigger a cross-default of all our other contracts with GE. GE may also terminate this agreement if the number of engines covered decreases below the prescribed minimum. Upon early termination of the agreement for any reason, we shall pay GE for all services or work performed by GE up to the time of such termination by means of reconciliation.

MAX Aircraft purchase Agreement between the Boeing Company and Copa Airlines.

In April 2015, Copa finalized negotiations with the Boeing Company for the purchase of 737 MAX airplanes. These negotiations started in 2013, and the agreement has been amended several times since then, most recently in March 2021.

D. Exchange Controls

There are currently no Panamanian restrictions on the export or import of capital, including foreign exchange controls, and no restrictions on the payment of dividends or interest, nor are there limitations on the rights.

E. Taxation

United States

The following summary describes the material United States federal income tax consequences of the ownership and disposition of our Class A shares as of the date hereof. The discussion set forth below is applicable to United States Holders (as defined below) that beneficially own our Class A shares as capital assets for United States federal income tax purposes (generally, property held for investment). This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a bank;
- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding our Class A shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns 10% or more of our stock (by vote or value);
- a partnership or other pass-through entity (or investor therein) for United States federal income tax purposes; or
- a person whose "functional currency" is not the United States dollar.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in United States federal income tax consequences different from those discussed below.

If you are considering the purchase, ownership or disposition of our Class A shares, you should consult your own tax advisors concerning the United States federal income tax consequences to you in light of your particular situation as well as any consequences arising under state or local law or under the laws of any other taxing jurisdiction.

As used herein, "United States Holder" means a beneficial owner of our Class A shares that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

If a partnership holds our Class A shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. An investor who is a partner of a partnership holding our Class A shares should consult its own tax advisor.

Taxation of Dividends

Distributions on the Class A shares (including amounts withheld to reflect Panamanian withholding taxes, if any) will be taxable as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including withheld taxes) will be includable in your gross income as foreign-source ordinary income on the day actually or constructively received by you. Such dividends will not be eligible for the dividends received deduction allowed to corporations. Because we do not intend to keep earnings and profits in accordance with United States federal income tax principles, you should expect that distributions on the Class A shares will generally be treated as dividends.

With respect to non-corporate United States Holders, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A foreign corporation generally is treated as a qualified foreign corporation with respect to dividends paid by that corporation on shares that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our Class A shares, which are listed on the NYSE, are currently readily tradable on an established securities market in the United States. There can be no assurance, however, that our Class A shares will be considered readily tradable on an established securities market at a later date. Non-corporate United States Holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. You should consult your own tax advisors regarding the application of these rules to your particular circumstances.

Subject to certain conditions and limitations, Panamanian withholding taxes on dividends may be treated as foreign taxes eligible for credit against your United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on the Class A shares generally will be treated as income from sources outside the United States and will generally constitute passive income. Further, in certain circumstances, if you:

- have held Class A shares for less than a specified minimum period during which you are not protected from risk of loss, or
- are obligated to make related to the payments with respect to positions in substantially similar or related property,

You will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on the Class A shares, if any. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

Passive Foreign Investment Company

We do not believe that we were a passive foreign investment company (a "PFIC") for United States federal income tax purposes for 2020, and we expect to operate in such a manner so as not to become a PFIC in 2021 or the foreseeable future. However, the determination whether we are a PFIC must be made annually based on the facts and circumstances at that time, some of which may be beyond our control, such as our market capitalization and the valuation of our assets, including goodwill and other intangible assets, and the nature and sources of our income. If, contrary to our expectations, we are or become a PFIC, you could be subject to additional United States federal income taxes on gain recognized with respect to the Class A shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules. Further, non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or the preceding taxable year.

Taxation of Disposition of Shares

For United States federal income tax purposes, you will recognize taxable gain or loss on any sale or exchange of a Class A share in an amount equal to the difference between the amount realized for the Class A share and your tax basis in the Class A share. Such gain or loss will generally be capital gain or loss. Capital gains of individuals derived with respect to capital assets held for more than one year generally are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as United States source gain or loss.

Information Reporting and Backup Withholding

In general, information reporting will apply to dividends in respect of our Class A shares and the proceeds from the sale, exchange or redemption of our Class A shares that are paid to you within the United States (and in certain cases, outside the United States), unless you establish that you are an exempt recipient such as a corporation. A backup withholding tax may apply to such payments unless you provide an accurate taxpayer identification number and make any other required certification or otherwise establish an exemption.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

Panama

The following is a discussion of the material Panamanian tax considerations to holders of Class A shares under Panamanian tax law and is based upon the tax laws and regulations in force and effect as of the date hereof, which may be subject to change. This discussion, to the extent it states matters of Panamanian tax law or legal conclusions and subject to the qualifications herein, represents the opinion of Galindo, Arias & Lopez, our Panamanian counsel.

Taxation of Dividends

Dividends paid by a corporation duly licensed to do business in Panama, whether in the form of cash, stock or other property, are subject to a 10% withholding tax on the portion attributable to Panamanian sourced income, and a 5% withholding tax on the portion attributable to foreign sourced income. Dividends paid by a holding company which correspond to dividends received from its subsidiaries for which the dividend tax was previously paid, are not subject to any further withholding tax under Panamanian law.

Therefore, distributions on the Class A shares would not be subject to withholding tax to the extent that said distributions are attributable to dividends received from any of our subsidiaries for which the dividend tax was previously paid.

Taxation of Capital Gains

As long as the Class A shares are registered with the SMV and are sold through an organized market, Panamanian taxes on capital gains will not apply either to Panamanians or other countries' nationals. We have registered the Class A shares, with both the NYSE and the SMV.

Other Panamanian Taxes

There are no estate, gift or other taxes imposed by the Panamanian government that would affect a holder of the Class A shares, whether such holder were Panamanian or a national of another country.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the informational requirements of the U.S. Securities Exchange Act of 1934, which is also known as the Exchange Act. Accordingly, we are required to file reports and other information with the Commission, including annual reports on Form 20-F and reports on Form 6-K. You may inspect and copy reports and other information to be filed with the Commission at the Public Reference Room of the Commission at 100 F Street, N.W., Washington D.C. 20549, and copies of the materials may be obtained there at prescribed rates. The public may obtain information on the operation of the Commission's Public Reference Room by calling the Commission in the United States at 1-800-SEC-0330. In addition, the Commission maintains a website at www.sec.gov, from which you can electronically access the registration statement and its materials.

As a foreign private issuer, we are not subject to the same disclosure requirements as a domestic U.S. registrant under the Exchange Act. For example, we are not required to prepare and issue quarterly reports. In 2016, the SEC approved a new rule and the NYSE published a new requirement for foreign private issuers to submit interim financials as of the end of and for the first two quarters of its fiscal year if they do not already furnish interim financials at least semi-annually. This new requirement will not affect us because we furnish our shareholders with annual reports containing financial statements audited by our independent auditors and make available to our shareholders quarterly reports containing unaudited financial data for the first three quarters of each fiscal year. We furnish such quarterly reports with the SEC within two months of each quarter of our fiscal year, and we file annual reports on Form 20-F within the time period required by the SEC, which is currently four months from December 31, the end of our fiscal year.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

The risks inherent in our business are the potential losses arising from adverse changes to the price of fuel, interest rates and the U.S. dollar exchange rate. Please also refer to note 28 of our financial statements.

Aircraft Fuel. Our results of operations are affected by changes in the price and availability of aircraft fuel. The Company has not entered into new fuel hedge contracts, and has adopted a strategy of remaining unhedged, while regularly reviewing its policies based on market conditions and other factors. As of December 31, 2020, the Company did not have any outstanding fuel hedge contracts. Market risk is estimated as a hypothetical 10% increase in the December 31, 2020 cost per gallon of fuel. Based on projected 2021 fuel consumption, such an increase would result in an increase to aircraft fuel expense of approximately $21.3 million in 2021. There are no hedged contracts for 2021.

Interest. Our earnings are affected by changes in interest rates due to the impact those changes have on interest expense from variable-rate debt instruments and operating leases and on interest income generated from our cash and investment balances. If the interest rate average is 100 basis points more in 2020, the variable-rate debt interest expense would increase by approximately $2.8 million and the estimated fair value of the fixed-rate debt would decrease by approximately $1.5 million. These amounts are determined by considering the impact of the hypothetical interest rates on the variable-rate debt and marketable securities equivalent balances at December 31, 2020.

Foreign Currencies. The majority of our obligations are denominated in U.S. dollars. Since Panama uses the U.S. dollar as legal tender, the majority of our operating expenses are also denominated in U.S. dollars, approximately 65.7% of revenues and 86.0% of expenses are in U.S. dollars. A significant part of our revenue is denominated in foreign currencies, including the Brazilian real, Colombian peso, and Argentinian peso, which represented 9.5%, 9.1% and 4.0% of our revenue in 2020, respectively.

On January 1, 2015, given the change in its business strategy focused on international markets, Copa Colombia concluded that the most appropriate functional currency of the Company would be U.S. dollars. This reflects the fact that the majority of the airline’s business is influenced by pricing in international markets, with a dollar economic environment. In the same way, the major operating expenses such as fuel, leasing, airport services and sales commissions are dollarized. Until December 31, 2014, the previous functional currency of the Company was the Colombian peso.

The following chart summarizes the Company's exchange risk exposure (assets and liabilities denominated in foreign currency) at December 31, 2020 and 2019:

	As of December 31, 2020	As of December 31, 2019
Assets		
Cash and cash equivalents	$ 12,322	$ 22,818
Investments	—	—
Accounts receivables, net	27,670	73,018
Other assets	18,942	15,726
Total assets	$ 58,934	$ 111,562
Liabilities		
Accounts payables suppliers and agencies	$ 20,142	$ 51,313
Accumulated taxes and expenses payables	13,757	37,137
Other liabilities	11,387	18,513
Total liabilities	$ 45,286	$ 106,963
Net position	$ 13,648	$ 4,599

Item 12. Description of Securities Other than Equity Securities

Not applicable.

A. Debt securities

Not applicable.

B. Warrants and rights

Not applicable.

C. Other securities

Not applicable.

D. American depositary shares

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

A. Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. We carried out an evaluation under the supervision of our Management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2020. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

B. Management's Annual Report on Internal Control over Financial Reporting

The Management of Copa Holdings, S.A. or the "Company", is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013).

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Based on this assessment, Management believes that, as of December 31, 2020, the Company's internal control over financial reporting is effective based on those criteria.

C. Attestation Report of the Registered Public Accounting Firm

The effectiveness of our internal controls over financial reporting as of December 31, 2020 has been audited by Ernst &Young, the independent registered public accounting firm who also audited the Company's consolidated financial statements. Ernst & Young's attestation report of the effectiveness of the Company's internal control over financial reporting is included herein.

D. Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Copa Holdings, S.A. and Subsidiaries

Opinion on Internal Control over Financial Reporting

We have audited Copa Holdings, S.A. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Copa Holdings, S.A. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2020 and 2019 and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes, and our report dated April 23, 2021, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ernst & Young Limited Corp.
A member practice of Ernst & Young Global Limited

/s/ Ernst & Young Limited Corp.

Panama City, Republic of Panama
April 23, 2021

Item 16. Reserved

Item 16A. Audit Committee Financial Expert

Our Board of Directors has determined that Messrs. Jose Castañeda and Josh Connor qualify as an "audit committee financial experts" as defined by current SEC rules and meet the independence requirements of the SEC and the NYSE listing standards. For a discussion of the role of our audit committee, see "Item 6C. Board Practices—Audit Committee".

Item 16B. Code of Ethics

Our Board of Directors has adopted a Code of Business Conduct and Ethics applicable to our directors, officers, employees and consultants. The Code of Business Conduct and Ethics can be found at www.copaair.com under the heading "Investor Relations—Corporate Governance". Information found on this website is not incorporated by reference into this document.

Item 16C. Principal Accountant Fees and Services

The following table sets forth by category of service the total fees for services performed by our independent registered public accounting firm Ernst & Young and its affiliates during the fiscal years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
Audit Fees	$ 685,000	$ 944,220	$ 981,810
Audit-Related Fees	—	—	—
Tax Fees	—	—	—
All Other Fees	$ 130,000	245,000	—
Total	$ 815,000	$ 1,189,220	$ 981,810

Audit Fees

Audit fees for 2020, 2019 and 2018 included the audit of our annual financial statements and internal controls, and the review of our quarterly reports.

Audit-Related Fees

There were no audit-related fees for 2020, 2019 or 2018.

Tax Fees

There were no tax fees for 2020, 2019 or 2018.

All Other Fees

Other fees for 2020 and 2019 include amounts paid for permitted consulting services performed by Ernst & Young and pre-approved by our audit committee. There were no such fees in 2018.

Pre-Approval Policies and Procedures

Our audit committee approves all audit, audit-related, tax and other services provided by Ernst & Young. Any services provided by Ernst & Young that are not specifically included within the scope of the audit must be pre-approved by the audit committee in advance of any engagement. Pursuant to Rule 201 of Regulation S-X, audit committees are permitted to approve certain fees for audit-related services, tax services and other services pursuant to a de minimis exception prior to the completion of an audit engagement. In 2020, none of the fees paid to Ernst & Young were approved pursuant to the de minimis exception.

Item 16D. Exemptions from the Listing Standards for Audit Committees

None.

Item 16E. Purchase of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information related to the share repurchase program executed by month:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program	Maximum number of shares that may be yet be purchased under the program
Program 2014 (EOMR)				
December 2014	182,592	$ 101.84	182,592	2,274,440
January 2015	139,196	$ 104.13	321,788	2,084,941
February 2015	28,454	$ 109.65	350,242	1,951,529
ASR 2015				
September 2015	500,000		850,242	
December 2015	1,460,250		2,310,492	
Total	2,310,492			

In November 2014, the Board of Directors of the Company approved a $250 million share repurchase program. Purchases will be made from time to time, subject to market and economic conditions, applicable legal requirements, and other relevant factors.

During December of 2014 the Company repurchased 182,592 shares for a total amount of $18.4 million.

In the first quarter of 2015, the Company repurchased 167,650 shares for a total amount of $17.9 million.

During September 2015 the Company entered into an Accelerated Share Repurchase, or "ASR", with Citibank for an approximate period of 3 months for a total amount of $100 million. On December 15, 2015, Citibank delivered 1,960,250 shares to the Company, recognized at the settlement price of $51.01 per share.

No transactions were made in 2018, 2019 or 2020.

Item 16F. Changes in Registrant's Certifying Accountant

None.

Item 16G. Corporate Governance

Companies that are registered in Panama are required to disclose whether or not they comply with certain corporate governance guidelines and principles that are recommended by the Superintendence of the Securities Market (*Superintendencia del Mercado de Valores, or SMV*). Statements below referring to Panamanian governance standards reflect these voluntary guidelines set by the SMV rather than legal requirements or standard national practices. Our Class A shares are registered with the SMV, and we comply with the SMV's disclosure requirements.

NYSE Standards	Our Corporate Governance Practice
Director Independence. Majority of board of directors must be independent. §303A.01	Panamanian corporate governance standards recommend that one in every five directors should be an independent director. The criteria for determining independence under the Panamanian corporate governance standards differs from the NYSE rules. In Panama, a director would be considered independent as long as the director does not directly or indirectly own 5% or more of the issued and outstanding voting shares of the Company, is not involved in the daily management of the Company and is not a spouse or related to the second degree by blood or marriage to the persons named above. Our Articles of Incorporation require us to have three independent directors as defined under the NYSE rules.

NYSE Standards	Our Corporate Governance Practice
Executive Sessions. Non-management directors must meet regularly in executive sessions without management. Independent directors should meet alone in an executive session at least once a year. §303A.03	There are no mandatory requirements under Panamanian law that a company should hold, and we currently do not hold, such executive sessions.
Nominating/Corporate Governance Committee. Nominating/corporate governance committee of independent directors is required. The committee must have a charter specifying the purpose, duties and evaluation procedures of the committee. §303A.04	Panamanian corporate governance standards recommend that registered companies have a nominating committee composed of three members of the board of directors, at least one of which should be an independent director, plus the chief executive officer and the chief financial officer. In Panama, the majority of public corporations do not have a nominating or corporate governance committee. Our Articles of Incorporation require that we maintain a Nominating and Corporate Governance Committee with at least one independent director until the first shareholders' meeting to elect directors after such time as the Class A shares are entitled to full voting rights.
Compensation Committee. Compensation committee of independent directors is required, which must approve or make a recommendation to the board regarding executive officer compensation. The committee must have a charter specifying the purpose, duties and evaluation procedures of the committee. §303A.05	Panamanian corporate governance standards recommend that the compensation of executives and directors be overseen by the nominating committee but do not otherwise address the need for a compensation committee. While we maintain a compensation committee that operates under a charter as described by the NYSE governance standards, currently only one of the members of that committee is independent.
Equity Compensation Plans. Equity compensation plans require shareholder approval, subject to limited exemptions.	Under Panamanian law, shareholder approval is not required for equity compensation plans.
Code of Ethics. Corporate governance guidelines and a code of business conduct and ethics is required, with disclosure of any waiver fordirectors or executive officers. §303A.10	Panamanian corporate governance standards do not require the adoption of specific guidelines as contemplated by the NYSE standards, although they do require that companies disclose differences between their practices and a list of specified practices recommended by the SMV. We have not adopted a set of corporate governance guidelines as contemplated by the NYSE, although we will be required to comply with the disclosure requirement of the SMV. Panamanian corporate governance standards recommend that registered companies adopt a code of ethics covering such topics as its ethical and moral principles, how to address conflicts of interest, the appropriate use of resources, obligations to inform of acts of corruption and mechanism to enforce the compliance with established rules of conduct.

Item 16H. Mine Safety Disclosure

None.

PART III

Item 17. Financial Statements

See "Item 18. Financial Statements"

Item 18. Financial Statements

See our consolidated financial statements beginning on page F-1.

Item 19. Exhibits

2.1 (2019)	Description of the registrant's securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.
3.1**	English translation of the Amended Articles of Incorporation (*Pacto Social*) of the Registrant
4.1 (2008)	Supplemental Agreement dated as of May 13, 2008 by and among Copa Holdings, S.A. Corporation de Inversiones Aereas, S.A. and Continental Airlines, Inc.
4.2†	Aircraft Lease Agreement, dated as of March 4, 2004, between International Lease Finance corporation and Compañía Panameña de Aviación, S.A., Boeing Model 737-700 or 800 Aircraft, Serial No. 32800
4.3**	Aircraft General Terms Agreement, dated November 25, 1998, between The Boeing Company and Copa Holdings, S.A.
4.4†	Maintenance Cost per Hour Engine Service Agreement, dated March 5, 2003, between G.E. Engine Services, Inc. and Copa Holdings, S.A.
4.5†	Form of Amended and Restated Alliance Agreement between Continental Airlines, Inc. and Compañía Panameña de Aviación, S.A.
4.6**	Form of Amended and Restated Services Agreement between Continental Airlines, Inc. and Compañía Panameña de Aviación, S.A.
4.7**	Form of Second Amended and Restated Shareholders' Agreement among Copa Holdings, S.A., Corporación de Inversiones Aéreas, S.A. and Continental Airlines, Inc.
4.8**	Form of Guaranteed Loan Agreement
4.9**	Form of Amended and Restated Registration Rights Agreement among Copa Holdings, S.A., Corporación de Inversiones Aéreas, S.A. and Continental Airlines, Inc.
4.10**	Form of Copa Holdings, S.A. 2005 Stock Incentive Plan
4.11**	Form of Copa Holdings, S.A. Restricted Stock Award Agreement
4.12*	Form of Indemnification Agreement with the Registrant's directors
4.13**	Form of Amended and Restated Trademark License Agreement between Continental Airlines, Inc. and Compañía Panameña de Aviación, S.A.
4.14†	Supplemental Agreement No. 11 dated as of August 30, 2006 to the Boeing Purchase Agreement Number 2191 dated November 25, 1998 between the Boeing Company and Copa Holdings, S.A.
4.15†	Supplemental Agreement No. 12 dated as of February 26, 2007 to the Boeing Purchase Agreement Number 2191 dated November 25, 1998 between the Boeing Company and Copa Holdings, S.A.
4.16†	Supplemental Agreement No. 13 dated as of April 23, 2007 to the Boeing Purchase Agreement Number 2191 dated November 25, 1998 between the Boeing Company and Copa Holdings, S.A.
4.17†	Supplemental Agreement No. 14 dated as of August 31, 2007 to the Boeing Purchase Agreement Number 2191 dated November 25, 1998 between the Boeing Company and Copa Holdings, S.A.
4.18†	Supplemental Agreement No. 15 dated as of February 21, 2008 to the Boeing Purchase Agreement Number 2191 dated November 25, 1998 between the Boeing Company and Copa Holdings, S.A.

4.19†	Supplemental Agreement No. 16 dated as of June 30, 2008 to the Boeing Purchase Agreement Number 2191 dated November 25, 1998 between the Boeing Company and Copa Holdings, S.A.
4.20†	Supplemental Agreement No. 17 dated as of December 15, 2008 to the Boeing Purchase Agreement Number 2191 dated November 25, 1998 between the Boeing Company and Copa Holdings, S.A.
4.21†	Supplemental Agreement No. 18 dated as of July 15, 2009 to the Boeing Purchase Agreement Number 2191 dated November 25, 1998 between the Boeing Company and Copa Holdings, S.A
4.22†	Supplemental Agreement No. 19 dated as of August 31, 2009 to the Boeing Purchase Agreement Number 2191 dated November 25, 1998 between the Boeing Company and Copa Holdings, S.A
4.23†	Supplemental Agreement No. 20 dated as of November 19, 2009 to the Boeing Purchase Agreement Number 2191 dated November 25, 1998 between the Boeing Company and Copa Holdings, S.A
4.24†	Supplemental Agreement No. 21 dated as of May 28, 2010 to the Boeing Purchase Agreement Number 2191 dated November 25, 1998 between the Boeing Company and Copa Holdings, S.A
4.25†	Supplemental Agreement No. 22 dated as of September 24, 2010 to the Boeing Purchase Agreement Number 2191 dated November 25, 1998 between the Boeing Company and Copa Holdings, S.A
4.26†	Supplemental Agreement No. 23 dated as of October, 2010 to the Boeing Purchase Agreement Number 2191 dated November 25, 1998 between the Boeing Company and Copa Holdings, S.A
4.27†	On Pointsm Solutions Rate per Engine Flight Hour Service Agreement dated as of April 15, 2012 between GE Engine Services, LLC., Compañía Panameña de Aviación, S.A., and Lease Management Services, LLC.
4.28†	Purchase Agreement No. PA-03774 dated June 27, 2012 between The Boeing Company and Copa Holdings S.A. relating to Boeing Model 737 MAX Aircraft.
8.1	Subsidiaries of the Registrant
12.1	Certification of the Chief Executive Officer, pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934.
12.2	Certification of the Chief Financial Officer, pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934.
13.1	Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2	Certification of the Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101. INS	XBRL Instance Document.
101. SCH	XBRL Taxonomy Extension Schema Document.
101. CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101. LAB	XBRL Taxonomy Extension Label Linkbase Document.
101. PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101. DEF	XBRL Taxonomy Extension Definition Document.

* Previously filed with the SEC as an exhibit and incorporated by reference from our Registration Statement on Form F-1, filed June 15, 2006, File No. 333-135031.

** Previously filed with the SEC as an exhibit and incorporated by reference from our Registration Statement on Form F-1, filed November 28, 2005, as amended on December 1, 2005 and December 13, 2005, File No. 333-129967.

2008 Previously filed with the SEC as an exhibit and incorporated by reference from our Annual Report on Form 20-F, filed May 6, 2009, File No. 001- 09801609.

2019 Previously filed with the SEC as an exhibit and incorporated by reference from our Annual Report on Form 20-F, filed April 8, 2010, File No. 001-32696.

† Certain information from this exhibit has been excluded from this exhibit because it is both not material and is the type the registrant treats as private or confidential.

SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

COPA HOLDINGS, S.A.

By: /s/ Pedro Heilbron
Name: Pedro Heilbron
Title: Chief Executive Officer

By: /s/ Jose Montero
Name: Jose Montero
Title: Chief Financial Officer

Dated: April 23, 2021

Consolidated Financial Statements

Copa Holdings, S. A. and Subsidiaries

Year ended December 31, 2020
with Report of the Independent Registered Public Accounting Firm

COPA HOLDINGS, S. A. AND SUBSIDIARIES

Contents

COPA HOLDINGS, S. A. AND SUBSIDIARIES

Contents

Report of the Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Copa Holdings, S.A. and subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Copa Holdings, S.A. and subsidiaries as of December 31, 2020 and 2019, the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 23, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Impairment of aircraft fleet cash-generating unit

Description of the Matter

As described in Note 3 to the consolidated financial statements, the Company assesses at each reporting date whether there is an indication that an asset or its cash-generating unit (CGU) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or its CGU's fair value less costs to sell and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. As part of this analysis the Company identified one CGU which includes the aircraft fleet, right of use assets, goodwill and certain definitive useful life intangible assets.

In 2020 the Company performed a quantitative impairment test and estimated the recoverable amount of the CGU by calculating the CGU value in use. As a result of this analysis, the Company determined the recoverable amount was in excess of the CGU book value and, therefore, no impairment was recorded.

Auditing management's impairment test was complex and highly judgmental due to the significant estimation required to determine the value in use. In particular, the value in use estimate was sensitive to significant assumptions, such as changes in the discount rate and revenue growth rate, which are affected by expectations about future market and economic conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the CGU impairment analysis including controls over management's review of the significant assumptions described above.

To test the CGU's value in use, our audit procedures included, among others, evaluating the Company's use of the discounted cash flows method, testing of the significant assumptions and inputs to the valuation model used to develop the projected financial information and testing the completeness and accuracy of the underlying data. We involved our valuation specialists to assist in our evaluation of the Company's model, significant assumptions including the revenue growth rates and the discount rate.

We compared the significant assumptions to current industry, market, analyst reports and economic trends, to the Company's historical results and those of other guideline companies in the same industry. In addition, we assessed the accuracy of the Company's historical projections by comparing them to actual operating results and performed a sensitivity analysis of the significant assumptions to evaluate the change in the recoverable amount of the CGU that would result from changes in the assumptions.

Provision for Return Conditions

Description of the Matter

As described in Note 4 to the consolidated financial statements, the Company records a provision in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets to accrue for the expected cost that will be incurred to return aircrafts to their lessors in an agreed-upon condition. These payments are generally owed at the end of the lease term and represent a restoration obligation incurred over the lease term as the aircraft and engines are utilized. The provision is based on the net present value of the estimated costs of returning the aircraft and is accrued during the term of the lease. These costs are reviewed annually and adjusted as appropriate. Changes in estimates between the provision balance and the expected costs are adjusted prospectively with any final difference recorded in the period when the aircraft is returned. As of December 31, 2020, the Company's provision for return conditions totaled US$183 million.

Auditing this provision is a Critical Audit Matter because of the subjectivity and complexity of the required assumptions applied in the model used by the Company, including estimates of future maintenance costs, leases extension, determination of an appropriate discount rate and operational estimates of aircraft utilization.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's return condition estimation process. We tested controls over management's review of the expected return cost, leases extension, expected aircraft utilization and discount rate calculation.

Our audit procedures included, among others, evaluating the methodology and the significant assumptions used, the review of the accuracy and completeness of the lease contract population and underlying data used by Management to calculate the return cost. We tested the inputs used in the calculation, including historical return costs incurred, and specified return conditions, discount rate and return condition requirements, including minimum flight hours and flight cycles (each established in the lease contracts), and the actual utilization reports from the Company's aircraft maintenance system records. We involved a valuation specialist to assist in the review of the discount rate.

We compared the assumptions used by management to historical data and evaluated the change in the provision for return conditions from prior years in relation to changes in return costs and discount rates. In addition, we independently recalculated the discount rate as of December 31, 2020 and we compared our results with the Company's calculations.

Ernst & Young Limited Corp.
A member practice of Ernst & Young Global Limited
/s/ Ernst & Young Limited Corp.

We have served as the Company's auditor since 1999
Panama City, Republic of Panama
April 23, 2021

Copa Holdings, S. A. and Subsidiaries
Consolidated statement of financial position
As of December, 31
(In US$ thousands)

	Notes	2020	2019 Restated*
ASSETS			
Current assets			
Cash and cash equivalents	8	$ 119,065	$ 158,732
Investments	9	770,816	692,403
Accounts receivable	10,23	64,635	129,781
Expendable parts and supplies	11	74,319	69,100
Prepaid expenses	12	30,473	49,034
Prepaid income tax		16,716	1,181
Other currents assets	17	7,805	14,206
		1,083,829	1,114,437
Asset held for sale	13	135,542	120,006
		1,219,371	1,234,443
Non-current assets			
Investments	9	119,617	134,347
Accounts receivable	10	1,054	2,139
Prepaid expenses	12	6,066	17,743
Property and equipment	13	2,147,486	2,532,402
Right of use assets	14	214,279	290,843
Net employee defined benefit assets	15	—	249
Intangible assets	16	95,568	108,116
Deferred tax assets	22	35,595	19,215
Other non-current assets	17	14,348	17,881
		2,634,013	3,122,935
Total assets		$3,853,384	$4,357,378
LIABILITIES AND EQUITY			
Current liabilities			
Loans and borrowings	18	$ 127,946	$ 122,582
Current portion of lease liabilities	14	83,605	97,732
Trade, other payables and financial liabilities	19,23	66,683	133,502
Air traffic liability	7.2	470,695	497,374
Frequent flyer deferred revenue	7.2	16,041	35,120
Taxes payable		13,400	46,267
Accrued expenses payable	20	33,995	55,373
Income tax payable		1,023	9,683
		813,388	997,633
Non-current liabilities			
Loans and borrowings long-term	18	1,035,954	938,183
Lease liabilities	14	146,905	206,832
Frequent flyer deferred revenue	7.2	75,172	45,206
Net employee defined benefit liabilities	15	14,332	—
Derivative financial instruments	18	245,560	—
Deferred tax liabilities	22	22,190	43,397
Other long-term liabilities	21	216,325	191,221
		1,756,438	1,424,839
Total liabilities		2,569,826	2,422,472
Equity	24		
Issued capital			
Class A common stock - 33,861,872 (2019 -33,835,747) shares issued 31,421,265 (2019 - 31,337,856) outstanding		21,199	21,142
Class B common stock - 10,938,125 (2019 - 10,938,125) shares issued and outstanding, no par value		7,466	7,466
Additional paid in capital		91,341	86,135
Treasury stock		(136,388)	(136,388)
Retained earnings		1,324,022	1,965,179
Accumulated other comprehensive loss		(24,082)	(8,628)
Total equity		1,283,558	1,934,906
Commitments and contingencies	27	—	—
Total liabilities and equity		$3,853,384	$4,357,378

* *See in note 5.2*

The accompanying notes are an integral part of these consolidated financial statements.

Copa Holdings, S. A. and Subsidiaries
Consolidated statement of profit or loss
For the year ended December, 31
(In US$ thousands)

	Notes	2020	2019	2018
Operating revenue				
Passenger revenue		$ 760,594	$2,612,605	$2,587,389
Cargo and mail revenue		21,002	62,460	62,483
Other operating revenue		19,407	32,343	27,755
	7	801,003	2,707,408	2,677,627
Operating expenses				
Fuel		166,723	696,249	765,781
Wages, salaries, benefits and other employees' expenses		256,327	450,439	443,287
Passenger servicing		27,566	102,103	104,346
Airport facilities and handling charges		59,536	181,959	186,422
Sales and distribution		70,395	210,623	210,158
Maintenance, materials and repairs		76,948	127,562	110,710
Depreciation and amortization	13,14,16	259,336	282,080	276,563
Impairment of non financial assets	13,16	243,097	89,344	188,624
Flight operations		30,028	102,806	108,437
Other operating and administrative expenses		71,977	118,090	123,737
		1,261,933	2,361,255	2,518,065
Operating (loss) profit		(460,930)	346,153	159,562
Non-operating (expense) income				
Finance cost	14,18	(73,045)	(57,432)	(50,825)
Finance income	18	19,963	24,405	23,628
Loss on foreign currency fluctuations		(8,459)	(15,408)	(9,398)
Net change in fair value of derivatives	18	(107,139)	—	—
Other non-operating expense		(1,169)	(4,279)	(239)
		(169,849)	(52,714)	(36,834)
(Loss) profit before taxes		(630,779)	293,439	122,728
Income tax expense	22	23,717	(46,437)	(34,530)
Net (loss) profit		$ (607,062)	$ 247,002	$ 88,198
(Loss) earnings per share				
Basic and diluted	26	$ (14.28)	$ 5.81	$ 2.08

The accompanying notes are an integral part of these consolidated financial statements.

Copa Holdings, S. A. and Subsidiaries
Consolidated statement of comprehensive income
For the year ended December, 31
(In US$ thousands)

	2020	2019	2018
Net (loss) profit	$(607,062)	$247,002	$88,198
Other comprehensive loss			
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods - Remeasurement of actuarial loss, net of amortization	(15,454)	(4,401)	(339)
Total comprehensive (loss) income for the year	$(622,516)	$242,601	$87,859

The accompanying notes are an integral part of these consolidated financial statements.

Copa Holdings, S. A. and Subsidiaries
Consolidated statement of changes in equity
For the year ended December, 31
(In US$ thousands)

	Notes	Common stock (Non - par value) Class A	Common stock (Non - par value) Class B	Issued capital Class A	Issued capital Class B	Additional paid in capital	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
At January 1, 2018		31,185,641	10,938,125	$21,038	$7,466	$ 72,945	$(136,388)	$1,889,765	$ (3,888)	$1,850,938
Adjustment on initial application of IFRS 9		—	—	—	—	—	—	(1,744)	—	(1,744)
Net profit		—	—	—	—	—	—	88,198	—	88,198
Other comprehensive loss	15	—	—	—	—	—	—	—	(339)	(339)
Issuance of stock for employee awards		72,045	—	49	—	(49)	—	—	—	—
Share-based compensation expense		—	—	—	—	7,145	—	—	—	7,145
Dividends paid	25	—	—	—	—	—	—	(147,604)	—	(147,604)
At December 31, 2018		31,257,686	10,938,125	$21,087	$7,466	$ 80,041	$(136,388)	$1,828,615	$ (4,227)	$1,796,594
Net profit		—	—	—	—	—	—	247,002	—	247,002
Other comprehensive loss	15	—	—	—	—	—	—	—	(4,401)	(4,401)
Issuance of stock for employee awards		80,170	—	55	—	(55)	—	—	—	—
Share-based compensation expense	25	—	—	—	—	6,149	—	—	—	6,149
Dividends paid	24	—	—	—	—	—	—	(110,438)	—	(110,438)
At December 31, 2019		31,337,856	10,938,125	$21,142	$7,466	$ 86,135	$(136,388)	$1,965,179	$ (8,628)	$1,934,906
Net loss		—	—	—	—	—	—	(607,062)	—	(607,062)
Other comprehensive loss	15	—	—	—	—	—	—	—	(15,454)	(15,454)
Issuance of stock for employee awards		83,409	—	57	—	(57)	—	—	—	—
Share-based compensation expense	25	—	—	—	—	5,263	—	—	—	5,263
Dividends paid	24	—	—	—	—	—	—	(33,990)	—	(33,990)
Other		—	—	—	—	—	—	(105)	—	(105)
At December 31, 2020		31,421,265	10,938,125	$21,199	$7,466	$ 91,341	$(136,388)	$1,324,022	$ (24,082)	$1,283,558

The accompanying notes are an integral part of these consolidated financial statements.

Copa Holdings, S. A. and Subsidiaries
Consolidated statement of cash flows
For the year ended December, 31
(In US$ thousands)

	Notes	2020	2019	2018
Operating activities				
Net (loss) profit		$(607,062)	$ 247,002	$ 88,198
Adjustments for:				
Income tax expense		(23,717)	46,437	34,530
Finance cost	18	73,045	57,432	50,825
Finance income	18	(19,963)	(24,405)	(23,628)
Depreciation and amortization	13,14,16	259,336	282,080	276,563
Impairment of non finacial assets		243,097	89,344	188,624
Disposal of non financial assets		4,635	3,850	3,746
Impairment of financial assets	9,10	1,570	483	1,409
Allowance for obsolescence of expendable parts and supplies		47	164	159
Share-based compensation expense	25	5,263	6,149	7,145
Net change in fair value of derivatives	18	107,139	—	—
Net foreign exchange differences		44,328	45,086	42,536
Change in:				
Accounts receivable		71,625	(17,054)	(3,150)
Accounts receivable from related parties	10	(1,282)	76	95
Other current assets		11,148	15,653	(50,241)
Other assets		8,895	20,678	(5,669)
Accounts payable		(55,718)	(2,984)	8,270
Accounts payable from related parties	19	(11,116)	(587)	2,584
Air traffic liability		(26,679)	25,698	(5,492)
Frequent flyer deferred revenue		10,887	12,512	17,502
Other liability		(36,975)	48,400	(24,515)
Cash from operating activities		58,503	856,014	609,491
Income tax paid		(37,631)	(42,999)	(38,698)
Interest paid		(41,938)	(52,234)	(49,317)
Interest received		26,343	24,102	21,537
Net cash from operating activities		5,277	784,883	543,013
Investing activities				
Acquisition of investments		(904,570)	(711,045)	(711,840)
Proceeds from redemption of investments		840,627	589,602	775,504
Advance payments on aircraft purchase contracts and other		—	(75,428)	(216,732)
Reimbursement of advance payments on aircraft purchase contracts		—	48,262	152,651
Acquisition of property and equipment		(44,065)	(62,397)	(118,997)
Proceeds from sale of property and equipment		30,666	43,603	—
Acquisition of intangible assets	16	(16,419)	(25,465)	(30,182)
Net cash used in investing activities		(93,761)	(192,868)	(149,596)
Financing activities				
Proceeds from issue of convertible notes, net of costs	18	342,898	—	—
Proceeds from new borrowings	18	145,000	95,000	225,000
Payments on loans and borrowings	18	(267,086)	(426,827)	(401,333)
Payment of lease liability	14	(93,213)	(103,069)	(106,254)
Dividends paid		(33,990)	(110,438)	(147,604)
Net cash from (used) in financing activities		93,609	(545,334)	(430,191)
Net increase (decrease) in cash and cash equivalents		5,125	46,681	(36,774)
Cash and cash equivalents at January 1		158,732	156,158	238,792
Effect of exchange rate change on cash		(44,792)	(44,107)	(45,860)
Cash and cash equivalents at December 31		$ 119,065	$ 158,732	156,158

The accompanying notes are an integral part of these consolidated financial statements.

1. Corporate information

Copa Holdings, S. A. ("the Company") was incorporated according to the laws of the Republic of Panama on May 6, 1988 with an indefinite duration. The Company is a public company listed in the New York Stock Exchange (NYSE) under the symbol CPA since December 14, 2005. The address of its registered office is Boulevard Costa del Este, Avenida Principal y Avenida de la Rotonda, Urbanización Costa del Este, Complejo Business Park, Torre Norte, Parque Lefevre, Panama City, Republic of Panama.

These consolidated financial statements comprise the Company and its subsidiaries: Compañía Panameña de Aviación, S. A. ("Copa Airlines"), Oval Financial Leasing, Ltd. ("OVAL"), AeroRepública, S. A. ("Copa Colombia"):

- Copa Airlines: the Company's core operation is incorporated according to the laws of the Republic of Panama and provides international air transportation for passengers, cargo and mail, operating from its Panama City hub in the Republic of Panama.
- Copa Colombia: is a Colombian air carrier, incorporated according to the laws of the Republic of Colombia which provides domestic and international air transportation for passengers, cargo, and mail.

  Copa Colombia operates "Wingo" a brand under a low-cost business model. Wingo operates administratively and functionally under Copa Colombia, with an independent structure for its commercialization, distribution systems and customer service.
- OVAL: incorporated according to the laws of the British Virgin Islands, it controls the special-purpose entities that have a beneficial interest in the majority of the Company's fleet, which is leased to either Copa Airlines or Copa Colombia.

The Company has a broad commercial alliance with United Airlines Holdings, Inc. ("United"), which was renewed during May 2016, for another five years. This Alliance includes an extensive and expanding code-sharing and technology cooperation. In addition, the Company is part of Star Alliance, the leading global airline network since June 2012.

Copa Airlines has the loyalty program "ConnectMiles", designed to strengthen the relationship with its frequent flyers and provide exclusive attention. ConnectMiles members are eligible to earn and redeem miles to any of Star Alliance's 1,300 (unaudited) destinations in 195 countries within 26 airlines members (unaudited).

Situation of Covid-19

The novel strain of coronavirus ("Covid-19") first identified in Wuhan, China in December 2019 has now spread to nearly all regions around the world. The outbreak, and measures taken to contain or mitigate it, have had dramatic adverse consequences for the global economy, including on consumer demand, operations, supply chains and financial markets.

In an effort to slow-down the Covid-19 outbreak in the region, Panama and several countries throughout Latin America extended their restrictions on international travel. Due to this air travel restrictions, the Company did not provide scheduled commercial service from March 22, 2020 until July 2020, and only operated a small number of charters and humanitarian flights. On August 2020, the Panamanian Government authorized the establishment of a Controlled Operations Center for the interconnection of international commercial aviation in which, in a limited way, permitted air operations for transit through the Tocumen Airport for the departure of passengers and the controlled entry of Panamanians or residents in Panama.

After the lifting of significant travel restrictions in October 2020, the Company began rebuilding its network. As of December 31, 2020, the Company offers approximately 104 daily scheduled flights to 54 destinations in 25 countries in North, Central and South America and the Caribbean, mainly from its Panama City Hub. Additionally, the Company provides passengers with access to flights to more than 200 international destinations through codeshare agreements.

The Company has taken aggressive actions, focusing on reducing fixed costs, further bolstering its liquidity position, and adjusting its size, for what it believes will be a weakened demand environment in the immediate future.

- Capacity reduction

In terms of capacity, and as a result of the uncertainty regarding the Covid-19 pandemic and including governments restrictions and travel demand, among others, the Company´s operations represented less than 70.9% of its 2019 capacity. As a consequence, the Company's revenues amounted to $801.0 million, a decrease of 70.4% compared to last year, with Passenger revenues decreasing by 70.9%, Cargo and mail revenue by 66.4% and Other operating revenue by 40.0% (see note 7).

- Fleet

To better align the fleet with the lower passenger demand, the Company has decided to sell its Boeing 737-700 fleet (14 aircraft) over the next year. As of December 31, 2020 the Boeing 737-700 fleet was classified as "Asset held for sale" in the consolidated statement of financial position (see note 13).

In addition, during July, the Company signed a contract for the sale of its 14 Embraer-190 aircraft, 6 spare engines, spare parts and flight simulator. The decision to exit this fleet was made and announced in 2019, and these assets were already presented as "Asset held for sale" as of December 31, 2019. During 2020, the Company has delivered 6 aircraft, and expects to deliver the remaining 8 within a year from the reporting date.

These decisions will bring cost savings and efficiencies due to operating a single aircraft type.

As of December 31, 2020, the Company has a fleet (excluding aircraft available for sale) of 77 aircraft, and consisting of 68 Boeing 737-800 Next Generation aircraft, 2 Boeing 737-700 Next Generation aircraft and 7 Boeing 737 MAX aircraft. Since June 2020, 9 aircraft were grounded at desert storage facilities, and will remain there until returned to service if required. The average age of the operating fleet is 8.2 years

From March 2019 to November 18, 2020, the Federal Aviation Administration (FAA) grounded all U.S. registered Boeing 737 MAX aircraft an action that was followed by most of the world's aviation regulators, including Panamanian aviation regulators. As a consequence, during February 2021, the Company has reached an agreement with Boeing regarding compensation related to the damages that it has suffered during this period. Terms remain confidential (see note 29).

- Liquidity position

Following the suspension of its operations, the Company implemented certain initiatives to preserve cash and improve the liquidity position, including:

- In April 2020, the Company raised US$342.9 million in cash through a senior convertible note offering (see note 18).
- The Company also has committed unsecured credit facilities of $200.0 million, currently undrawn. In addition, the Company closed a secured revolving credit facility for an initial aggregate amount of $105.0 million. Including this facility, the Company has $305.0 million in unutilized committed credit facilities as of December 31, 2020 (see note 27).

- Monthly cash consumption was reduced to approximately $20.0 million during the second half of 2020. This cash consumption includes Company's net operational cash flows (including its expectation for the cash reimbursement of passenger tickets), a revised capital expenditures plan and payments of financial obligations, reduction of labor-related expenses, as well as the reduction of other costs as a result of contract renegotiations with suppliers.
- On December 16, 2020 the Company received the final commitment for a guaranteed loan from the Export-Import Bank of the United States (the "EXIM Bank") to finance seven Boeing 737 MAX aircraft for a total amount up to $327.9 million and expects to finalize this transaction during the first quarter of 2021.
- The Company may also take additional actions to improve its financial position, including measures to improve liquidity, such as the issuance of additional unsecured and secured debt securities, equity securities and equity-linked securities, the sale of assets and/or the entry into additional bilateral and syndicated secured and/or unsecured credit facilities.

The Company's continued access to sources of liquidity depends on multiple factors, including global economic conditions, government regulation, the condition of global financial markets, the availability of sufficient amounts of financing, its operating performance and its credit ratings.

As of December 31, 2020, the Company has approximately $1.01 billion in cash, cash equivalents, short-term and long-term investments (see notes 8 and 9).

Based on the liquidity analysis for the next 12 months, recovery plan and measures taken since the inception of the Covid-19 pandemic, the consolidated financial statements as of December 31, 2020 have been prepared according to going concern basis.

The consolidated financial statements for the year ended December 31, 2020 have been authorized for issuance by the Company's Chief Executive Officer and Chief Financial Officer on April 23, 2021.

2. Basis of preparation

Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

As used in these notes to the consolidated financial statements, the terms "the Company", "we", "us", "our", and similar terms refer to Copa Holdings, S. A. and, unless the context indicates otherwise, its consolidated subsidiaries.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets, certain classes of property, plant and equipment, investment property and derivative financial instruments – measured at fair value

- assets held for sale – measured at fair value less cost of disposal, and
- defined benefit pension plans – plan assets measured at fair value.

Functional and presentation currency

These consolidated financial statements are presented in United States dollars (U.S. dollars "$"), which is the Company's functional currency and the legal tender of the Republic of Panama. The Republic of Panama does not issue its own paper currency; instead, the U.S. dollar is used as legal currency.

All values are rounded to the nearest thousand in U.S. dollars ($000), except when otherwise indicated.

3. Significant accounting policies

(a) Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Company is exposed to, or has right to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls the investee, when it has:

- power over the investee,
- exposure, or rights to, variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, transactions, and dividends are eliminated in full.

The following are the significant subsidiaries included in these financial statements:

Name	Country of Incorporation	Ownership interest 2020	Ownership interest 2019
Copa Airlines	Panama	99.9%	99.9%
Copa Colombia	Colombia	99.9%	99.9%
Oval	British Virgin Islands	100%	100%

(b) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- expected to be realized within twelve months after the reporting period, or

- cash or cash equivalent, unless restricted.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Foreign currencies

The Company's consolidated financial statements are presented in U.S. dollars, which is the Company's functional currency. The Company determines the functional currency for each entity, and the items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the respective functional currency spot rates on the date when the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot exchange rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Foreign exchange gains and losses are included in the exchange rate difference line in the consolidated statement of profit or loss for the year.

(d) Revenue recognition

Revenue is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The consideration received or receivable is measured taking into account contractually defined terms of payment and excluding taxes or duties. The following specific recognition criteria must also be met before revenue is recognized:

Passenger revenue

Passenger revenue is primarily composed of passenger ticket sales, frequent flyer miles redeemed and ancillaries revenues associated with a passenger's flight.

- Passenger tickets

Passenger revenue from tickets is recognized when transportation is provided rather than when a ticket is sold. The amount of passenger ticket sales, not yet recognized as revenue, is reflected under "Air traffic liability" in the consolidated statement of financial position. Refundable and nonrefundable tickets expire after one year from the date of issuance.

In addition, revenue is recognized for tickets that are expected not to be used, the Company performs a monthly liability evaluation using its historical experience with refundable and nonrefundable expired tickets and other facts. A year after the sale is made, actual ticket breakage is removed from "Air Traffic liability" and the provision is reversed.

Typically, unused tickets expire after one year, and any revenue associated with tickets sold for future travel is recognized within 12 months. In response to Covid-19, the Company is extending the ticket expiration date up to December 2021, only for tickets purchased on or before December 31, 2020 and with original travel dates ending on or before December 31, 2020. As such, any revenue associated with these tickets will not be recognized until the new flight date. Additionally, given this change in travel schedule, the Company's estimates of revenue from unused tickets may be subject to variability and may differ from historical averages.

The Company sells certain tickets with connecting flights with one or more segments operated by its other airline partners. For segments operated by other airline partners, the Company has determined that it is acting as an agent on behalf of the other airlines as they are responsible for their portion of the contract. The Company, as the agent, reduces its "Air traffic liability" when consideration is remitted to those airlines, and recognizes revenue for the net amount representing commission to be retained by the Company for any segments flown by other airlines.

Denied boarding compensation made to customers for voluntarily or involuntarily denied boarding reduces revenue when the voucher is issued to the passenger.

- Frequent flyer program

The Company's frequent flyer program objective, is to reward customer loyalty. Members in this program earn miles for travel on Copa Airlines, Star Alliance partners' airlines and also by purchasing the goods and services of the Company network of non-airline partners and co-branded credit cards. The miles or points earned can be exchanged for flights on Copa or any of other Star Alliance partners' airlines.

Passenger revenue includes flights redeemed under our frequent flyer program. When a passenger elects to receive Copa's frequent flyer miles in connection with a flight, the Company recognizes a portion of the tickets sale as revenue when the air transportation is provided and recognizes a deferred liability (Frequent flyer deferred revenue) for the portion of the ticket sale representing the value of the related miles as a separate performance obligation. To determine the amount of revenue to be deferred, the Company estimates and allocates the fair value of the miles that were essentially sold along with the airfare, based on a weighted average ticket value, which incorporates the expected redemption of miles including factors such as redemption pattern, cabin class and geographic region.

A statistical model that estimates the percentages of points that will not be redeemed before expiration is used to estimate breakage. The breakage and the fair value of the miles are reviewed at least annually, and any adjustments are reflected on a prospective basis to passenger revenues.

The Company calculates the short and long-term portion of the frequent flyer deferred revenue, using a model that includes estimates based on the members´ redemption rates projected by management due to clients' behavior.

Currently, when a member of another carrier frequent flyer program redeems miles on a Copa Airlines flight, those carriers pay to the Company a per mile rate. The rates paid by them depend on the class of service, the flight length, and the availability of the reward and is included in passenger revenues.

- Ancillaries revenues

Primarily composed of services performed in conjunction with a passenger's flight, including administrative fees (such as ticket change fees), baggage fees, and other ticket-related fees. These ancillary fees are part of the travel performance obligation and, as such, are recognized as passenger revenue when the travel occurs.

Cargo and mail revenue

Cargo and mail revenue is recognized when the Company provides and completes the shipping services as requested by the client and the risks on the merchandise and goods are transferred.

Other operating revenue

Other operating revenue includes revenue associated with the marketing component of the frequent flyer program. This revenue is comprised of the marketing component of mileage sales to co-branded card, other partners and other marketing related payments.

The Company sells miles to non-airline businesses with which it has marketing agreements. The main contracts to sell miles are related to co-branded credit card relationships with major banks in the region. The Company determined the selling prices of miles according to a method which allocates consideration based upon the relative selling price of the deliverables. The relative selling price of the deliverables is determined based upon the estimated standalone selling prices of each deliverable in the arrangement and is allocated between the miles sold to the passenger (as described above) and the marketing elements. Revenue allocated to the performance obligations related to, marketing components, is recorded in other operating revenue when miles are delivered.

The remaining amounts included within other revenue are related to lease income, advertising and vacation-related services.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position, comprise cash on hand and in banks, money market accounts, and time deposits with original maturities of three months or less from the date of purchase.

The Company evaluates the term and conditions relating to its restricted cash to determine where it should be presented, as current assets in cash and cash equivalents or as non-current assets in long-term investments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash net of outstanding bank overdrafts, if any. The Company has elected to present the statement of cash flows using the indirect method.

(f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company's financial assets include cash and cash equivalents, short and long-term investments and accounts receivable.

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets contractual cash flow characteristics and the Company's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All financial assets are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of an instrument.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes the Company's investments and its receivables.

The Company invests in short-term deposits and bonds with original maturities of more than three months but less than one year, and invests in long-term deposits and bonds with maturities greater than one year. These investments are classified as short and long-term investments, respectively, in the accompanying consolidated statement of financial position.

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial instruments are initially recognized and carried at the original invoice amount since recognition of interest under the amortized cost would be immaterial less a provision for impairment.

Financial assets at fair value through OCI

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company currently does not have assets classified under this category.

Financial assets designated at fair value through OCI

Upon initial recognition, the Company may elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation and are not held for trading*. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company currently does not have assets classified under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Company currently does not have assets classified under this category.

(iii) Derecognition

A financial asset is derecognized when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates, if and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

(iv) Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) on financial asset measured at amortized cost. Loss allowance for financial assets are deducted from the gross carrying amount on the assets.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Both, lifetime ECLs and 12-month ECLs, are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each quarterly reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For accounts receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each quarterly reporting date.

The Company has established a provision matrix to measure ECLs. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the day past due.

Loss rates are based on actual credit loss experience over the last 12 months and adjusted for forward-looking factors specific to the debtors and the economic environment over the expected life of the receivables.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Company considers that there are no realistic prospects of recovery of the asset if any of the following indicators are present:

- the debtor is in a state of permanent disability
- the Company has exhausted all legal and/or administrative recourse
- where the account exceeds one year without decreases
- when there are no documents that establishing the debt

Losses arising from impairment are recognized under "Other operating and administrative expenses" in the consolidated statement of profit or loss.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts, and derivative financial instruments.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

Subsequent to initial recognition, all borrowings and loans are measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included under finance cost in the consolidated statement of profit or loss.

(iii) Derecognition

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled, or expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognized amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the ordinary course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Derivative financial instruments and hedging activities

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value.

Derivatives are carried as financial assets when the fair value results in a right to the Company and as financial liabilities when the fair value results in an obligation. The accounting for changes in value depends on whether the derivative is designated as a hedging instrument, and if so, the classification of the hedge.

For hedge accounting purposes, hedges are classified into:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

As of December 31, 2020 and 2019, the Company does not have financial instruments designated under hedge accounting.

(g) Impairment of non - financial assets

The Company assesses at each reporting date whether there is an indication that an asset or its cash-generating unit (CGU) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s or CGU’s recoverable amount. The recoverable amount is the higher of an asset’s or its CGU’s fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment losses of continuing operations, including impairment on inventories, are recognized under “Impairment of non-financial assets” in the consolidated statement of profit or loss.

For assets, excluding goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or CGU’s recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

(h) Senior convertible notes

Senior convertible notes are classified as hybrid instruments that comprises a debt host contract for the interest and principal payments plus a derivative instrument for the conversion option.

The initial carrying amount of the non-derivative host contract is the difference between the fair value minus transaction costs of the hybrid instrument and the fair value of the embedded derivative. Under this approach, all of the transaction costs are always allocated to and deducted from the carrying amount of the non-derivative host contract on initial recognition.

After initial recognition, the debt host contract would be measured at amortized cost and the derivative liability, not being closely related to the debt host contract, would be measured at fair value through profit or loss.

(i) Expendable parts and supplies

Expendable parts and supplies for flight equipment are carried at the lower of the average acquisition cost or replacement cost, and are expensed when used in operations. The replacement cost is the estimated purchase price in the ordinary course of business.

(j) Passenger traffic commissions

Passenger traffic commissions are recognized as expense when transportation is provided and the related revenue is recognized. Passenger traffic commissions paid but not yet recognized as expense are included under “Prepaid expenses” in the accompanying consolidated statement of financial position.

(k) Property and equipment

Property and equipment comprise mainly airframe, engines, and other related flight equipment. All property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

When a major maintenance inspection or overhaul cost is embedded in the initial purchase cost of an aircraft, the Company estimates the carrying amount of the component. These initial built-in maintenance assets are depreciated over the estimated time period until the first maintenance event is performed. The cost of major maintenance events completed after the aircraft acquisition are capitalized and depreciated over the estimated time period until the next major maintenance event. The remaining value of the previously capitalized component if any, is charged to expense upon completion of the subsequent maintenance event.

The Company recognizes the depreciation on a straight-line basis which for some aircraft components is akin to depreciation based on use, over the estimated useful life of the assets. Depreciation is recognized in the consolidated statement of profit or loss from the date the property, and equipment is installed and ready for use.

Property and equipment	Estimate useful life (years)	Residual Value
Flight equipment (*)		
Airframe and engines	27	15%
Major maintenance events	3-16	—
Ramp and miscellaneous		
Ground equipment	10	—
Furniture, fixture, equipment and other	5-10	—
Leasehold improvements	Lesser of remaining lease term and estimated useful life of the leasehold improvement	—

(*) Excluding the Embraer 190 and 737-700 fleet, see note 13.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The costs of major maintenance events for leased aircraft are capitalized and depreciated over the shorter of the scheduled usage period to the next major inspection event or the remaining life of lease term (as appropriate), the remaining value of the previously capitalized maintenance or the right-of-use asset (“ROU”) component if any, is charged to expense upon completion of the subsequent maintenance event.

The residual values, useful lives, and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

The land owned by the Company is recognized at cost less any accumulated impairment.

(l) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract, conveys the right to control the use of an identified asset, the Company assesses whether:

- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset; and
- The Company has the right to direct the use of the identified asset.

The Company as a lessee

At the commencement date, the Company recognizes a ROU and a lease liability.

The ROU is measured at cost and comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Company incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The ROU is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the ROU or component, or lease term. The estimated useful life of ROU is determined of the same basis of owned property and equipment.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The ROU assets are also subject to impairment. Refer to the accounting policies in section (g) impairment of non-financial assets.

In this regard, the Company applies the following, by class of underlying asset:

- for the leases of real estate, the Company has elected to separate non-lease components.
- for aircraft leases, the value of major maintenance inspection or overhaul embedded in the aircraft is recognized as a separated component and is depreciated over the estimated time period until the first maintenance event is performed or the remaining life of lease term (as appropriate) which ever is shorter.

The lease liability, is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, if that rate can be readily determined or the lessee’s incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are recognized as lease expenses in the period in which the event or condition that triggers the payment occurs, under "Other operating and administrative expenses" in the consolidated statement of profit or loss.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, if there is a change in the Company's estimated amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU, or is recorded in profit or loss if the carrying amount of ROU has been reduced to zero.

Financing arrangements where is certain that the asset will be purchased at the end of the lease term, are "in substance purchases" and not leases, in those cases, the related liability is considered a financial liability under IFRS 9 and the asset, as property and equipment, according to IAS 16.

The Company has elected not to recognize ROU and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term as "Other operating and administrative expenses" in the consolidated statement of profit or loss.

The Company as lessor

When assets are leased under operating leases, the asset is included in the consolidated statement of financial position according to its nature. Revenue from operating leases is recognized over the lease term on a straight-line basis as part of other operating revenue.

Initial direct costs incurred by the Company in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the related lease income.

(m) Intangible assets

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed of the acquired subsidiary at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGU or group of CGU's that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Otherintangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in the consolidated statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite life is recognized in the consolidated statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful life are not amortized but are tested for impairment at least annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains and losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

The Company’s intangible assets and the policies applied are summarized as follows:

- Licenses and software rights

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized using the straight-line method over their estimated useful life (from three to eight years) and the amortization is recognized in the consolidated statement of profit or loss. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Company and that are estimated to generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. These costs are amortized using the straight-line method over their estimated useful life (from five to fifteen years).

(n) Taxes

Income tax expense

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except when related to the items recognized directly in equity or in other comprehensive income ("OCI").

- Current income tax

The Company pays taxes in the Republic of Panama and in other countries in which it operates, based on regulations in effect in each respective country.

Revenue arises principally from foreign operations, and according to the Panamanian Tax Code, these foreign operations are not subject to income tax in Panama.

The Panamanian tax code for the airline industry states that tax is based on net income earned for passenger traffic with origin or final destination in the Republic of Panama. The applicable tax rate is currently 25.0%. Dividends from the Panamanian subsidiaries, are separately subject to a 10% withholding tax on the portion attributable to Panamanian sourced income and a 5% withholding tax on the portion attributable to foreign sourced income.

The Company is also subject to local tax regulations in each of the other jurisdictions where it operates, the great majority of which are related to income taxes.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions when appropriate.

- Deferred tax

Deferred tax is calculated using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.
- in respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.
- in respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Ticket taxes

The Company is required to charge certain taxes and fees on its passenger tickets. These taxes and fees include transportation taxes, airport passenger facility charges, and certain governmentally imposed airport arrival and departure taxes. These taxes and fees are legal assessments on the customer. Since the Company has a legal obligation to act as a collection agent with respect to these taxes and fees, such amounts are not included in passenger revenue. The Company records a liability when these amounts are collected and derecognizes the liability when payments are made to the applicable government agency or operating carrier.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of any qualifying asset, that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the asset during that period of time.

Other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(p) Provisions

Provisions for costs, including restitution, restructuring and legal claims and assessments are recognized when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- the amount of obligation can be reliably estimated.

For aircraft leases, the Company is contractually obliged to return the aircraft in a defined condition. The Company accrues a provision for return conditions which are based on the usage of leased aircraft throughout the duration of the lease.

Return conditions are based on the net present value of the estimated costs of returning the aircraft and are recognized in the consolidated statement of profit or loss under "Maintenance, materials and repairs". These costs are reviewed annually and adjustments, if any, are recognized prospectively over the remaining lease term.

(q) Employee benefits

Defined benefit plan

The Company sponsors a defined benefit plan, which requires contributions to be made to a separately administered fund.

The calculation of the defined benefit obligation is performed annually by a qualified actuary using the projected unit credit actuarial cost method (PUC).

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets and the effect of the asset ceiling (if any), are recognized immediately in other comprehensive income. The Company determines the net interest by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation in the consolidated statement of profit or loss.

Share-based payments

Employees (including senior executives) of the Company receive compensation in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognized, together with a corresponding increase in additional paid in capital in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. Expense or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period and is recognized under "Wages, salaries, benefits and other employees' expenses" expense in the consolidated statement of profit or loss (note 25).

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without realistic possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(r) Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

All the financial statements include amounts for continuing operations. Additional disclosures about assets held for sale are provided in note 13.

4. Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities and the accompanying disclosures and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

The consolidated financial statements have thus been established taking into consideration the current context of the Covid-19 pandemic and on the basis of financial parameters available at the closing date.

Judgments

In the process of applying the Company's accounting policies, management has made judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements in the following area:

- Leases

The Company enters into contracts for the use of the aircraft and real estate which include, airport and terminal facilities, sales offices, maintenance facilities, and general offices. The Company assesses, based on the terms and conditions of the arrangements, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- Lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

- Assets held for sale

The Company has decided to sell its Boeing 737-700 fleet (14 aircraft) over the next year. As of December 31, 2020 the Boeing 737-700 fleet was classified as “Asset held for sale” in the consolidated statement of financial position.

The Company considered the fleet to meet the criteria to be classified as held for sale for the following reasons:

- The fleet is available for immediate sale and can be sold to the buyer in its current condition.
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification.
- The Board of Directors approved the plan to sell its Boeing 737-700 fleet.

For more details on assets held for sale refer to note 13.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the Company’s control. Such changes are reflected in the assumptions when they occur.

- Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company’s past history, existing market conditions as well as forward looking estimates at the end of each quarterly reporting period.

- Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes (see note 16).

- Property and equipment

The Company's management has determined that the residual value of the airframe, engines, and components (rotable parts) owned is 15% of the cost of the asset, so the depreciation of flight equipment is made accordingly. Annually, management reviews the useful life and residual value of each of these assets (see note 13).

- Provision for return condition

The Company records a provision to accrue for the cost that will be incurred in order to return the lease aircraft to their lessor in the agreed-upon condition, excluded estimated dismantling costs not based on utilization of the aircraft which are included in the ROU asset and lease liability. The methodology applied to calculate the provision requires management to make assumptions, including the future maintenance costs, discount rate, related inflation rates and aircraft utilization. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning.

Any difference in the actual maintenance cost incurred and the amount of the provision is recorded under "Maintenance, materials and repairs" in the consolidated statement of profit or loss. The effect of any changes in estimates, including those mentioned above, is also recognized under "Maintenance, materials and repairs" for the period (see note 21).

- Revenue recognition – expired tickets

The Company recognizes estimated fare revenue for tickets that are expected to expire based on departure date (unused tickets), based on historical data and experience. Estimating the expected expiration rate requires management's judgment, among other things, the historical data and experience is an indication of the future customer behavior.

Typically, unused tickets expire after one year, and any revenue associated with tickets sold for future travel is recognized within 12 months. In response to Covid-19, the Company is extending the expiration date up to December 2021, only for tickets purchased on or before December 31, 2020 and with original travel dates ending on or before December 31, 2020. As such, any revenue associated with these tickets will not be recognized until the new flight date. Additionally, given this change in travel schedule, the Company's estimates of revenue from unused tickets may be subject to variability and may differ from historical averages.

- Multiple deliverable revenue arrangements - Frequent flyer program

The frequent flyer program includes two major transactions that are considered revenue arrangements with multiple performance obligations: (i) mileage credits earned with travel and (ii) mileage credits sold to co-branded credit card partner and other partners. The Company estimates the fair value of the miles in those transactions using a blended calculation of rates charged when miles are sold to other partners and the average value of a mile flown by a customer earned with travel, less an estimate of the miles that will expire unused (breakage). The Company engages a specialist to assist in the performance of the breakage calculation.

- Taxes

The Company believes that taken tax positions, including transfer pricing between entities, are reasonable. However, in the event of an audit by the tax authorities, they may challenge the positions taken by the Company, resulting in additional taxes and interest liabilities.

The tax positions involve considerable judgment by management and are reviewed and adjusted to account for changes in circumstances, such as lapsing of applicable statutes of limitations, conclusion of tax audits, additional exposures based on identification of new issues, or court decisions affecting a particular tax issue. Actual results may differ from estimates (see note 22).

- Incremental borrowing rate for leases

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

- Fair value measurement

The Company measures financial instruments such as derivatives at fair value at the date of each statement of financial position. Fair values of financial instruments measured at amortized cost are disclosed in note 28.6.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole (see note 28.6 for further disclosures):

i) Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

ii) Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

iii) Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

5. Changes in disclosures

5.1 Adoption of new and amended standards and interpretations

Amendment to IFRS 16 *Leases – Covid-19 related rent concessions*

On May 28, 2020, the IASB issued *Covid-19-Related Rent Concessions* - amendment IFRS 16 *Leases*.

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions described in IFRS 16 paragraph 46B are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before June 30, 2021 and increased lease payments that extend beyond June 30, 2021).
- There is no substantive change to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Company received rent concessions occurred as a direct consequence of the Covid-19 pandemic only for its real estate leases, and applied the practical expedient, accounting the concession in the form of forgiveness or deferral of lease payments, as a negative variable lease payment to the concessions. (see note 14 – *Leases*).

Other standards issued

The following amendments and interpretations effective for annual periods beginning on or after January 1, 2020, had no impact on the company's financial statements:

Amendment to IFRS 3 *Definition of a business*

Amendments to IAS 1 and IAS 8 *Definition of material*

Amendments to IFRS 9, IAS 39 and IFRS 7 – *Interest rate benchmark reform*

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

5.2 Change in presentation

As disclosed in the table below, a retrospective change in presentation has been made to the December 31, 2019 consolidated statement of financial position to conform to the 2020 presentation. The Company is changing the presentation of the interest payable, previously presented within taxes and interest payables in the consolidated statement of financial position.

The following table reconcile the changes in presentation in prior years for comparative effects on the consolidated statement of financial position:

	As previosly reported	Reclasification	2019 (Restated)
Current liabilities			
Loans and borrowings	$ 117,238	$ 5,344	$122,582
Taxes and interest payable	$ 51,611	$ (5,344)	$ 46,267

6. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 *Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.

The amendments are effective for reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company does not expect that these amendments have a material impact on its consolidated financial statements.

Amendments to IFRS 3 – *Reference to the Conceptual Framework*

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations—Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The Company does not expect that these amendments have a material impact on its consolidated financial statements.

Amendment to IAS 16 – *Property, Plant and Equipment: Proceeds before Intended Use*

In May 2020, the IASB issued *Property, Plant and Equipment — Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendment is not expected to has a material impact on the Company.

Amendments to IAS 37 – *Onerous Contracts – Costs of Fulfilling a Contract*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company does not expect that these amendments have a material impact on its consolidated financial statements.

Amendments to IFRS 7, IFRS 4 and IFRS 16 – *Interest rate benchmark reform – Phase 2*

In August 2020, the IASB has issued amendments to IFRS 7 *Financial Instruments: Disclosures,* IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. Given the pervasive nature of InterBank Offered Rate (IBOR)-based contracts, the amendments could affect companies in all industries.

(Continued)

These amendments should be applied for annual periods beginning on or after January 1, 2021. Earlier application is permitted. At this stage, the Company is in process to estimate the impact of these amendments on the consolidated financial statements. The Company will continue with the assessment of the standard throughout 2021.

Amendment to IFRS 9 – ***Fees in the '10 per cent' test for derecognition of financial liabilities***

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is not expected to has a material impact on the Company.

7. Revenue from contract with customers

7.1 Revenue disaggregation

Operating revenues are comprised of passenger revenues, cargo and mail, and other operating revenues. The following table shows disaggregated operating revenues for the years ended as December 31, 2020, 2019 and 2018.

	2020	2019	2018
Passenger revenue			
Passenger revenue	$752,050	$2,581,179	$2,567,316
Miles redeemed	8,544	31,426	20,073
	760,594	2,612,605	2,587,389
Cargo and mail revenue	21,002	62,460	62,483
Other operating revenue			
Frequent flyer program—marketing services	15,452	22,170	16,291
Other operating revenue	3,955	10,173	11,464
	19,407	32,343	27,755
	$801,003	$2,707,408	$2,677,627

7.2 Contract balances

The significant contract liabilities are comprised of ticket sales for transportation that has not yet been provided, recorded as "Air traffic liability" and outstanding loyalty program miles that may be redeemed for future travel, recorded as "Frequent flyer deferred revenue".

The table below presents the changes in air traffic liability:

	2020	2019
Balance at beginning of year	$ 497,374	$ 471,676
Sales	887,004	2,878,814
Revenue recognition	(700,406)	(2,355,626)
Tax recognition	(113,473)	(404,732)
Reimbursements	(82,910)	(45,396)
Interline tickets	(15,056)	(35,272)
Other	(1,838)	(12,090)
Balance at end of year	$ 470,695	$ 497,374

The contract duration of passenger tickets is one year. Accordingly, any revenue associated with tickets sold for future travel dates will be recognized within twelve months. In response to Covid-19, the Company is extending the ticket expiration date up to December 2021, only for tickets purchased on or before December 31, 2020 and with original travel dates ending on or before December 31, 2020.

The table below presents the activity of the current and non-current frequent flyer liability:

	2020	2019
Balance at beginning of year	$ 80,326	$ 67,814
Deferred of revenue	19,431	43,938
Recognition of revenue	(8,544)	(31,426)
Balance at end of year	$ 91,213	$ 80,326
Current	16,041	35,120
Non-current	75,172	45,206
	$ 91,213	$ 80,326

Contract assets are reflected as account receivable. See note 10.

7.3 Segment reporting

The Company's business activities are conducted as one operating segment – Air transportation (that includes cargo and mail revenue), the reporting results of which are regularly reviewed by management for purposes of analyzing its performance and making decisions about resource allocations. Information concerning operating revenue by geographic area for the period ended December 31 is as follows:

	2020	2019	2018
North America	$ 233,039	$ 857,002	$ 826,529
South America	281,008	975,530	1,076,507
Central America	246,727	740,358	648,747
Caribbean	20,822	102,175	98,089
	$ 781,596	$ 2,675,065	$ 2,649,872

The Company attributes revenue to the geographic areas based on point of sales. Our tangible assets and capital expenditures consist primarily of flight and related ground support equipment, which is mobile across geographic markets and, therefore, has not been allocated.

(Continued)

8. Cash and cash equivalents

	2020	2019
Checking and saving accounts	$ 99,286	$118,367
Time deposits of no more than ninety days	19,500	40,000
Cash on hand	279	365
	$119,065	$158,732

Time deposits earned interest based on rates determined by the banks in which the instruments are held, ranging between 0.24% and 0.35% for U.S. dollars investments until December 2020 (2019: between 1.71% and 1.98% for U.S. dollars investments).

As of December 31, 2020, the cash and cash equivalents disclosed above and in the consolidated statement of cash flows include $5.9 million that the Company has pledged from its checking and saving accounts to fulfill the collateral requirement.

As of December 31, 2020 and 2019, except for the cash pledged to fulfill collateral requirement,the Company's cash and cash equivalents are free of restriction or charges that could limit its availability.

9. Investments

	2020			2019		
	Current	Non Current	Total	Current	Non Current	Total
Time deposits	$430,000	$ 80,000	$510,000	$640,500	$ 60,000	$700,500
Bonds	341,854	39,796	381,650	52,573	74,634	127,207
	771,854	119,796	891,650	693,073	134,634	827,707
Allowance for expected credit losses	(1,038)	(179)	(1,217)	(670)	(287)	(957)
	$770,816	$ 119,617	$890,433	$692,403	$ 134,347	$826,750

Time deposits earned interest based on rates determined by the banks in which the instruments are held. The use of these instruments depends on the cash requirements of the Company. Time deposits with a contractual maturity of less than 365 days, bear interest at rates ranging between 0.27% and 4.38% (2019: between 2.00% and 3.75%), and those with a contractual maturity of more than 365 have rates ranging between 1.20% and 4.25% (2019: between 3.25% and 4.38%).

The Company acquired bonds with semiannual interest payment, the effective interest rates of these investments ranging between 0.21% and 3.32% (2019: between 2.06% and 3.32%).

All of the investments at amortized cost are denominated in U.S. dollar, as a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

The information about the expected credit loss over these financial assets are disclosed in note 28.3.

(Continued)

10. Accounts receivable

	2020	2019
Credit cards	$35,882	$ 64,595
Cargo and other travel agencies	10,052	19,389
Airlines and clearing house	6,156	31,087
Government	5,466	8,031
Trade receivables from related parties	1,429	147
Other	13,187	14,250
	72,172	137,499
Allowance for expected credit losses	(6,483)	(5,579)
	$65,689	$131,920
Current	64,635	129,781
Non-current	1,054	2,139
	$65,689	$131,920

Trade receivables are non-interest bearing and have maturities between 30 to 90 days.

See detail of trade receivables from related parties in note 23.

As of December 31, 2020, the Company maintains a non-current account receivable with a government institution in the amount of $1.0 million net of the expected credit losses (2019: $2.1 million).

The category “Other” mainly includes receivables from miles’ partners and employees accounts.

The change in the allowance for expected credit losses in respect of accounts receivable during the year was as follows.

	2020	2019	2018
Balance at beginning of year	$(5,579)	$(5,057)	$(3,673)
Adjustment on initial application of IFRS 9	—	—	(624)
Balance at beginning of year under IFRS 9	(5,579)	(5,057)	(4,297)
Additions	(1,310)	(744)	(1,311)
Write-offs	406	222	551
Balance at end of year	$(6,483)	$(5,579)	$(5,057)

The information about the credit exposures is disclosed in note 28.3.

(Continued)

11. Expendable parts and supplies

	2020	2019
Material for repair and maintenance	$69,737	$66,418
Other inventories	4,920	3,686
	74,657	70,104
Allowance for obsolescence	(338)	(1,004)
	$74,319	$69,100

Expendable parts and supplies recognized when used as an expense in the accompanying consolidated statement of profit or loss under "Maintenance, materials and repairs" amount to $12.7 million, $32.4 million and $31.9 million, for the years ended December 31, 2020, 2019 and 2018, respectively.

12. Prepaid expenses

	2020	2019
Prepaid taxes	$10,022	$26,164
Prepaid commissions	3,908	4,298
Prepaid insurance	5,385	1,231
Prepaid to supplier	17,224	35,084
	$36,539	$66,777
Current	30,473	49,034
Non-current	6,066	17,743
	$36,539	$66,777

Prepaid taxes include $4.0 million of tax advance of VAT and withholdings taxes (2019: $8.4 million). The non-current portion of prepaid expenses corresponds to $1.6 million (2019: $1.3 million) of advance payments of taxes which are credited to future payments from tax dividends in Panama and $4.5 million in tax credits (2019: $16.5 million).

During 2020, the Tax Authorities in Colombia recognized the return of credits of income tax in tax refund titles equivalents to $14.8 million. The Company sold these titles and recognized a loss in sale of $0.01 million included under Other non-operating expense on the consolidated statement of profit or loss.

Prepaid to supplier mainly includes operating expenses related to aircraft rent, fuel and maintenance services.

13. Property and equipment

	Land	Flight equipment	Purchase deposits for flight equipment	Ramp and miscellaneous	Furniture, fixtures, equipment a and other	Leasehold improvements	Construction in progress	Total
Cost -								
Balance at January 1, 2018	$6,301	$ 3,252,229	$ 413,633	$ 48,353	$ 27,524	$ 50,043	$ 5,778	$ 3,803,861
Transfer of pre-delivery payments	—	156,305	(156,305)	—	—	—	—	—
Additions	—	228,302	216,732	5,434	3,773	3,388	10,795	468,424
Disposals	—	(20,737)	—	(128)	(393)	(6,246)	(10)	(27,514)
Assets held for sale	—	(164,201)	—	—	—	—	—	(164,201)
Reclassifications	—	(2,371)	—	77	14	2,219	(2,310)	(2,371)
Balance at December 31, 2018	$6,301	$ 3,449,527	$ 474,060	$ 53,736	$ 30,918	$ 49,404	$ 14,253	$ 4,078,199
Transfer of pre-delivery payments	—	78,143	(78,143)	—	—	—	—	—
Additions	—	109,286	67,357	2,693	2,450	3,269	4,436	189,491
Disposals	—	(184,685)	—	(102)	(570)	(134)	(340)	(185,831)
Assets held for sale	—	(413,677)	—	—	—	—	—	(413,677)
Reclassifications	—	—	—	10	—	12,752	(12,762)	—
Balance at December 31, 2019	$6,301	$ 3,038,594	$ 463,274	$ 56,337	$ 32,798	$ 65,291	$ 5,587	$ 3,668,182
Transfer of pre-delivery payments	—	49,860	(49,860)	—	—	—	—	—
Additions	—	39,492	—	582	221	566	3,204	44,065
Disposals	—	(34,626)	—	(306)	(223)	(780)	—	(35,935)
Assets held for sale	—	(554,790)	—	—	—	—	—	(554,790)
Reclassifications	—	244	(5,600)	—	—	2,382	(2,626)	(5,600)
Balance at December 31, 2020	$6,301	$ 2,538,774	$ 407,814	$ 56,613	$ 32,796	$ 67,459	$ 6,165	$ 3,115,922
Accumulated depreciation and impairment -								
Balance at January 1, 2018	$ —	$(1,097,751)	$ —	$ (37,016)	$ (22,959)	$ (31,919)	$ —	$(1,189,645)
Depreciation for the year	—	(147,980)	—	(3,783)	(2,506)	(5,038)	—	(159,307)
Disposals	—	16,876	—	118	379	6,396	—	23,769
Assets held for sale	—	75,556	—	—	—	—	—	75,556
Reclassifications	—	268	—	—	—	—	—	268
Impairment	—	(130,709)	—	—	—	—	—	(130,709)
Balance at December 31, 2018	$ —	$(1,283,740)	$ —	$ (40,681)	$ (25,086)	$ (30,561)	$ —	$(1,380,068)
Depreciation for the year	—	(148,832)	—	(3,292)	(2,938)	(5,757)	—	(160,819)
Disposals	—	178,168	—	102	518	—	—	178,788
Assets held for sale	—	226,319	—	—	—	—	—	226,319
Balance at December 31, 2019	$ —	$(1,028,085)	$ —	$ (43,871)	$ (27,506)	$ (36,318)	$ —	$(1,135,780)
Depreciation for the year	—	(126,988)	—	(3,121)	(3,134)	(5,759)	—	(139,002)
Disposals	—	32,335	—	290	179	295	—	33,099
Impairment	—	—	—	—	—	—	(4)	(4)
Assets held for sale	—	273,251	—	—	—	—	—	273,251
Balance at December 31, 2020	$ —	$ (849,487)	$ —	$ (46,702)	$ (30,461)	$ (41,782)	$ (4)	$ (968,436)
Carrying amounts -								
At December 31, 2018	$6,301	$ 2,165,787	$ 474,060	$ 13,055	$ 5,832	$ 18,843	$ 14,253	$ 2,698,131
At December 31, 2019	$6,301	$ 2,010,509	$ 463,274	$ 12,466	$ 5,292	$ 28,973	$ 5,587	$ 2,532,402
At December 31, 2020	$6,301	$ 1,689,287	$ 407,814	$ 9,911	$ 2,335	$ 25,677	$ 6,161	$ 2,147,486

(Continued)

Flight equipment

Flight equipment comprises aircraft, engines, aircraft components and major maintenance of own and leased aircraft.

During December 2020, one Boeing 737 MAX aircraft was delivered, the Company expects to finalize the financing from the Export-Import Bank of the United States (the "EXIM Bank") of this aircraft, during the first quaeter of 2021.

The Company has acquired aircraft through Japanese Operating Leases with Call Option (JOLCO) arrangements. These arrangements establish semi-annual payments of obligations, and have a term of 10 years, with a purchase option at the end of the period. During 2019, 2 new aircraft Boeing 737 MAX 9 were acquired through this type of arrangements.

Aircraft with a carrying value of $1.3 billion (include aircraft acquired through JOLCO) are pledged as collateral for the obligation of the special purpose entities as of December 31, 2020 (2019: $1.5 billion).

From March 2019 to November 2020, the Federal Aviation Administration (FAA) grounded all U.S. registered Boeing 737 MAX aircraft. The Company' fleet currently includes 7 Boeing 737 MAX aircraft with an additional 64 aircraft on order (see note 27). The Company is currently in negotiations with Boeing over compensation for the damages that it has suffered as a result of the MAX grounding and expect those to be satisfactory resolved in the near term.

During 2020, the Company identified indicators of impairment in its aircraft due the capacity reductions, the temporary grounding of part of its fleet, following by the reduction in air traffic as a result of the Covid-19 pandemic. To determine whether impairment exists, the recoverable amount at the level of the CGU, was determined using cash flow projections from financial forecasts approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections was 13.1%. As a result of this analysis, the Company determined the recoverable amount of the CGU was in excess of its book value and, therefore, no impairment was recorded (See note 16).

Purchase deposits for flight equipment

As of December 31, 2020 there were no additions to purchase deposits.

As of December 31, 2019 the additions for $67.3 million include $75.4 million of advance payments on aircraft and engines purchase contracts made during 2019, which includes $1.4 million of borrowing costs capitalized during the year ended December 31, 2019, and $8.1 million of credits received on aircraft acquisition. The rate used in 2019 to determine the amount of borrowing costs eligible for capitalization was 3.40%, which is the interest rate of the specific borrowing (see note 18).

As of December 31, 2020 the total amount of purchase deposits for flight equipment corresponds to the future purchase of MAX aircraft (see note 27).

Other property and equipment

During 2020, the Company capitalized under "Leasehold improvements" $1.6 million for improvements to the Training Center located at the Ciudad del Saber, Panama City and $0.8 million in other remodeling projects for airport facilities and offices.

During 2019, the Company capitalized as "Leasehold improvements" $11.6 million of a new hangar located at the Tocumen International Airport. As of December 31, 2020 and 2019 construction in progress mainly comprises remodeling projects for airport facilities and offices.

Assets held for sale

In November 2019, the Company announced its decision to accelerate the exit of its Embraer 190 fleet and initiated an active program to locate a buyer to sell the remaining 14 aircraft, spare engines, spare parts and inventory by 2020. As December 31, 2019 this anticipated exit resulted in impairment losses of $89.3 million to write down the assets to the lower of their carrying amount and the fair value less cost to sell, which have been included under "Impairment of non-financial assets" in the accompanying consolidated statement of profit or loss.

In June 2020, the Company updated the fair value less cost to sell of the Embraer 190 fleet and related assets and recognized additional impairment losses of $49.5 million. The fair value of the Embraer 190 fleet was determined considering the negotiated sales prices adjusted by the costs to disposal estimated by the Company, and therefore classifies as level 3 in the fair value hierarchy. During the third quarter of 2020 the Company signed the contract for the sale of 14 EMB-190s, 6 spare engines, expendables, spare parts and supplies, and an EMB 190 flight simulator. The Company has delivered 6 aircraft, and expects to deliver the remaining 8 and other related assets, within a year from the reporting date.

In August 2020, motivated by the decrease in demand as a consequence of Covid-19, the Board of Directors of the Company approved the plan to sell fourteen aircraft Boeing 737-700. Efforts to sell the aircraft have started and the sale is expected to be completed within a year from the reporting date. This anticipated exit results in impairment losses of $191.2 million to write down the assets to the lower of its carrying amount and its fair value less cost to sell, which have been included under "Impairment of non-financial assets" in the accompanying consolidated statement of profit or loss.

The fair value of the Boeing 737-700 fleet was determined considering purchase proposal adjusted by the costs to disposal estimated by the Company, therefore classifies as level 3 in the fair value hierarchy (see note 28.6).

At 31 December 2020, the assets held for sale comprised the following assets:

	2020	2019
Assets		
Flight equipment	$129,443	$ 91,252
Expendables, spare parts and other supplies	6,099	28,754
	$135,542	$120,006

14. Leases

The Company as a lessee

The Company leases some aircraft under long-term lease agreements with an average duration of 10 years. Aircraft under operating leases may be renewed in accordance with management's business plan.

Other leased assets include real estate, airport and terminal facilities, sales offices, maintenance facilities, and general offices. Most lease agreements include renewal options; a few have escalation clauses, but no purchase options.

Information about leases for which the Company is a lessee is presented below:

Right of use assets

	Aircraft	Real estate	Total
Balance at January 1, 2018	$ 350,517	$ 33,833	$ 384,350
Additions	83,389	1,381	84,770
Depreciation expense	(100,857)	(6,270)	(107,127)
Balance at December 31, 2018	$ 333,049	$ 28,944	$ 361,993
Additions	23,162	8,512	31,674
Depreciation expense	(95,564)	(7,260)	(102,824)
Balance at December 31, 2019	$ 260,647	$ 30,196	$ 290,843
Additions/(Terminations)	21,706	(1,888)	19,818
Impairment	(1,541)	—	(1,541)
Depreciation expense	(88,451)	(6,390)	(94,841)
Balance at December 31, 2020	$ 192,361	$ 21,918	$ 214,279

Additions to the right-of-use assets include new leases, contract extensions, changes in discount rate and changes in rental payments.

The impairment loss relates to leased aircraft grounded until its redelivery due the capacity reductions a result of the Covid-19 pandemic.

Lease liabilities

	2020	2019
Current portion of lease liability		
Aircraft	$ 77,777	$ 91,246
Real estate	5,828	6,486
	$ 83,605	$ 97,732
Long-term lease liability		
Aircraft	$125,216	$179,031
Real estate	21,689	27,801
	$146,905	$206,832
	$230,510	$304,564

For leases under IFRS 16 the Company recognizes a provision to estimate the costs for work required to be performed just before the redelivery of the aircraft to the lessors and which does not depend on the aircraft utilization. This provision is booked as a dismantling provision cost under “long term liabilities” in the consolidated statement of financial position. As of December 31, 2020 the total liability related to leases including the provision of dismantling amounts to $255.5 million (2019: $328.9 million).

Total cash outflow for leases for the years ended as December 31, 2020 and 2019:

	2020	2019
Aircraft	$ 97,353	$107,610
Real estate	6,039	9,458
	$103,392	$117,068

As of December 31, 2020 and 2019 the average incremental borrowing rate of leased aircraft is 3.37%.

The maturity analysis of lease liabilities is disclosed in note 28.5.

Amounts recognized in the consolidated statement of profit or loss related to leases:

	2020	2019	2018
Depreciation and amortization			
Aircraft	$ 88,451	$ 95,564	$100,857
Real estate	6,390	7,260	6,270
	$ 94,841	$102,824	$107,127
Impairment of non financial assets			
Aircraft	$ 1,541	$ —	$ —
Other operating and administrative expenses			
Short-term leases	$ 90	$ 364	$ 1,412
Leases of low-value assets	330	733	853
Variable lease payments not include in the measurement of lease liabilities	827	706	611
Variable lease payments by rental concessions received	(489)	—	—
	$ 758	$ 1,803	$ 2,876
Finance cost			
Aircraft	$ 8,185	$ 11,221	$ 12,074
Real estate	1,717	2,073	2,105
Unwinding of discount and changes in the discount rate	832	846	796
	$ 10,734	$ 14,140	$ 14,975
	$107,874	$118,767	$124,978

Some property leases contain variable payment terms that are linked to the number of passengers or employees using the areas. Additional, some aircraft leases contain variable payment terms that depend on the aircraft's flight hours.

The unwinding of discount and changes in the discount rate over leased aircraft correspond to the interest expenses of the discounted dismantling provision.

The Company as a lessor

Since 2015, the Company is the lessor of two aircraft Boeing 737-700, as part of the strategy of fleet management, in order to optimize the use of aircraft in relation to the routes scheduled for that year. Each lease is scheduled to expire in 2022. The carrying amount of the two aircraft under operating leases is up to $12.3 million (2019: $37.7 million).

Total lease income amounts to $3.2 million for the period ended December 31, 2020 (2019: $3.5 million and 2018: $3.5 million), included under "Other operating revenue" in the accompanying consolidated statement of profit or loss.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

The future minimum lease receivables under non-cancellable leases are as follows:

	2020	2019
Up to one year	$ 3,000	$ 3,220
One to five years	2,875	5,875
Total minimum lease rental receivables	$ 5,875	$ 9,095

15. Net employee defined benefit

	2020	2019
Fair value of plan assets	$ 25,783	$ 29,086
Defined benefit obligation	(39,466)	(28,195)
Other employee benefits	(649)	(642)
	$ (40,115)	$ (28,837)
Benefit (liability) assets	$ (14,332)	$ 249

In accordance with Panamanian law, the Company contributes to the following defined benefit plans:

Seniority premium plan: is a contingent liability that companies must pay to their employees according to article 224 of Panama´s Labor Code according to the following:

Eligibility:	All employees
Benefit:	One week of salary per years of service
Salary:	Average of the 5 prior years of the monthly base salary
Payment:	Lump sum

Indemnity plan: it covers all employees eligible for the indemnity plan as provided by the Company. The benefits consist of 6.54% of eligible earnings accumulated for each year of service.

The actuarial liability is recognized for the legal obligation under the formal terms of the plan, and for the implied projections as required under IAS 19R. These actuarial projections do not constitute a legal obligation for the Company.

The following table summarizes the components of net benefit expense included under "Wages, salaries, benefits and other employees´ expenses" in the accompanying consolidated statement of profit or loss:

Year ended December 31,2020	Defined benefit obligation	Fair value of assets	Defined benefit assets (liability)
Current service cost	$ 2,393	$ —	$ 2,393
Interest cost on net benefit obligation	706	(731)	(25)
Past service cost	457	—	457
Curtailment / Settlement	(2,026)	—	(2,026)
Net benefit expense	$ 1,530	$ (731)	$ 799

Year ended December 31,2019	Defined benefit obligation	Fair value of assets	Defined benefit assets (liability)
Current service cost	2,192	—	2,192
Interest cost on net benefit obligation	887	(979)	(92)
Net benefit expense	$ 3,079	$ (979)	$ 2,100

Year ended December 31,2018	Defined benefit obligation	Fair value of assets	Defined benefit assets (liability)
Current service cost	2,105	—	2,105
Interest cost on net benefit obligation	642	(666)	(24)
Net benefit expense	$ 2,747	$ (666)	$ 2,081

The following table shows reconciliation from the opening balance to the closing balances for net employee defined benefit liabilities and its components:

	Defined benefit obligation	Fair value of assets	Other employee benefits liability	Defined benefit assets (liability)
At January 1, 2018	$ (19,997)	$ 23,794	$ (612)	$ 3,185
Current service cost	(2,105)	—	—	(2,105)
Interest (cost) income	(642)	666	—	24
Return on plan assets	—	483	—	483
Experience gain (loss)	(1,943)	—	—	(1,943)
Invesment return	—	67	—	67
Actuarial changes arising from changes in financial assumptions	877	—	—	877
Employer contributions	—	4,780	—	4,780
Benefits paid	1,242	(1,451)	—	(209)
Adjustments	—	—	(68)	(68)
At December 31, 2018	$ (22,568)	$ 28,339	$ (680)	$ 5,091
Current service cost	(2,192)	—	—	(2,192)
Interest (cost) income	(887)	979	—	92
Experience gain (loss)	(1,681)	—	—	(1,681)
Invesment return	—	138	—	138
Actuarial changes arising from changes in financial assumptions	(1,874)	—	—	(1,874)
Employer contributions	—	1,903	—	1,903
Benefits paid	1,007	(1,086)	—	(79)
Adjustments	—	(1,187)	38	(1,149)
As of December 31, 2019	$ (28,195)	$ 29,086	$ (642)	$ 249
Current service cost	(2,393)	—	—	(2,393)
Interest (cost) income	(706)	731	—	25
Past service cost	(457)	—	—	(457)
Curtailment / Settlement	2,026	—	—	2,026
Return on plan assets	—	374	—	374
Experience gain (loss)	(4,001)	—	—	(4,001)
Actuarial changes arising from changes in demographic assumptions	(11,285)	—	—	(11,285)
Actuarial changes arising from changes in financial assumptions	(1,028)	—	—	(1,028)
Employer contributions	—	1,709	—	1,709
Benefits paid	6,573	(6,117)	—	456
Adjustments	—	—	(7)	(7)
As of December 31, 2020	$ (39,466)	$ 25,783	$ (649)	$ (14,332)

As of December 31, 2020 and 2019, plan assets are comprised totally by fixed term deposits.

For the year ended December 31, 2020 actuarial losses of $15.5 million (2019: $4.4 million and 2018: $0.3 million) were recognized in other comprehensive income.

As of December 31, 2020, employer contributions are a net amount of regular contributions by $2.8 million (2019: $4.4 million and 2018: $4.8 million) and retirement of interest earned by $1.1 million (2019: 2.5 million and 2018: null).

The following were the principal actuarial assumptions at the reporting date:

	2020	2019	2018
Economic assumptions -			
Discount rate	2.0%	2.5%	3.9%
Compensation - salary increase	4.0%	4.0%	4.0%
Demographic assumptions -			
Mortality	Panama expirence	RP - 2000 no collar	RP -2000 no collar
Termination	2003 SoA pension plan	13% all ages	13% all ages
Retirement			
Males		62 years	
Females		57 years	

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

	December, 31 2020		December, 31 2019		December, 31 2018	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	$ 2,318	$ (2,554)	$ 709	$ (751)	$ 538	$ (569)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following payments are expected contributions to the defined benefit plan in future years:

	2020	2019
Up to one year	$ 2,299	$ 5,169
One to five years	8,777	14,008
Over five years	14,112	14,049
Total expected payments	$25,188	$33,226

The average duration of the defined benefit plan obligation at the end of the reporting period is 9.0 years.

16. Intangible assets

		Other intangibles assets		
	Goodwill	License and software rights	Intangible in process	Total
Cost -				
Balance at January 1, 2018	$20,380	$ 74,683	$ 30,891	$125,954
Additions	—	2,711	27,471	30,182
Disposals	—	—	—	—
Reclassifications	—	16,730	(16,730)	—
Balance at December 31, 2018	$20,380	$ 94,124	$ 41,632	$156,136
Additions	—	8,503	16,962	25,465
Disposals	—	(86)	—	(86)
Reclassifications	—	40,660	(40,660)	—
Balance at December 31, 2019	$20,380	$ 143,201	$ 17,934	$181,515
Additions	—	4,378	12,041	16,419
Disposals	—	(5,546)	—	(5,546)
Reclassifications	—	13,975	(13,975)	—
Balance at December 31, 2020	$20,380	$ 156,008	$ 16,000	192,388
Accumulated amortization and impairment -				
Balance at January 1, 2018	$ —	$ (44,839)	$ —	$ (44,839)
Amortization for the year	—	(10,129)	—	(10,129)
Disposals	—	—	—	—
Balance at December 31, 2018	$ —	$ (54,968)	$ —	$ (54,968)
Amortization for the year	—	(18,437)	—	(18,437)
Disposals	—	6	—	6
Balance at December 31, 2019	$ —	$ (73,399)	$ —	$ (73,399)
Amortization for the year	—	(25,493)	—	(25,493)
Impairment	—	—	(1,020)	(1,020)
Disposals	—	3,092	—	3,092
Balance at December 31, 2020	$ —	$ (95,800)	$ (1,020)	$ (96,820)
Carrying amounts -				
At December 31, 2018	$20,380	$ 39,156	$ 41,632	$101,168
At December 31, 2019	$20,380	$ 69,802	$ 17,934	$108,116
At December 31, 2020	$20,380	$ 60,208	$ 14,980	$ 95,568

Goodwill

For impairment testing, goodwill acquired through business combinations is allocated to the air transportation CGU which is also the operating and reportable segment of the Company. Goodwill is tested for impairment annually as at September 30 and when circumstances indicate that the carrying value may be impaired. The Company considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. On December 31, 2020, the market capitalization of the Company was below the book value of its equity, indicating a potential impairment of goodwill and impairment of the assets of the operating segment. In addition, the overall decline in air transportation around the world, as well as the ongoing economic uncertainty, have led to a decreased demand in the CGU.

The recoverable amount of the CGU of $2.5 billion (2019: $4.3 billion) has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 13.8% (2019: 13.5%) and the cash flows beyond the five-year period are extrapolated using a 4.5% (2019: 3.0%) growth rate. It was concluded that no impairment charge is necessary since the estimated recoverable amount of the CGU exceed its carrying value.

The calculations of value in use of the CGU are sensitive to the following main assumptions:

- Revenue – the Company calculated the projected passenger revenue based on the current beliefs, expectations, and projections about future events and financial trends affecting its business.
- Cash flows—determination of the terminal value is based on the present value of the Company's cash flows in perpetuity. When estimating the cash flows for use in the residual value calculation, it is essential to clearly define the normalized cash flows level, the appropriate discount rate for the degree of risk inherent in that return stream, and a constant future growth rate for the related cash flows. To estimate the value, the Gordon Growth Model was used.
- Discount rates – The selected pre-tax rate of 13.8% represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segment and is derived from its pre-tax weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

  A rise in the discount rate to 15.2% (i.e., +1.4%) would result in an impairment.

Other intangible assets

Intangible assets in process

Intangible assets in process as of December 31, 2020 and 2019 mainly comprise the development of operational systems.

During 2020, the Company capitalized $10.8 million on marketing, sales and human resources programs. During 2019, the Company capitalized $23.6 million of the new tickets reservation system.

As of December 31, 2020 the amount of $1.0 million recognized as "Impairment of non-financial assets" in the consolidated statement of profit or loss, is related to intangibles in process that will not continue to develop as consequence of the Covid-19 pandemic.

In addition, the Company identified and wrote-off $2.5 million, net of amortization related to capitalized software that were discontinued as a result of the COVID-19 pandemic.

17. Other assets

	2020	2019
Current -		
Interest receivable	$ 6,457	$12,838
Other	1,348	1,368
	7,805	14,206
Non-current -		
Guarantee deposits	3,010	4,121
Deposits for litigation	8,126	10,548
Other	3,212	3,212
	14,348	17,881
	$22,153	$32,087

Guarantee deposits are mainly amounts paid to fuel suppliers, as required at the inception of the agreements (see note 23).

Deposit for litigation is cash deposited into the escrow account until the related dispute is settled (see note 21).

18. Loans and borrowings

	2020		
	Due through	Effective rates ranged	Carrying Amount
Long-term fixed rate debt	2029	1.49% to 4.45%	663,293
Long-term variable rate debt	2029	0.42% to 1.66%	279,778
Senior convertible notes	2025	14.68%	220,829
			1,163,900
Current maturities			(127,946)
Loans and borrowings long-term			$1,035,954

	2019		
	Due through	Effective rates ranged	Carrying Amount
Long-term fixed rate debt	2029	1.49% to 4.90%	736,790
Long-term variable rate debt	2029	2.15% to 3.50%	323,975
			1,060,765
Current maturities			(122,582)
Loans and borrowings long-term			$ 938,183

Maturities of the loans and borrowings for the next five years are as follows:

Year ending December 31, 2021	127,946
2022	116,767
2023	96,132
2024	158,459
2025	375,385
Thereafter	289,211
	$1,163,900

Senior convertible notes

In April 2020, the Company issued Senior Convertible Notes ("notes") in the total principal amount of $350.0 million maturing on April 15, 2025, in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act").

The notes are senior, unsecured obligations of the Company and will accrue interest at a rate of 4.50% per annum, payable semi-annually in arrears on April 15 and October 15 of each year.

Noteholders have the right to convert their notes only upon the occurrence of certain events. From and after October 15, 2024, noteholders may convert their notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. The Company will settle conversions by paying or delivering, as applicable, cash, shares of their Class A common stock or a combination of cash and shares of their Class A common stock, at the Company's election. The initial conversion rate is 19.3564 shares per $1,000 principal amount of notes, which represents an initial conversion price of approximately $51.66 per share of Class A common stock and will be subject to adjustment upon the occurrence of certain events.

The net proceeds from the offering, after deducting the initial purchasers' discounts, commissions and other transaction costs is as follows:

	Nominal issue	Cost assigned to the debt host liability	Net funding
Date			
April 30, 2020	$350,000	$ (7,102)	$342,898

The Company used the net proceeds from the offering for general corporate purposes.

The notes are redeemable, in whole or in part, for cash at the Company's option at any time, and from time to time, on or after April 17, 2023 and on or before the 40th scheduled trading day immediately before the maturity date, but only if the last reported sale price per share of the Company's Class A common stock exceeds 130% of the conversion price for a specified period of time. In addition, the notes are redeemable, in whole and not in part, at the Company's option in connection with certain changes in tax law at any time. The redemption price will be equal to the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus a make-whole premium.

The component corresponding to the conversion feature of the notes is recorded an embedded derivative under "Derivative financial instruments" in the consolidated statement of financial position. The fair value of the embedded derivative at initial recognition was $138.4 million. At December 31, 2020, the fair value was $245.6 million and the Company recorded an unrealized loss of $107.1 recorded as "Net change in fair value of derivatives" in the consolidated statement of profit or loss (see note 28.6).

Long term debt and loan payable

As of December 31, 2020, long-term fixed rate debt included $579.7 million (2019: $608.3 million) and long-term variable debt included $202.6 million corresponding to aircraft acquisitions using JOLCO arrangements (2019: $225.2 million).

As of December 31, 2020 the Company had $160.7 million (2019: $227.3 million) of outstanding indebtedness that is owed to financial institutions under financing arrangements guaranteed by the Export-Import Bank of the United States. The Export-Import Bank guarantees support 80% of the net purchase price of the aircraft and are secured with a first priority mortgage on the aircraft in favor of a security trustee on behalf of Export-Import Bank.

The Company's Export-Import Bank supported financings are amortized on a quarterly basis, are denominated in U.S. dollars, and originally bear interest at a floating rate linked to LIBOR. The Export-Import Bank guaranteed facilities typically offer an option to fix the applicable interest rate. The Company has exercised this option with respect to $83.6 million as of December 31, 2020 (2019: $128.1 million).

The detail of finance cost and income is as follows:

	2020	2019	2018
Finance income -			
Interest income on short-term bank deposits	$ 543	$ 1,432	$ 1,670
Interest income on investment	19,420	22,973	21,958
	$ 19,963	$ 24,405	$ 23,628
Finance cost -			
Interests expense on bank loans	$ (29,711)	$ (36,676)	$ (34,687)
Interests expense on senior convertible notes	(23,571)	—	—
Interest on factoring	(256)	(1,316)	(1,163)
Interest on lease liabilities (see note 14)	(10,734)	(14,140)	(14,975)
Other finace cost	(8,773)	(5,300)	—
	$(73,045)	$(57,432)	$(50,825)

Changes in liabilities arising from financing activities:

			Non-cash movements				
	2019	Cash flows	Foreign exchange movement	Leases	Concession Covid-19	Other	2020
Loans and borrowings	$1,060,765	$ 220,812	$ —	$ —	$ —	$(117,677)	$1,163,900
Lease liability	304,564	(93,213)	(347)	19,995	(489)	—	230,510
Dividends payable	—	(33,990)	—	—	—	—	(33,990)
Total liabilities from financing activities	$1,365,329	$ 93,609	$ (347)	$19,995	$ (489)	$(117,677)	$1,360,420

			Non-cash movements				
	2018	Cash flows	Foreign exchange movement	Leases	Concession Covid-19	Other	2019
Loans and borrowings	$1,293,541	$(331,827)	$ —	$ —	$ —	$ 99,051	$1,060,765
Lease liability	375,683	(103,069)	(84)	32,034	—	—	304,564
Dividends payable	—	(110,438)	—	—	—	—	(110,438)
Total liabilities from financing activities	$1,669,224	$(545,334)	$ (84)	$32,034	$ —	$ 99,051	$1,254,891

The column “Leases” includes the non-cash additions to right-of-use assets and lease liabilities.

The “Concession Covid-19” column disclose the reduction or absence of cash outflows that arise from rent concessions to which the Company has applied the practical expedient.

For the year ended December 31, 2020 the column “Other” includes the recognition of the embedded derivative of the Notes recorded at its fair value at the inception of the transaction and the effect of accrued but not yet paid interest on loans and borrowings. For the year ended December 31, 2019, also includes the non-cash investing and financing transactions related to the acquisition of new aircraft financed using the JOLCO structure.

The Company classifies interest paid as cash flows from operating activities.

19. Trade, other payables and financial liabilities

	2020	2019
Account payables	$63,461	$119,332
Account payables to related parties	2,970	14,086
	66,431	133,418
Others	252	84
	$66,683	$133,502

See details of the account due to related parties in note 23.

20. Accrued expenses payable

	2020	2019
Accruals and estimations	$23,589	$ 4,616
Labor related provisions	6,541	44,401
Liability for social security contributions	3,275	5,617
Other	590	739
	$33,995	$55,373

As of December 31, 2020 and 2019, accruals and estimations include the estimated balance of the current portion of the long term provisions (see note 21).

Labor related provisions include a profit-sharing program for both management and non-management staff. For members of management, profit-sharing is based on a combination of the Company's performance as a whole and the achievement of individual goals. Profit-sharing for non-management employees is based solely on the Company's performance. The accrual at year-end represents the amount expensed for the current year, which is expected to be settled within 12 months.

21. Other long-term liabilities

	Provision for litigations	Provision for return condition	Dismantling provision	Other long-term liabilities	Total
Balance at January 1, 2020	$ 12,961	$ 133,014	$ 24,327	$ 25,535	$195,837
Increases	59	41,051	—	685	41,795
Used	—	—	—	(4,047)	(4,047)
Adjustment	—	—	(178)	—	(178)
Effect of movements in exchange rates	(2,108)	—	—	—	(2,108)
Unused amounts reversed	(990)	—	—	—	(990)
Unwinding of discount and changes in the discount rate	—	8,773	832	—	9,605
Balance at December 31, 2020	$ 9,922	$ 182,838	$ 24,981	$ 22,173	$239,914
Current	—	17,283	1,931	4,375	23,589
Non-current	9,922	165,555	23,050	17,798	216,325
	$ 9,922	$ 182,838	$ 24,981	$ 22,173	$239,914

Provision for litigation

Provisions for litigation in process and expected payments related to labor legal cases.

The Company is the plaintiff in an action in October 2003 against Empresa Brasileira de Infraestrutura Aeroportuária ("INFRAERO"), Brazil's airport operator, the legality of the Additional Airport Tariffs (*Adicional das Tarifas Aeroportuárias*, or ATAERO), which is a 50% surcharge imposed on all airlines which fly to Brazil. Similar suits have been filed against INFRAERO by other major airline carriers. In this case, the court of first instance ruled in favor of INFRAERO and the Company has appealed the judgment. While the litigation is still pending, the Company continues to pay the ATAERO amounts due into an escrow account and as of December 31, 2020, the aggregate amount in such account totaled $8.1 million (2019: $10.4 million).

In the event that the Company receives a final unfavorable judgment it will be required to release the escrowed fund to INFRAERO and will not be able to recover such amounts. The Company does not, however, expect the release of such amounts to have a material impact on its financial results since these amounts already had been expensed.

Provision for return condition

For operating leases, the Company is contractually obliged to return aircraft in an agreed-upon condition. The Company accrues for return conditions related to aircraft held under operating leases throughout the duration of the lease. As of December 31, 2020, the estimated balance of the current portion of this provision amounts to $17.4 million, presented as "Accrued expenses payable" in the consolidated statement of financial position (see note 20).

The unwinding of the discount and changes in the discount rate is expensed as incurred and recognized in the statement of profit or loss as a finance cost.

Dismantling provision

For leases under IFRS 16 the Company recognizes a dismantling provision to estimate the costs for work required to be performed just before the redelivery of the aircraft to the lessors and which does not depend of the aircraft utilization. As of December 31, 2020, the estimated balance of the current portion of this provision amounts to $1.9 million, presented as "Accrued expenses payable" in the consolidated statement of financial position (see note 20).

Other long-term liabilities

Other long-term liabilities include principally the provision for maintenance which mainly include the accrual of formal agreements with third parties for operational maintenance events. The cost of these agreements is billed by power by the hour and charged to the consolidated statement of profit or loss. As of December 31, 2020, the provision for maintenance amounts to $19.0 million (2019: $22.4 million) and the Company has presented the estimated balance of the current portion of this provision as "Accrued expenses payable" in the consolidated statement of financial position (see note 20).

Other long-term liabilities also include the provision for the non-compete agreement created for payment to senior management related to covenants not to compete with the Company in the future (relative to the $3.0 million trust fund). This provision is accounted for as "Other long-term employee benefits" under IAS 19R *Employee benefits*. The accrued amount is revalued annually using the projected benefit method as required by IAS 19R (see note 23 - Compensation of key management personnel).

22. Income taxes

	2020	2019	2018
Current taxes expense -			
Current period	$ (14,032)	$ (55,847)	$ (35,258)
Adjustment for prior period	162	693	261
	$(13,870)	$(55,154)	$(34,997)
Deferred taxes expenses -			
Origination and reversal of temporary differences	37,587	8,717	467
Total income tax	$ 23,717	$ (46,437)	$ (34,530)

During the year 2018, the deferred tax balances have been re-measured as a result of the change in Colombia's income tax rate, 31% and 30% for the taxable year 2021 and 2022, respectively according to the law N°1943 published on December 28, 2018. Deferred tax expected to reverse in the year 2021, has been measured using the effective rate that will apply for Copa Airlines (25%), Copa Colombia (31%) and OVAL (21%)

The balances of deferred taxes are as follows:

	Statement of financial position		Statement of profit or loss		
	2020	2019	2020	2019	2018
Deferred tax liabilities					
Maintenance deposits	$(23,891)	$(29,863)	$ (5,972)	$ —	$ 3,277
Prepaid dividend tax	—	(7,403)	(7,403)	(1,456)	(5,244)
Property and equipment	2,108	(2,896)	(5,004)	(4,500)	(2,136)
Other	(1,500)	(4,690)	(3,190)	(1)	641
Set off tax	1,093	1,455	362	414	(63)
	$(22,190)	$(43,397)	$(21,207)	$(5,543)	$(3,525)
Deferred tax assets					
Provision for return conditions	$ 12,665	$ 10,095	$ (2,570)	$(2,959)	$ 723
Air traffic liability	2,486	2,039	(447)	(247)	(511)
Other provisions	624	6,826	6,202	(2,139)	(271)
Tax loss	20,913	1,710	(19,203)	2,585	3,054
Set off tax	(1,093)	(1,455)	(362)	(414)	63
	$ 35,595	$ 19,215	$(16,380)	$(3,174)	$ 3,058
	$ 13,405	$(24,182)	$(37,587)	$(8,717)	$ (467)

At December 31, 2020 the deferred tax assets include tax losses carried forward of $11.8 million in Copa Airlines and $9.1 million in Copa Colombia ($1.7 million at December 2019). The Company has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans for the subsidiary. The Company expects to use the tax losses of Copa Airlines from 2023 for 3 years and the tax losses of Copa Colombia within the next 7 years beginning from 2022.

At December 31, 2020 the company does not have aggregate amount of temporary differences associated with investments in subsidiaries, for which deferred tax liabilities have not been recognized for the tax losses of the year (2019: $272.5 million).

Reconciliation of the effective tax rate is as follows:

	Tax rate	2020	Tax rate	2019	Tax rate	2018
Net income		$(607,062)		$247,002		$ 88,198
Total income tax expense		(23,717)		46,437		34,530
Profit excluding income tax		(630,779)		293,439		122,728
Income taxes at Panamanian statutory rates	25.0%	(157,695)	25.0%	73,360	25.0%	30,682
Stations - Taxable / Panama	(13.2%)	83,071	(13.7%)	(40,205)	(19.3%)	(23,745)
Stations - Taxable / Non Panama	(1.5%)	9,850	2.4%	7,043	9.0%	11,052
Stations - Non Taxable / Non Panama	(5.3%)	33,728	(4.9%)	(14,444)	3.3%	4,106
Dividend tax	(1.2%)	7,491	7.2%	21,376	10.3%	12,696
(Over) under provided in prior periods	0.0%	(162)	(0.2%)	(693)	(0.2%)	(261)
Provision for income taxes	3.8%	$ (23,717)	15.8%	$ 46,437	28.1%	$ 34,530

23. Accounts and transactions with related parties

	2020	2019
Account receivable -		
Banco General, S.A.	$1,231	$ 24
Panama Air Cargo Terminal	186	101
Petróleos Delta, S.A.	12	22
	$1,429	$ 147
Account payable -		
Petróleos Delta, S.A.	$2,476	$13,330
Assa Compañía de Seguros, S.A.	358	283
Desarrollos Inmobiliarios del Este, S.A.	51	20
Panama Air Cargo Terminal	40	250
Galindo, Arias & López	36	—
Cable Onda, S.A.	9	20
Banco General, S.A.	—	151
Motta International, S.A.	—	32
	$2,970	$14,086

Transactions with related parties for the year ended December 31 are as follows:

Related party	Transaction	Amount of transaction 2020	Amount of transaction 2019	Amount of transaction 2018
Petróleos Delta, S.A.	Purchase of jet fuel	$102,702	$376,765	$398,733
ASSA Compañía de Seguros, S.A.	Insurance	7,147	11,215	9,735
Desarrollo Inmobiliario del Este, S.A.	Property leasing	3,301	4,017	3,838
Profuturo Administradora de Fondos de Pensión y Cesantía	Payments	2,839	5,145	4,716
Panama Air Cargo Terminal	Handling	2,037	3,522	5,849
Motta International	Purchase	550	1,854	1,585
Cable Onda, S.A.	Communications	703	1,396	1,687
Galindo, Arias & López	Legal services	236	309	490
GBM International, Inc.	Technological support	146	240	231
Global Brands, S.A.	Purchase	31	108	55
Televisora Nacional, S.A.	Communications	13	—	—
Banco General, S.A.	Interest income	$ (2,657)	$ (4,181)	$ (3,781)

Banco General, S.A.: The Company's controlling shareholders have a vote and a decision within the board of directors of BG Financial Group, which is the controlling company of Banco General. Likewise, Banco General, S. A. owns ProFuturo Administradora de Fondos de Pensión y Cesantía S.A., which manages the Company's reserves for pension purposes. Also the Company has interest receivable by $1.0 million (2019: $2.1 million) due to short and long term time deposits in this financial institution.

Petróleos Delta, S.A.: Since 2005, the fuel company entered into a contract with the Company to meet its jet fuel needs. The contract's term is two years, and the last contract subscribed was on June, 2020.

While the Company's controlling shareholders do not hold a controlling equity interest in Petróleos Delta, S.A., various members of the Company's Board of Directors are also board members of Petróleos Delta, S. A.

ASSA Compañía de Seguros, S. A.: An insurance that provide substantially all of the Company's insurance policies. While the Company's controlling shareholders do not hold a controlling equity interest in ASSA Compañía de Seguros, S. A., various members of the Company's Board of Directors are also board members of ASSA Compañía de Seguros, S. A.

Desarrollo Inmobiliario del Este, S. A.: The Company leases five floors consisting of approximately 105,981 square feet of the building from Desarrollo Inmobiliario, an entity controlled by the same group of investors that controls Corporación de Inversiones Aéreas, S. A. ("CIASA"). CIASA owns 100% of the class B shares of the Company. This contract is a lease contract under IFRS 16.

Panama Air Cargo Terminal: Provides cargo and courier services in Panama, an entity controlled by the same group of investors that controls CIASA.

Motta Internacional, S.A. & Global Brands, S. A.: The Company purchases most of the alcohol and other beverages served on its aircraft from Motta Internacional, S. A. and Global Brands, S. A., both of which are controlled by the Company's controlling shareholders.

Cable Onda, S.A.: The Company is responsible for providing television and internet broadcasting services in Panama. A member of the Company's Board of Directors is shareholder of Cable Onda, S. A.

Galindo, Arias & López: Certain partners of Galindo, Arias & López (a law firm) are indirect shareholders of CIASA and serve on the Company's Board of Directors.

GBM International, Inc.: Provides systems integration and computer services, as well as technical services and enterprise management. A member of the Company's Board of Directors is shareholder of GBM International, Inc.

Televisora Nacional, S.A.: This Panamanian television channel provide broadcasting services. A member of the Company's Board of Directors is shareholder of Televisora Nacional, S. A.

Compensation of key management personnel

Key management personnel compensation is as follows:

	2020	2019	2018
Short-term employee benefits	$3,177	$4,969	$ 6,104
Post-employment pension	61	95	117
Share-based payments	2,362	3,246	5,092
	$5,600	$8,310	$11,313

The Company has not set aside any additional funds for future payments to executive officers, other than one pursuant to a non-compete agreement for $3.0 million established in 2006 (see note 21).

24. Equity

Common stock

The authorized capital stock consists of 80 million shares of common stock without par value, divided into Class A shares, Class B shares, and Class C shares. As of December 31, 2020, the Company had 33,861,872 Class A shares issued (2019: 33,835,747) and 31,421,265 shares outstanding (2019: 31,337,856), 10,938,125 Class B shares issued and outstanding (2019: 10,938,125) and no Class C shares outstanding. Class A and Class B shares have the same economic rights and privileges, including the right to receive dividends.

- Class A shares

The holders of the Class A shares are not entitled to vote at our shareholders' meetings, except in connection with the following specific matters: (i) a transformation of the Company into another corporate type; (ii) a merger, consolidation, or spin-off of the Company, (iii) a change of corporate purpose; (iv) voluntarily delisting Class A shares from the NYSE; (v) and any amendment to the foregoing special voting provisions adversely affecting the rights and privileges of the Class A shares.

- Class B shares

Every holder of Class B shares is entitled to one vote per share on all matters for which shareholders are entitled to vote. The Class B shares may only be held by Panamanians, and upon registration of any transfer of a Class B share to a holder that does not certify that it is Panamanian, such Class B share shall automatically convert into a Class A share.

Transferees of Class B shares will be required to deliver to the Company a written certification of their status as Panamanian as a condition to registering the transfer to them of Class B shares.

- Class C shares

The Independent Directors Committee of the Board of Directors, or the Board of Directors as a whole if applicable, is authorized to issue Class C shares to the Class B holders pro rata in proportion to such Class B holders' ownership of Copa Holdings. The Class C shares will have no economic value and will not be transferable except to Class B holders, but will possess such voting rights as the Independent Directors Committee shall deem necessary to ensure the effective control of the Company by Panamanians.

The Class C shares will be redeemable by the Company at such time as the Independent Directors Committee determines that such a triggering event shall no longer be in effect. The Class C shares will not be entitled to any dividends or any other economic rights.

Class A shares are listed on the NYSE under the symbol "CPA." The Class B shares and Class C shares will not be listed on any stock exchange unless the Board of Directors determines that it is in the best interest of the Company to list the Class B shares on the Panama Stock Exchange.

Dividends

The payment of dividends on shares is subject to the discretion of the Board of Directors. Under Panamanian law, the Company may pay dividends only out of retained earnings and capital surplus. The Articles of Incorporation provides that all dividends declared by the Board of Directors will be paid equally with respect to all of the Class A and Class B shares.

In February 2016, the Board of Directors of the Company approved to change the dividend policy to base the calculation of the payment of yearly dividends to shareholders in an amount of up to 40% of the prior year's annual consolidated underlying net income, distributed in equal quarterly installments upon board ratifications.

During the first quarter of 2020, the Company paid dividends in the amount of $80 cents per share. Given the uncertainty related to the Covid-19 pandemic, including the effect on future air travel demand, on April 26, 2020 the Board of Directors postponed dividend payments for the remaining quarters of 2020.

In 2019, the Company paid quarterly dividends in the amount of $65 cents per share.

Treasury stock

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable cost net of any tax effects, is recognized as a deduction from equity and presented separately in the balance sheet. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented within share premium.

Since treasury stock is not considered outstanding for share count purposes, it is excluded from average common shares outstanding for basic and diluted earnings per share.

In November, 2014, the Board of Directors of the Company approved a $250 million share repurchase program. Purchases will be made from time to time, subject to market and economic conditions, applicable legal requirements, and other relevant factors. Between November 2014 and September 2015, the Company repurchased 2,310,492 shares for a total amount of $136.4 million. As of December 31, 2019, the Company had $113.6 million remaining to purchase shares under its share repurchase program.

25. Share-based payments

The Company has established equity compensation plans under which it administers restricted stock, stock options, and certain other equity-based awards to attract, retain, and motivate executive officers, certain key employees, and non-employee directors to compensate them for their contributions to the growth and profitability of the Company. Shares delivered under this award program may be sourced from treasury stock, or authorized unissued shares.

The Company's equity compensation plans are accounted for under IFRS 2 *Share-Based Payment* ("IFRS 2"). IFRS 2 requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award or at fair value of the award at each reporting date, depending on the type of award granted. The resulting cost is recognized over the period during which an employee is required to provide service in exchange for the award, which is usually the vesting period.

The total compensation cost recognized for non-vested stock and options awards amounts to $5.3 million, $6.1 million, and $7.1 million in 2020, 2019, and 2018, respectively, and was recorded as a component of "Wages, salaries, benefits and other employees' expenses" within operating expenses.

Non-vested Stock

The Company approved a non-vested stock bonus award for certain executive officers of the Company.

A summary of the terms and conditions, properly approved by the Compensation Committee of our Board of Directors, relating to the grants of the non-vested stock award under the equity compensation plan is as follows:

Grant date	Number of instruments	Vesting conditions	Contractual life
April, 2015	4,915	15% first three anniversaries 25% fourth 30% fifth anniversary	5 years
June, 2015	5,839	15% first three anniversaries 25% fourth 30% fifth anniversary	5 years
February, 2016	147,000	15% first three anniversaries 25% fourth 30% fifth anniversary	5 years
February, 2016	63,000	Fifth anniversary	5 years
May, 2016	7,899	15% first three anniversaries 25% fourth 30% fifth anniversary	5 years
February, 2017	22,012	One-third every anniversary	3 years
February, 2017	11,980	One-third every anniversary	3 years
February, 2017	2,237	Third anniversary	3 years
February, 2018	21,556	7% first month 31% first three anniversaries	3 years
February, 2018	14,379	33% first three anniversaries	3 years
February, 2018	1,316	15% first three anniversaries 25% fourth 30% fifth anniversary	5 years
July, 2018	6,104	Third anniversary	3 years
February, 2019	15,951	1% first month 33% first three anniversaries	3 years
June, 2019	9,256	33% first three anniversaries	3 years
June, 2019	977	33% first three anniversaries	3 years
August, 2019	1,039	33% first three anniversaries	3 years
December, 2019	1,724	100% first anniversary	1 year
February, 2020	24,650	1% first month 33% first three anniversaries	3 years
December, 2020	3,551	100% first anniversary	1 year

Non-vested stock awards were measured at their fair value on the grant date. For the 2020 grants, the fair value of these non-vested stock awards amounts to $93.99 per share (2019: $96.46).

A summary of the non-vested stock award activity under the plan as of December 31, 2020, 2019 and 2018 with changes during these years is as follows (in number of shares):

	2020	2019	2018
Non-vested as of January 1	211,205	271,904	304,153
Granted	28,201	28,947	43,355
Vested	(83,409)	(80,170)	(72,045)
Forfeited	(2,076)	(9,476)	(3,559)
Non-vested as of December 31	153,921	211,205	271,904

The Company uses the accelerated attribution method to recognize the compensation cost for awards with graded vesting periods. The Company estimates that the remaining compensation cost, not yet recognized for the non-vested stock awards, amounts to $1.9 million (2019: $4.0 million), with a weighted average remaining contractual life of 1.6 years (2019: 2.1 years). Additionally, the Company estimates that the 2021 compensation cost related to these plans amounts to $1.4 million.

The Company plans to make additional equity-based awards under the plan from time to time, including additional non-vested stock and stock option awards. The Company anticipates that future employee non-vested stock and stock option awards granted pursuant to the plan will generally vest over a three to five-year period and the stock options will carry a ten-year term.

26. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit (loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year, increased by the number of non-vested dividend participating share-based payment awards outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit (loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, when the effect of their inclusion is dilutive (decreases earnings per share or increases loss per share).

The computation of the (losses) income and share data used in the basic and diluted (loss) earnings per share is as follows:

	2020	2019	2018
Basic earnings per share -			
Net (loss) income	$(607,062)	$247,002	$88,198
Weighted-average shares outstanding	42,338	42,258	42,182
Non-vested dividend participating awards	170	225	274
	42,508	42,483	42,456
	(14.28)	5.81	2.08

27. Commitments and contingencies

Purchase contracts

As of December 31, 2020, the Company had one purchase contract with Boeing entailing sixty- (60) firm orders of Boeing 737 MAX aircraft, agreed to be delivered between 2021 and 2027.

The aircraft and engines contractual obligations net of discounts and pre-delivery payments, including estimated amounts for contractual price escalation, are as follows:

Year ending December 31, 2021	560,914
2022	201,544
2023	408,145
2024	439,433
2025	514,549
Thereafter	850,823
	$2,975,408

As of December 31,2020 the Company has paid $410.9 million (2019: $468.8 million) in predelivery deposits related to the purchase contract with Boeing for the 737 MAX aircraft.

From March 2019 to November 18, 2020, the Federal Aviation Administration (FAA) grounded all U.S. registered Boeing 737 MAX aircraft an action that was followed by most of the world's aviation regulators, including Panamanian aviation regulators. As a consequence, during February 2021, the Company has reached an agreement with Boeing regarding compensation related to the damages that it has suffered during this period. Terms remain confidential (see note 29).

Labor unions

Approximately 66.3% of the Company's 5,667 employees are unionized. There are currently nine (9) union organizations, five (5) covering employees in Panama and four (4) covering employees in Colombia. The Company traditionally had good relations with its employees and with all the unions and expects to continue to enjoy good relations with its employees and the unions in the future.

The five (5) unions covering employees in Panama include the pilots' union (UNPAC); the flight attendants' union (SIPANAB); the mechanics' union (SITECMAP), the industry union (SIELAS), which represents ground personnel, messengers, drivers, passenger service agents, counter agents, and other non-executive administrative staff, and other industry union named UGETRACA which represents ground personnel and flight attendants.

Copa entered into collective bargaining agreements with the pilot's union in July 2017, the industry union in December 2017, the mechanics' union in June 2018 and the flight attendants' union in October 2018. Copa does not have a collective bargain agreement negotiated with UGETRACA because they do not have the eligible amount of employees.

Collective bargaining agreements in Panama typically have terms of four years.

The four (4) unions covering employees in Colombia are: the pilots' union (ACDAC), the flight attendants' union (ACAV), the industry union (SINTRATAC), and the Mechanics Union (ACMA), approximately 39.0% of the Company's 418 employees are unionized.

Copa entered into collective bargaining with ACDAC and ACAV in January 2018. ACDAC has not yet resolved and ACAV ended with a new arbitration collective document for two years that expired in September 2020. This new arbitration was authomatically extended until March 2021. Additionally, SINTRATAC and Copa entered into collective bargaining agreement in December 2017 for terms of four years until December 2021. Negotiations with ACMA were resolved by arbitration on December 31, 2015, extending the validation every 6 months from this date, until June 30, 2018. ACMA has not presented a new bill of petition.

Typically, collective bargaining agreements in Colombia have terms of two to three years. Although Copa Colombia usually settles many of its collective bargaining agreement negotiations through arbitration proceedings, it has traditionally experienced good relations with its unions.

In addition to unions in Panama and Colombia, the Company's employees in Brazil are covered by industry union agreements that cover all airline industry employees in the country and airport employees in Argentina are affiliated to an industry union (UPADEP).

Lines of credit for working capital and letters of credit

The Company maintained letters of credit with several banks with a value of $44.3 million as of December 31, 2020 (2019: $25.8 million). These letters of credit are pledged mainly for International Air Transport Association (IATA) settlement systems, operating lessors, maintenance providers and airport operators.

The Company has committed unsecured credit facilities of $200.0 million, currently undrawn. In addition, the Company closed a secured revolving credit facility for an initial aggregate amount of $105.0 million. Including this facility, the Company has $305.0 million in unutilized committed credit facilities as of December 31, 2020 (2019: $305.0 million). These credit facilities have been put in place for contingency and working capital purposes.

Tax audit

The Company received notifications from the tax authorities in Panama on February 2020 and in Colombia on November 2020 and March 2016. The Company, along with its tax advisors, has concluded that it is not probable that an outflow of resources embodying economic benefits will be required to settle them, especially considering that the Company has enough arguments to support its position and also taking into consideration that both cases are in the preliminary stages.

In February 2020, the Company received two notifications from the tax authority in Panama related to a tax audit process that began in 2019. The notification includes potentially significant adjustments to the reported dividend tax for the years 2012 to 2016 and income tax 2016. The Company has filed an administrative appeal which is the first legal stage under Panamanian laws. The Company, along with its tax advisors, has concluded that is probable that the Company's tax position will be upheld. As a result, is not probable that the Company will incur any significant additional tax as result. According to Panamanian laws, the statute of limitations is 3 and 15 years for income tax and dividend tax, respectively.

28. Financial instruments - Risk management and fair value

In the normal course of its operations, the Company is exposed to a variety of financial risks: market risk (especially cash flow, currency, commodity prices and interest rate risk), credit risks and liquidity risk. The Company has established risk management policies to minimize potential adverse effects on the Company's financial performance:

28.1 Fuel price risk

The Company has risks that are common in its industry, related to the price level of aircraft fuel, which can significantly affect its operations, financial position and liquidity.

In the past the Company has entered into financial derivative contracts in an effort to mitigate this risk, but with inconsistent results. The Company has not entered into new fuel hedge contracts, and has adopted a new strategy of remaining unhedged, while regularly reviewing its policies based on market conditions and others factors. As of December 31, 2020 and 2019 , the Company did not have any outstanding fuel hedge contracts.

Fuel price risk is estimated as a hypothetical 10% increase in the December 31, 2020 cost per gallon of fuel. Based on projected 2021 fuel consumption, such an increase would result in an increase to aircraft fuel expense of approximately $21.3 million in 2021 (unaudited). There are no hedged contracts for 2021.

28.2 Market risk

Foreign currency risk

Foreign exchange risk is originated when the Company performs transactions and maintains monetary assets and liabilities in currencies that are different from the functional currency of the Company. Assets and liabilities in foreign currency are translated using the exchange rates at the end of the period, except for non-monetary assets and liabilities that are translated at the equivalent cost of the U.S. dollar at the acquisition date and maintained at the historical rate. The results of foreign operations are translated using the average exchange rates that were in place during the period. Gains and losses deriving from exchange rates are included within “(Loss) Gain on foreign currency fluctuations” in the consolidated statement of profit or loss.

The majority of the Company’s obligations are denominated in U.S. dollars. Since Panama uses the U.S. dollar as legal tender, the majority of the Company’s operating expenses are also denominated in U.S. dollars, approximately 65.7% of revenues and 86.0% of expenses. A significant part of our revenue is denominated in foreign currencies, including the Brazilian real, Colombian peso and Argentinian peso, which represented 9.5%, 9.1% and 4.0%, respectively (2019: 8.7%, 8.3% and 4.8% respectively).

Generally, the Company's exposure to most of these foreign currencies, is limited to the period of up to two weeks between the completion of a sale and the conversion to U.S. dollar. The following chart summarizes the Company's foreign currency risk exposure (assets and liabilities denominated in foreign currency) as of December 31:

	2020	2019
Assets		
Cash and cash equivalents	$12,322	$ 22,818
Accounts receivable, net	27,670	73,018
Other assets	18,942	15,726
Total assets	$58,934	$111,562
Liabilities		
Accounts payable	20,142	51,313
Taxes payable	13,757	37,137
Other liabilities	11,387	18,513
Total liabilities	$45,286	$106,963
Net position	$13,648	$ 4,599

From time to time the, Company enters into factoring agreements on receivables outstanding on credit card sales in certain countries.

28.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities, including deposits with banks and investments in financial instruments and from its accounts receivable. IFRS 9 requires the Company to recognize an allowance for ECLs for all financial assets not held at fair value through profit or loss.

The carrying amounts of financial assets represent the maximum credit risk.

Short and long-term investments

To mitigate the credit risk arising from deposits in bank, the Company only conducts business with financial institutions that have an investment grade above BBB- from Standard & Poor's and liquidity indicators aligning with or above the market average. For the investments in financial instruments, different from deposits in bank, the Company requires a grade above A- from Standard & Poor's.

The Company has established a policy to perform an assessment, at the end of each quarterly reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by monitoring changes in credit risk ratings published by Standard & Poor's.

As the financial instruments are considered to be low risk, the impairment provision is determined at 12-month ECLs using the general approach as prescribed by IFRS 9.

The movement in the allowance for impairment for short and long-term investments at amortized cost for the year ended December 31 was as follows:

	2020	2019
Balance at beginning of year	$ (957)	$(1,218)
(Additions)/Reversal	(260)	261
Balance at end of year	$(1,217)	$ (957)

Accounts receivable

Regarding credit risk originating from commercial accounts receivable, the Company does not consider it significant since most of the accounts receivable can be easily converted into cash, usually in periods no longer than one month. The risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Specific credit limits and payment terms have been established according to periodic analysis of the client's payment capacity.

A considerable amount of the Company's tickets sales are processed through major credit cards, resulting in accounts receivable that are generally short-term and usually collected before revenue is recognized. The Company considers that the credit risk associated with these accounts receivable is controllable based on the industry's trends and strong policies and procedures established and followed by the Company.

As a result of the previously explained, the Company evaluates the concentration of risk with respect to trade receivables as low.

An impairment analysis is performed at each quarterly reporting date using a provision matrix to measure expected credit losses. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the day past due.

Loss rates are based on actual credit loss experience over the last 12 months and adjusted for forward-looking factors specific to the debtors and the economic environment over the expected life of the receivables.

Although the Company evaluates the concentration of risk with respect to trade receivables as low, and its customers are located in several jurisdictions and operate in largely independent markets, some of them have been affected by Covid-19 to a greater degree than others and therefore be exposed to different risks of default. As a consequence, forward-looking information includes one or more downside scenarios related to the spread of Covid 19, specifically with respect to the categories "Government" and "Cargo and other travel agencies".

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix as of December 31:

	2020					
		Days past due				
	Total	Current	<30	30-60	60-90	>90
Expected credit loss rate		0.0%	0.1%	2.5%	3.7%	41.5%
Gross carrying amount	$ 72,172	$ 50,180	$3,554	$1,867	$1,228	$15,343
Expected credit loss	$ 6,483	$ 20	$ 3	$ 46	$ 46	$ 6,368

	2019					
		Days past due				
	Total	Current	<30	30-60	60-90	>90
Expected credit loss rate		0.1%	2.3%	3.7%	12.0%	33.3%
Gross carrying amount	$137,499	$111,778	$6,170	$2,786	$1,636	$15,129
Expected credit loss	$ 5,579	$ 99	$ 141	$ 104	$ 196	$ 5,039

28.4 Interest rate and cash flow risk

The income and operating cash flows of the Company are substantially independent of changes in interest rates, because the Company does not have significant assets that generate interest except for surplus cash and cash equivalents and short and long-term investments.

Interest rate risk originates mainly from long-term debt related to aircraft financing. These long-term lease payments at variable interest rates expose the Company to cash flow risk. The Company mitigates this risk by entering into fixed rate financing agreements in at least half of its outstanding debt.

As of December 31, 2020 and 2019, fixed interest rates range from 1.49% to 4.45%, and the main floating rate is LIBOR.

The Company's earnings are affected by changes in interest rates primarily due to the impact of those changes on interest expenses from variable-rate debt instruments. As of December 31st, 2020 we had $663.3 million of fixed-rated debt and $279.8 million of variable-rated debt. If the interest rate average is 100 basis points more in 2020, the variable-rate debt interest expense would increase by approximately $2.8 million and the estimated fair value of the fixed-rate debt would decreased– by approximately $1.5 million. These amounts are determined by considering the impact of the hypothetical interest rates on the variable-rate debt and marketable securities equivalent balances at December 31, 2020.

28.5 Liquidity risk

The Company's policy requires having sufficient cash to fulfill its obligations. The Company maintains sufficient cash on hand and in banks or cash equivalents that are highly liquid. The Company also has credit lines in financial institutions that allow it to withstand potential cash shortages to fulfill its short-term commitments (see note 27).

The table below summarizes the Company's financial liabilities according to their maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

December 31, 2020

	Note	Carrying amount	Contractual cash flow	Less than twelve months	Between 1 and 4 years	More than 4 years
Non-derivative financial liabilities						
Loans and borrowings	18	$1,163,900	$1,287,203	$155,902	$834,145	$297,156
Lease liabitity	14	230,510	246,495	90,244	147,530	8,720
Account payable	19	63,461	63,461	63,461	—	—
Account payable to related parties	19	2,970	2,970	2,970	—	—
		$1,460,841	$1,600,129	$312,577	$981,675	$305,876

December 31, 2019

	Note	Carrying amount	Contractual cash flow	Less than twelve months	Between 1 and 4 years	More than 4 years
Non-derivative financial liabilities						
Loans and borrowings	18	$1,060,765	$1,197,635	$146,434	$556,257	$494,944
Lease liabitity	14	304,564	329,029	107,556	212,408	9,065
Account payable	19	119,332	119,332	119,332	—	—
Account payable to related parties	19	14,086	14,086	14,086	—	—
		$1,498,747	$1,660,082	$387,408	$768,665	$504,009

28.6 Fair value measurement

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Note	Carrying amount		Fair Value	
		2020	2019	2020	2019
Financial assets					
Long-term investments	9	119,617	134,347	120,938	155,051
Financial liabilities					
Loans and borrowings	18	1,163,900	1,060,765	1,327,282	1,068,961

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The management assessed that the fair values of cash and short-term investments, accounts receivables, account payable and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- Long-term investments in bonds are based on published price quotations in an active market at the reporting date.
- Debt obligations, financial assets, and financial liabilities are estimated by discounting future cash flows using the Company's current incremental borrowing for a similar liability.
- Asset held for sale was determined considering observable quoted prices, in active markets adjusted by the costs to disposal estimated by the Company.
- Derivative financial instruments is valued by the Company, using a Least Square Monte Carlo pricing method by modelling the different triggers under which the notes can be converted. The market data used to calibrate the model are historical volatility measures based on stock prices of the Company obtained from Bloomberg and a zero-coupon interest rate curve in US$ (US$ Libor 3m Swap curve).

The following chart summarizes the Company's financial instruments measured at fair value, classified according to the valuation method:

		Fair value measurement as of reporting date		
	2020	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Non - recurring fair value measurements				
Assets				
Asset held for sale	135,542	—	—	135,542
Total assets	$135,542	$ —	$ —	$ 135,542
Recurring fair value measurements				
Liabilities				
Derivative financial instruments	245,560	—	245,560	—
Total liabilities	$245,560	$ —	$245,560	$ —

Company's approach and the key assumptions used to determine the fair value less costs of disposal of the assets held for sale were as follows:

	Unobservable input	Value assigned to key assumption	Approach to determining key assumption
Asset held for sale	Sales price	145,399	Average of purchase proposals received
	Cost of disposal	(9,857)	Estimated based on the Company's experience with disposal of similar assets.

29. Subsequent events

Stock Grants

During the first quarter of 2021, the Compensation Committee of the Company's Board of Directors approved two awards. Awards under these plans will grant approximately 136,654 shares of non-vested stock, which will vest over a period of three to five years. The Company estimates the fair value of these awards to be approximately $11.5 million and the 2021 compensation cost for these plans will be $5.7 million.

Compensation Boeing

During the first quarter of 2021, the Company reached an agreement with Boeing regarding compensation related to the Boeing 737 MAX grounding. As part of the agreement, the Company will receive compensation in the form of certain credits concurrent with future aircraft deliveries and other considerations, including a revised delivery stream.

The updated aircraft contractual obligations net of discounts and pre-delivery payments, including estimated amounts for contractual price escalation as March,31 2021, are as follows:

Year ending December 31, 2021	49,800
2022	187,882
2023	383,231
2024	421,271
2025	487,348
Thereafter	1,893,442
	$3,422,974

During the first quarter of 2021, six Boeing 737 MAX aircraft were delivered.

Exhibit 2.1

DESCRIPTION OF SECURITIES

The following is a summary of the material terms of Copa Holding's capital stock and a brief summary of certain significant provisions of Copa Holding's Articles of Incorporation. This description contains all material information concerning the common stock but does not purport to be complete. For additional information regarding the common stock, reference is made to the Articles of Incorporation, a copy of which has been attached as an exhibit to our annual report on Form 20-F.

For purposes of this section only, reference to "our" or "the Company" shall refer only to Copa Holdings and references to "Panamanians" shall refer to those entities or natural persons that are considered Panamanian nationals under the Panamanian Aviation Act, as it may be amended or interpreted.

Common Stock

Our authorized capital stock consists of 80 million shares of common stock without par value, divided into Class A shares, Class B shares and Class C shares. As of December 31, 2019, we had 33,835,747 Class A shares issued and 31,337,856 Class A shares outstanding; 10,938,125 Class B shares issued and outstanding, and no Class C shares outstanding. Class A and Class B shares have the same economic rights and privileges, including the right to receive dividends, except as described in this section.

Class A Shares

The holders of the Class A shares are not entitled to vote at our shareholders' meetings, except in connection with the

following specific matters:

- a transformation of Copa Holdings into another corporate type;
- a merger, consolidation or spin-off of Copa Holdings;
- a change of corporate purpose;
- voluntarily delisting Class A shares from the NYSE;
- approving the nomination of Independent Directors nominated by our board of director's Nominating and Corporate Governance Committee; and
- any amendment to the foregoing special voting provisions adversely affecting the rights and privileges of the Class A shares.

At least 30 days prior to taking any of the actions listed above, we must give notice to the Class A and Class B shareholders of our intention to do so. If requested by shareholders representing at least 5% of our outstanding shares, the Board of Directors shall call an extraordinary shareholders' meeting to approve such action. At the extraordinary shareholders' meeting, shareholders representing a majority of all of the outstanding shares must approve a resolution authorizing the proposed action. For such purpose, every holder of our shares is entitled to one vote per share. See below under "—Shareholders Meetings".

The Class A shareholders will acquire full voting rights, entitled to one vote per Class A share on all matters upon which shareholders are entitled to vote, if in the future our Class B shares ever represent fewer than 10% of the total number of shares of our common stock and the Independent Directors Committee shall have determined that such additional voting rights of Class A shareholders would not cause a triggering event referred to below. In such event, the right of the Class A shareholders to vote on the specific matters described in the preceding paragraph will no longer be applicable. The 10% threshold described in the first sentence of this paragraph will be calculated without giving effect to any newly issued shares sold with the approval of the Independent Directors Committee.

At such time, if any, as the Class A shareholders acquire full voting rights, the Board of Directors shall call an extraordinary shareholders' meeting to be held within 90 days following the date as of which the Class A shares are entitled to vote on all matters at our shareholders' meetings. At the extraordinary shareholders' meeting, the shareholders shall vote to elect all 11 members of the Board of Directors in a slate recommended by the Nominating and Governance Committee. The terms of office of the directors that were serving prior to the extraordinary shareholders' meeting shall terminate upon the election held at that meeting.

Class B Shares

Every holder of Class B shares is entitled to one vote per share on all matters for which shareholders are entitled to vote. Class B shares will be automatically converted into Class A shares upon the registration of transfer of such shares to holders which are not Panamanian as described below under "—Restrictions on Transfer of Common Stock; Conversion of Class B Shares".

Class C Shares

Upon the occurrence and during the continuance of a triggering event described below in "—Aviation Rights Protections", the Independent Directors Committee of our Board of Directors, or the Board of Directors as a whole if applicable, are authorized to issue Class C shares to the Class B holders pro rata in proportion to such Class B holders' ownership of Copa Holdings. The Class C shares will have no economic value and will not be transferable except to Class B holders, but will possess such voting rights as the Independent Directors Committee shall deem necessary to ensure the effective control of the Company by Panamanians. The Class C shares will be redeemable by the Company at such time as the Independent Directors Committee determines that such a triggering event shall no longer be in effect. The Class C shares will not be entitled to any dividends or any other economic rights.

Restrictions on Transfer of Common Stock; Conversion of Class B Shares

The Class B shares may only be held by Panamanians, and upon registration of any transfer of a Class B share to a holder that does not certify that it is Panamanian, such Class B share shall automatically convert into a Class A share. Transferees of Class B shares will be required to deliver to us written certification of their status as a Panamanian as a condition to registering the transfer to them of Class B shares. Class A shareholders will not be required or entitled to provide such certification. If a Class B shareholder intends to sell any Class B shares to a person that has not delivered a certification as to Panamanian nationality and immediately after giving effect to such proposed transfer the outstanding Class B shares would represent less than 10% of our outstanding stock (excluding newly issued shares sold with the approval of our Independent Directors Committee), the selling shareholder must inform the Board of Directors at least ten days prior to such transfer. The Independent Directors Committee may determine to refuse to register the transfer if the Committee reasonably concludes, on the basis of the advice of a reputable external aeronautical counsel, that such transfer would be reasonably likely to cause a triggering event as described below. After the first shareholders' meeting at which the Class A shareholders are entitled to vote for the election of our directors, the role of the Independent Directors described in the preceding sentence shall be exercised by the entire Board of Directors acting as a whole.

Also, the Board of Directors may refuse to register a transfer of stock if the transfer violates any provision of the Articles of Incorporation.

Tag-along Rights

Our Board of Directors shall refuse to register any transfer of shares in which CIASA proposes to sell Class B shares pursuant to a sale at a price per share that is greater than the average public trading price per share of the Class A shares for the preceding 30 days to an unrelated third-party that would, after giving effect to such sale, have the right to elect a majority of the Board of Directors and direct our management and policies, unless the proposed purchaser agrees to make, as promptly as possible, a public offer for the purchase of all outstanding Class A shares and Class B shares at a price per share equal to the price per share paid for the shares being sold by CIASA. While our Articles of Incorporation provide limited rights to holders of our Class A shares to sell their shares at the same price as CIASA

in the event that a sale of Class B shares by CIASA results in the purchaser having the right to elect a majority of our board, there are other change of control transactions in which holders of our Class A shares would not have the right to participate, including the sale of interests by a party that had previously acquired Class B shares from CIASA, the sale of interests by another party in conjunction with a sale by CIASA, the sale by CIASA of control to more than one party, or the sale of controlling interests in CIASA itself.

Aviation Rights Protections

The Panamanian Aviation Act, including the related decrees and regulations, and the bilateral treaties between Panama and other countries that allow us to fly to those countries require that Panamanians exercise "effective control" of Copa and maintain "significant ownership" of the airline. The Independent Directors Committee has certain powers under our Articles of Incorporation to ensure that certain levels of ownership and control of Copa Holdings remain in the hands of Panamanians upon the occurrence of certain triggering events referred to below.

In the event that the Class B shareholders represent less than 10% of the total share capital of the Company (excluding newly issued shares sold with the approval of our Independent Directors Committee) and the Independent Directors Committee determines that it is reasonably likely that Copa's or Copa Holdings' legal ability to engage in the aviation business or to exercise its international route rights will be revoked, suspended or materially inhibited in a manner that would materially and adversely affect the Company, in each case as a result of such non-Panamanian ownership (each a triggering event), the Independent Directors Committee may take either or both of the following actions:

- authorize the issuance of additional Class B shares to Panamanians at a price determined by the Independent Directors to reflect the current market value of such shares or
- authorize the issuance to Class B shareholders such number of Class C shares as the Independent Directors Committee, or the Board of Directors if applicable, deems necessary and with such other terms and conditions established by the Independent Directors Committee that do not confer economic rights on the Class C shares.

Dividends

The payment of dividends on our shares is subject to the discretion of our Board of Directors. Under Panamanian law, we may pay dividends only out of retained earnings and capital surplus. Our Articles of Incorporation provide that all dividends declared by our Board of Directors will be paid equally with respect to all of the Class A and Class B shares. Our Board of Directors has adopted a dividend policy that provides for the payment of equal quarterly dividends, which amounts up to 40% of the previous year's consolidated underlying net income to Class A and Class B shareholders. Our Board of Directors may, in its sole discretion and for any reason, amend or discontinue the dividend policy. Our Board of Directors may change the level of dividends provided for in this dividend policy or entirely discontinue the payment of dividends.

Shareholder Meetings

Ordinary Meetings

Our Articles of Incorporation require us to hold an ordinary annual meeting of shareholders within the first five months of each fiscal year. The ordinary annual meeting of shareholders is the corporate body that elects the Board of Directors, approves the annual financial statements of Copa Holdings and approves any other matter that does not require an extraordinary shareholders' meeting. Shareholders representing at least 5% of the issued and outstanding common stock entitled to vote may submit proposals to be included in such ordinary shareholders meeting, provided the proposal is submitted at least 45 days prior to the meeting.

Extraordinary Meetings

Extraordinary meetings may be called by the Board of Directors when deemed appropriate. Ordinary and extraordinary meetings must be called by the Board of Directors when requested by shareholders representing at least 5% of the issued shares entitled to vote at such meeting. Only matters that have been described in the notice of an extraordinary meeting may be dealt with at that extraordinary meeting.

Vote required

Resolutions are passed at shareholders' meetings by the affirmative vote of a majority of those shares entitled to vote at such meeting and present or represented at the meeting.

Notice and Location

Notice to convene the ordinary annual meeting or extraordinary meeting is given by publication in at least one national newspaper in Panama and at least one national newspaper widely read in New York City not less than 30 days in advance of the meeting. We intend to publish such official notices in a national journal recognized by the NYSE.

Shareholders' meetings are to be held in Panama City, Panama unless otherwise specified by the Board of Directors.

Quorum

Generally, a quorum for a shareholders' meeting is established by the presence, in person or by proxy, of shareholders representing a simple majority of the issued shares eligible to vote on any actions to be considered at such meeting. If a quorum is not present at the first meeting and the original notice for such meeting so provides, the meeting can be immediately reconvened on the same day and, upon the meeting being reconvened, shareholders present or represented at the reconvened meeting are deemed to constitute a quorum regardless of the percentage of the shares represented.

Proxy Representation

Our Articles of Incorporation provide that, for so long as the Class A shares do not have full voting rights, each holder, by owning our Class A shares, grants a general proxy to the Chairman of our Board of Directors or any person designated by our Chairman to represent them and vote their shares on their behalf at any shareholders' meeting, provided that due notice was made of such meeting and that no specific proxy revoking or replacing the general proxy has been received from such holder prior to the meeting in accordance with the instructions provided by the notice.

Other Shareholder Rights

As a general principle, Panamanian law bars the majority of a corporation's shareholders from imposing resolutions which violate its articles of incorporation or the law, and grants any shareholder the right to challenge, within 30 days, any shareholders' resolution that is illegal or that violates its articles of incorporation or by-laws, by requesting the annulment of said resolution and/or the injunction thereof pending judicial decision. Minority shareholders representing at least 5% of all issued and outstanding shares have the right to require a judge to call a shareholders' meeting and to appoint an independent auditor to examine the corporate accounting books, the background of the Company's incorporation or its operation.

Shareholders have no pre-emptive rights on the issue of new shares.

Our Articles of Incorporation provide that directors will be elected in staggered two-year terms, which may have the effect of discouraging certain changes of control.

Listing

Our Class A shares have been listed on the NYSE under the symbol "CPA" since December 14,2005. The Class B shares and Class C shares will not be listed on any exchange unless the Board of Directors determines that it is in the best interest of the Company to list the Class B shares on the Panama Stock Exchange.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A shares is Computershare Inc. Until the Board of Directors otherwise provides, the transfer agent for our Class B shares and any Class C shares is Galindo, Arias & Lopez, who maintains the share register for each class in Panama. Transfers of Class B shares must be accompanied by a certification of the transferee that such transferee is Panamanian.

Summary of Significant Differences between Shareholders' Rights and Other Corporate Governance Matters Under Panamanian Corporation Law and Delaware Corporation Law

Copa Holdings is a Panamanian corporation (*sociedad anónima*). The Panamanian corporation law was originally modeled after the Delaware General Corporation Law. As such, many of the provisions applicable to Panamanian and Delaware corporations are substantially similar, including (1) a director's fiduciary duties of care and loyalty to the corporation, (2) a lack of limits on the number of terms a person may serve on the board of directors, (3) provisions allowing shareholders to vote by proxy and (4) cumulative voting if provided for in the articles of incorporation. The following table highlights the most significant provisions that materially differ between Panamanian corporation law and Delaware corporation law.

Panama	Delaware
Directors	
Conflict of Interest Transactions. Transactions involving a Panamanian corporation and an interested director or officer are initially subject to the approval of the board of directors. At the next shareholders' meeting, shareholders will then have the right to disapprove the board of directors' decision and to decide to take legal actions against the directors or officers who voted in favor of the transaction.	*Conflict of Interest Transactions*. Transactions involving a Delaware corporation and an interested director of that corporation are generally permitted if: (1) the material facts as to the interested director's relationship or interest are disclosed and a majority of disinterested directors approve the transaction; (2) the material facts are disclosed as to the interested director's relationship or interest and the stockholders approve the transaction; or (3) the transaction is fair to the corporation at the time it is authorized by the board of directors, a committee of the board of directors or the stockholders.
Terms. Panamanian law does not set limits on the length of the terms that a director may serve. Staggered terms are allowed but not required.	*Terms*. The Delaware General Corporation Law generally provides for a one-year term for directors. However, the directorships may be divided into up to three classes with up to three-year terms, with the years for each class expiring in different years, if permitted by the articles of incorporation, an initial by-law or a by-law adopted by the shareholders.
Number. The board of directors must consist of a minimum of three members, which could be natural persons or legal entities.	*Number*. The board of directors must consist of a minimum of one member.
Authority to Take Actions. In general, a simple majority of the board of directors is necessary and sufficient to take any action on behalf of the board of directors.	*Authority to Take Actions*. The articles of incorporation or by-laws can establish certain actions that require the approval of more than a majority of directors.
Shareholder Meetings and Voting Rights	
Quorum. The quorum for shareholder meetings must be set by the articles of incorporation or the by-laws. If the articles of incorporation and the notice for a given meeting so provide, if a quorum is not met a new meeting can be immediately called and a quorum shall consist of those present at such new meeting.	*Quorum*. For stock corporations, the articles of incorporation or bylaws may specify the number to constitute a quorum but in no event shall a quorum consist of less than one-third of shares entitled to vote at a meeting. In the absence of such specifications, a majority of shares entitled to vote shall constitute a quorum.

Panama	Delaware
Action by Written Consent. Panamanian law does not permit shareholder action without formally calling a meeting.	*Action by Written Consent*. Unless otherwise provided in the articles of incorporation, any action required or permitted to be taken at any annual meeting or special meeting of stockholders of a corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action to be so taken, is signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and noted.
Other Shareholder Rights	
Shareholder Proposals. Shareholders representing 5% of the issued and outstanding capital of the corporation have the right to require a judge to call a general shareholders' meeting and to propose the matters for vote.	*Shareholder Proposals*. Delaware law does not specifically grant shareholders the right to bring business before an annual or special meeting. If a Delaware corporation is subject to the SEC's proxy rules, a shareholder who has continuously owned at least $2,000 in market value, or 1% of the corporation's securities entitled to vote for at least one year, may propose a matter for a vote at an annual or special meeting in accordance with those rules.
Appraisal Rights. Shareholders of a Panamanian corporation do not have the right to demand payment in cash of the judicially determined fair value of their shares in connection with a merger or consolidation involving the corporation. Nevertheless, in a merger, the majority of shareholders could approve the total or partial distribution of cash, instead of shares, of the surviving entity.	*Appraisal Rights*. Delaware law affords shareholders in certain cases the right to demand payment in cash of the judicially-determined fair value of their shares in connection with a merger or consolidation involving their corporation. However, no appraisal rights are available if, among other things and subject to certain exceptions, such shares were listed on a national securities exchange or such shares were held of record by more than 2,000 holders.
Shareholder Derivative Actions. Any shareholder, with the consent of the majority of the shareholders, can sue on behalf of the corporation, the directors of the corporation for a breach of their duties of care and loyalty to the corporation or a violation of the law, the articles of incorporation or the by-laws.	*Shareholder Derivative Actions*. Subject to certain requirements that a shareholder make prior demand on the board of directors or have an excuse not to make such demand, a shareholder may bring a derivative action on behalf of the corporation to enforce the rights of the corporation against officers, directors and third parties. An individual may also commence a class action suit on behalf of himself and other similarly-situated stockholders if the requirements for maintaining a class action under the Delaware General Corporation Law have been met. Subject to equitable principles, a three-year period of limitations generally applies to such shareholder suits against officers and directors.
Inspection of Corporate Records. Shareholders representing at least 5% of the issued and outstanding shares of the corporation have the right to require a judge to appoint an independent auditor to examine the corporate accounting books, the background of the Company's incorporation or its operation.	*Inspection of Corporate Records*. A shareholder may inspect or obtain copies of a corporation's shareholder list and its other books and records for any purpose reasonably related to a person's interest as a shareholder.
Anti-Takeover Provisions	
Panamanian corporations may include in their articles of incorporation or by-laws classified board and super-majority provisions.	Delaware corporations may have a classified board, super-majority voting and shareholders' rights plan.
Panamanian corporation law's anti-takeover provisions apply only to companies that are: (1) registered with the Superintendence of the Securities Market (*Superintendencia del Mercado de Valores, or SMV*) for a period of six months before the public offering, (2) have over 3,000 shareholders, and	Unless Delaware corporations specifically elect otherwise, Delaware corporations may not enter into a "business combination", including mergers, sales and leases of assets, issuances of securities and similar transactions, with an "interested stockholder", or one that beneficially owns 15% or more of a corporation's voting stock, within three years of such person becoming an interested shareholder unless:

Panama	Delaware
(3) have a permanent office in Panama with full time employees and investments in the country for more than $1,000,000. These provisions are triggered when a buyer makes a public offer to acquire 5% or more of any class of shares with a market value of at least $5,000,000. In sum, the buyer must deliver to the corporation a complete and accurate statement that includes (1) the name of the Company, the number of the shares that the buyer intends to acquire and the purchase price; (2) the identity and background of the person acquiring the shares; (3) the source and amount of the funds or other goods that will be used to pay the purchase price; (4) the plans or project the buyer has once it has acquired the control of the Company; (5) the number of shares of the Company that the buyer already has or is a beneficiary of and those owned by any of its directors, officers, subsidiaries, or partners or the same, and any transactions made regarding the shares in the last 60 days; (6) contracts, agreements, business relations or negotiations regarding securities issued by the Company in which the buyer is a party; (7) contracts, agreements, business relations or negotiations between the buyer and any director, officer or beneficiary of the securities; and (8) any other significant information. This declaration will be accompanied by, among other things, a copy of the buyer's financial statements. If the board of directors believes that the statement does not contain all required information or that the statement is inaccurate, the board of directors must send the statement to the SMV within 45 days from the buyer's initial delivery of the statement to the SMV. The SMV may then hold a public hearing to determine if the information is accurate and complete and if the buyer has complied with the legal requirements. The SMV may also start an inquiry into the case, having the power to decide whether or not the offer may be made. Regardless of the above, the board of directors has the authority to submit the offer to the consideration of the shareholders. The board should only convene a shareholders' meeting when it deems the statement delivered by the offeror to be complete and accurate. If convened, the shareholders' meeting should take place within the next 30 days. At the shareholders' meeting, two-thirds of the holders of the issued and outstanding shares of each class of shares of the corporation with a right to vote must approve the offer and the offer is to be executed within 60 days from the shareholders' approval. If the board decides not to convene the shareholders' meeting within 15 days following the receipt of a complete and accurate statement from the offeror, shares may then be purchased. In all cases, the purchase of shares can take place only if it is not prohibited by an administrative or judicial order or injunction.	(1) the transaction that will cause the person to become an interested shareholder is approved by the board of directors of the target prior to the transactions; (2) after the completion of the transaction in which the person becomes an interested shareholder, the interested shareholder holds at least 85% of the voting stock of the corporation not including shares owned by persons who are directors and also officers of interested shareholders and shares owned by specified employee benefit plans; or (3) after the person becomes an interested shareholder, the business combination is approved by the board of directors of the corporation and holders of at least 66.67% of the outstanding voting stock, excluding shares held by the interested shareholder.

Panama	Delaware
The law also establishes some actions or recourses of the sellers against the buyer in cases the offer is made in contravention of the law.	
Previously Acquired Rights	
In no event can the vote of the majority shareholders deprive the shareholders of a corporation of previously-acquired rights. Panamanian jurisprudence and doctrine has established that the majority shareholders cannot amend the articles of incorporation and deprive minority shareholders of previously-acquired rights nor impose upon them an agreement that is contrary to those articles of incorporation. Once a share is issued, the shareholders become entitled to the rights established in the articles of incorporation and such rights cannot be taken away, diminished or extinguished without the express consent of the shareholders entitled to such rights. If by amending the articles of incorporation, the rights granted to a class of shareholders is somehow altered or modified to their disadvantage, those shareholders will need to approve the amendment unanimously.	No comparable provisions exist under Delaware law.

EXHIBIT 4.1

SUPPLEMENTAL AGREEMENT

This Supplemental Agreement (this "Agreement") dated as of May 13, 2008, by and among Copa Holdings, S.A., a corporation (sociedad anonima) duly organized and validly existing under the laws of Panama (the "Company"), Corporacion de Inversiones Aereas, S.A., a corporation (sociedad anonima) duly organized and validly existing under the laws of Panama ("CIASA"), and Continental Airlines, Inc., a corporation duly organized and validly existing under the laws of the State of Delaware ("Continental" and together with CIASA, the "Current Shareholders"). Each of the Company, CIASA and Continental may be referred to as a "Party," and collectively, the "Parties."

RECITALS

WHEREAS, the Company owns, directly or indirectly, substantially all of the issued and outstanding capital stock of Compania Panamena de Aviacion, S.A., a corporation (sociedad anonima) duly organized and validly existing under the laws of Panama ("COPA"), Oval Financial Leasing, Ltd., a corporation duly organized and validly existing under the laws of the British Virgin Islands ("Oval") and AeroRepublica S.A., a corporation (sociedad anonima) duly organized and validly existing under the laws of Colombia ("AeroRepublica");

WHEREAS, as of the date hereof, Continental owns 4,375,000 Class A Shares of the Company (the "Continental Shares"), which do not have voting rights except in certain circumstances described in the Company's Pacto Social, as amended, and CIASA owns 12,778,125 Class B shares, entitled to one vote per share (the "CIASA Shares" and together with the Continental Shares, the "Shares");

WHEREAS, the Parties entered into a Second Amended and Restated Shareholders Agreement (the "Shareholders Agreement") and an Amended and Restated Registration Rights Agreement with respect to the Class A Shares held by Continental and the Class B Shares held by CIASA (the "Registration Rights Agreement"), each dated as of June 28, 2006;

WHEREAS, COPA and Continental have entered into an Amended and Restated Services Agreement (the "Services Agreement") and an Amended and Restated Alliance Agreement (the "Alliance Agreement"), each dated as of November 23, 2005, pursuant to which COPA and Continental agreed to cooperate with each other in connection with certain aspects of COPA's and Continental's air transportation businesses;

WHEREAS, the Current Shareholders believe it to be in the best interests of themselves and the Company that the agreements contained herein be adopted in order to supplement and amend the Shareholders Agreement and the Registration Rights Agreement to facilitate a potential sale of up to all of the Continental Shares in a single underwritten offering registered with the U.S. Securities and Exchange Commission and the Comision Nacional de Valores of the Republic of Panama (the "Continental Offering") with sales pursuant to Rule 144 of the Securities Act of 1933, as amended, of Continental Shares that are not sold in the Continental Offering;

NOW, THEREFORE, in consideration of the foregoing and of the mutual agreements and covenants contained herein, and intending to be legally bound hereby, the Parties agree as follows:

SECTION 1. GOVERNANCE AND REGISTRATION RIGHTS.

1.1. Definitions. Each capitalized term used and not otherwise defined herein shall have the meaning assigned to such term in the Registration Rights Agreement.

1.2. Waiver of Continental Lock-Up. CIASA hereby waives the restrictions set forth in Section 2.5 of the Shareholders Agreement with respect to (i) a Continental Offering and (ii) any sales pursuant to Rule 144 of the Securities Act of 1933, as amended, of Continental Shares that are not sold in the Continental Offering, in each case occurring during the remainder of the two-year period set forth therein (the "Waiver Period").

1.3. Termination of the Shareholders Agreement. The Shareholders Agreement shall terminate in accordance with its terms upon a sale by Continental of all of the Continental Shares.

1.4. Board of Directors. (a) Notwithstanding any termination of the Shareholders Agreement, Continental shall be entitled to nominate a member of its senior management team to the Board of Directors of the Company (the "Continental Director") in accordance with this Section 1.4 until such time as the Alliance Agreement has expired or has been terminated. Each of the Current Shareholders agrees to vote, or act by written consent with respect to, any Shares beneficially owned by it that are entitled to vote, at each annual or special meeting of stockholders of the Company at which directors are to be elected or to take all actions by written consent in lieu of any such meeting as are necessary, to cause the Continental Director to be elected to the Board of Directors as provided in this Section 1.4, for so long as Continental is entitled to appoint a member of the Board of Directors. Each of the Current Shareholders agrees to use its best efforts to cause the election of each such designee to the Board of Directors, including nominating such individual to be elected as members of the Board of Directors, for so long as Continental is entitled to appoint a member of the Board of Directors. Further, the Company agrees that, for so long as Continental is entitled to appoint a member of the Board of Directors, if at any time there is a vacancy on the Board of Directors and as a result thereof the Board of Directors does not contain a Continental Director, then the Company shall nominate or appoint, as the case may be, the person designated by Continental, to fill such vacancy and, in the event of a shareholders vote, shall recommend to shareholders such individual's election to the Board for so long as Continental is entitled to appoint a member of the Board of Directors. In addition, at any time when there is no Continental Director on the Board of Directors and Continental is entitled to appoint a member of the Board of Directors, at Continental's request, the Company shall invite a member of Continental's senior management designated by Continental at such time to attend all board meetings (including telephonic meetings) as a non-voting observer and review all actions taken by the Board of Directors without a meeting, and shall provide such individual, at the same time as provided to directors, all materials provided to directors in connection with such meetings or actions taken without a meeting.

(b) Unless the Continental Director otherwise agrees or waives such requirement or unless a fixed date is established for regular meetings, notice in writing of any meeting of the Board of Directors must be received by the Continental Director no less than fourteen (14) days prior to the date on which such meeting is scheduled (or to the extent the Company determines that it is necessary to provide a shorter period notice, such shorter period as shall be practicable in light of the circumstances) to occur for so long as Continental is entitled to appoint a member of the Board of Directors.

(c) Continental may dismiss the Continental Director with or without cause, and, upon the occurrence of any such dismissal, the Current Shareholders shall vote accordingly in favor of, and shall use all reasonable efforts to implement promptly, such dismissal. In addition, the Continental Director may resign at any time by giving written notice to Continental and to the Secretary of the Board of Directors and filing such notice with the Public Registry in Panama. The Secretary of the Board of Directors shall provide notice of any such resignation to the other Current Shareholders and the other directors within two days of receiving such resignation. Such resignation shall take effect on the date shown on or specified in such notice or, if such notice is not dated, at the date of the receipt of such notice by the Secretary of the Board of Directors. No acceptance of such resignation shall be necessary to make it effective.

(d) If the position of the Continental Director becomes vacant for any reason (including dismissal by the Current Shareholder nominating such director), for so long as Continental is entitled to appoint a member of the Board of Directors, the Current Shareholders shall exercise commercially reasonable efforts to cause the remaining directors designated by them to vote (and if necessary the Current Shareholders shall cause their Shares to be voted) to elect as Director a person nominated by Continental entitled to fill such vacant position and to replace the departed director on any committees on which he served.

1.5. Registrable Securities. Notwithstanding the provisions of the Registration Rights Agreement, during the Waiver Period, the Continental Shares shall constitute Registrable Securities and Continental shall be entitled to its demand right pursuant to Section 2.1(b) of the Registration Rights Agreement with respect thereto. Upon the consummation of the Continental Offering, Continental shall not have any rights and the Company and CIASA shall not have any obligations, in each case with respect to the Continental Shares under the Registration Rights Agreement except with respect to the indemnification and contribution rights and obligations set forth therein and other rights provided therein that survive the consummation of a sale of all of the Continental Shares by Continental. The demand right is hereby exercised by Continental in connection with the Continental Offering.

1.6. Registration Expenses. Continental shall pay the Company's reasonable out of pocket expenses incident to the Company's performance of, or compliance with, this Agreement and the Registration Rights Agreement in connection with the Continental Offering (but not with respect to the indemnification or contribution obligations related thereto). For the avoidance of doubt, the expenses incident to the Company's obligations include, without limitation, (i) all of the expenses listed in the third sentence of Section 2.9 of the Registration Rights Agreement the payment of which is requested by the Company in writing, (ii) the underwriting discount on the Continental Shares sold in the Continental Offering and (iii) the reasonable costs and expenses of

the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares, including, without limitation, reasonable expenses associated with the preparation or dissemination of any electronic road show, reasonable expenses associated with the production of road show slides and graphics, fees and reasonable expenses of any consultants engaged in connection with the road show presentations with the prior approval of Continental, reasonable lodging expenses of the representatives and officers of the Company and any such consultants, and the Company's reasonable travel expenses. The Company shall have no responsibility for any fees or disbursements of the Underwriters.

SECTION 2. MISCELLANEOUS.

2.1. Termination. This Agreement shall terminate without further action: (i) on the dissolution and liquidation of the Company; (ii) by mutual written consent of CIASA and Continental; and (iii) at the option of the Company following any Change of Control (as defined below) involving Continental. For purposes of the foregoing sentence "Change of Control" shall have the meaning set forth in the Alliance Agreement, except that, notwithstanding the definition set forth in the Alliance Agreement, "Competing Carrier" shall mean any air carrier and any Person that is a Holding Company or Subsidiary of any air carrier (with each of Person, Holding Company and Subsidiary defined as set forth in the Alliance Agreement).

2.2. Successors and Assigns. The provisions of this Agreement shall be binding upon, and shall inure to the benefit of, the respective successors and assigns of the Parties; provided that the benefit of this Agreement may not be assigned or transferred in whole or in part by any Party without the prior written consent of the other Parties except by Continental to a person owning a majority of the voting power of Continental's capital stock; provided that Continental agrees in writing to remain bound by the terms of this Agreement and such person agrees in writing to be bound by the terms of this Agreement. Nothing in this Agreement, express or implied, is intended to confer upon any person other than the Parties and their respective permitted successors and assigns any rights, remedies or obligations under or by reason of this Agreement.

2.3. Entire Agreement. This Agreement, taken together with the Pacto Social of the Company, the Services Agreement, the Alliance Agreement, the Shareholders Agreement and the Registration Rights Agreement embodies the entire agreement and understanding between the Parties with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings relating to such subject matter.

2.4. Severability. Should any part of this Agreement for any reason be declared invalid, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in full force and effect as if this Agreement had been executed with the invalid portion thereof eliminated, and it is hereby declared the intention of the Parties hereto that they would have executed, or agreed to abide or be governed by, the remaining portion of the Agreement without including therein any such part, parts, or portion which may, for any reason, be hereafter declared invalid.

2.5. Language. The English language version of this Agreement shall be the official version thereof.

2.6. Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of Panama.

2.7. 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 International Chamber of Commerce Court of International Arbitration (the "ICC") in accordance with the International Arbitration Rules of the ICC. 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 Parties and the third of whom shall be selected by mutual agreement, if possible, within 30 days of the selection of the second arbitrator and thereafter by the ICC (in which case the third arbitrator shall not be a citizen of Panama or the United States) and the place of arbitration shall be Panama City, Panama. 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 will have no authority to award punitive damages or any other damages not measured by the prevailing Party's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms of the Agreement.

(d) Either Party 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 Party 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.

2.8. Notices. Any notice, request, instruction or other document to be given hereunder by any Party to the other shall be in writing and shall be deemed to have been duly given on the date of delivery (i) if delivered personally, (ii) if delivered by Federal Express or other next-day courier service, (iii) if delivered by registered or certified mail, return receipt requested, postage prepaid, or (iv) if sent by telecopier (with written confirmation of receipt) or electronic mail; provided that a copy is mailed by next-day courier, registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or to such other person or at such other address and telecopier numbers as may be designated in writing by the Party to receive such notice.

(i) If to the Company or CIASA:

Corporacion de Inversiones Aereas, S.A.
c/o Campania Panamena de Aviacion, S.A.
Complejo Business Park, Torre Norte
Urbanización Costa del Este
Parque Lefevre

Panama City, Panama
Attention: Pedro Heilbron
Facsimile No.: +507 304-2696

with copies to:

Galindo, Arias y Lopez
Edif. Scotia Plaza, Pisos 9-11
Ave. Federico Boyd No.18 y Calle 51
Panama City, Panama
Attention: Jaime A. Arias C.
Facsimile No.: + 507 303-0434

and

Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
United States of America
Attn: Duane McLaughlin, Francesca L. Odell
Facsimile No.: (212) 225-2222

(ii) If to Continental:

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002
United States of America
Attn: Senior Vice President — Asia/Pacific and Corporate Development
Facsimile No.: (713) 324-3099

with copies to:

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002
United States of America
Attn: Senior Vice President and General Counsel
Facsimile No.: (713) 324-5161

2.9. Headings. The section and paragraph headings herein and table of contents hereto are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof.

2.10. Modification, Amendment or Clarification. At any time, the Parties may modify, amend or clarify the intent of this Agreement, by written agreement executed and delivered by duly authorized officers of the respective Parties.

2.11. Counterparts. For the convenience of the Parties, this Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement. Each Party hereto shall adhere any necessary stamp taxes to its respective counterpart.

IN WITNESS WHEREOF, the Parties have duly executed the Agreement as of the date first written above.

COPA HOLDINGS, S.A.

By: /s/ PEDRO HEILBRON
Name: Pedro Heilbron
Title: Chief Executive Officer

CORPORACION DE INVERSIONES AEREAS, S.A.

By: /s/ S TANLEY MOTTA
Name: Stanley Motta
Title: Director

CONTINENTAL AIRLINES, INC.

By: /s/ GERALD LADERMAN
Name: Gerald Laderman
Title: Senior Vice President

On the __ day of _____, 2008, before me the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature the individual executed the instrument.

Notary Public

My Commission Expires:

_____

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT
BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT
TREATS AS PRIVATE OR CONFIDENTIAL

Exhibit 4.2

AIRCRAFT LEASE AGREEMENT

Dated as of March 4, 2004

BETWEEN

COMPANIA PANAMENA DE AVIACION, S.A. (COPA)

as LESSEE

and

INTERNATIONAL LEASE FINANCE CORPORATION

as LESSOR

Aircraft Make and Model:	New B737-700 or 800
Aircraft Manufacturer's Serial Number:	32800
Aircraft Registration Mark:	Per Estoppel and Acceptance Certificate
Make and Model of Engines:	Per Estoppel and Acceptance Certificate
Serial Numbers of Engines:	Per Estoppel and Acceptance Certificate

NEW AIRCRAFT NO. 2

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AIRCRAFT LEASE AGREEMENT

THIS AIRCRAFT LEASE AGREEMENT is made and entered into as of March 4, 2004.

BETWEEN:

COMPANIA PANAMENA DE AVIACION, S.A. (COPA), a Panamanian corporation whose address and principal place of business is at Avenida Justo Arosemena y Calle 39, Apartado 1572, Panama 1, Panama ("LESSEE") and

INTERNATIONAL LEASE FINANCE CORPORATION, a California corporation whose address and principal place of business is at 1999 Avenue of the Stars, 39th Floor, Los Angeles, California 90067, United States of America ("LESSOR").

The subject matter of this Lease is one (1) new B737 - 700 or B737 - 800 aircraft (election to be made by LESSEE in accordance with the terms of this Lease). In consideration of and subject to the mutual covenants, terms and conditions contained in this Lease, LESSOR hereby agrees to lease to LESSEE and LESSEE hereby agrees to lease from LESSOR the aircraft and the parties further agree as follows:

ARTICLE 1
SUMMARY OF TRANSACTION

The following is a summary of the lease transaction between LESSEE and LESSOR. It is set forth for the convenience of the parties only and will not be deemed in any way to amend, detract from or simplify the other provisions of this Lease.

1.1 DESCRIPTION OF AIRCRAFT

One new B737-700 or B737-800 aircraft (LESSEE must elect model type on or before March 1, 2004)

1.2 SCHEDULED DELIVERY DATE AND LOCATION

In the month of February 2005 at Seattle, Washington

1.3 INITIAL LEASE TERM

The term of leasing of the Aircraft will commence on the delivery date and continue for twelve (12) months with six (6) successive, automatic twelve (12) month extensions and one (1) automatic three (3) month extension

1.4 **MATERIAL REDACTED**

Material Redacted

1.5 SECURITY DEPOSIT

Material Redacted, payable as follows (in U.S. Dollars) to be held, returned, applied and/or refunded in accordance with the terms of this Lease:

PAYMENT DATE	AMOUNT
2 business days following LOI Execution	**Material Redacted**
2 business days following Lease execution	**Material Redacted**
On or before March 15, 2004	**Material Redacted**
On or before August 2, 2004	**Material Redacted**

1.6 TRANSACTION FEE

Material Redacted, payable within 2 business days after execution of this Lease

1.7 RENT DURING INITIAL LEASE TERM

Payable monthly in advance and equal to the sum of:

(a)

Month 1	**Material Redacted**	**Material Redacted**
Month 2	**Material Redacted**	**Material Redacted**
Remainder of initial lease term	**Material Redacted**	**Material Redacted**

All amounts in the table above are per month expressed in January 2004 U.S. Dollars*

*The above base rent is expressed in January 2004 U.S. Dollars and will increase in accordance with Boeing's announced escalation rates for the period from and including the 1st day of January 2004 through and including the delivery date of the Aircraft;

plus

(b) **Material Redacted** per month of the incremental cost (net of Manufacturer charges) of (i) all BFE approved by LESSOR (whether buyer-furnished equipment or seller-purchased equipment) paid for by LESSOR in place of or in addition to LESSEE's specification BFE for the Aircraft as specified in LESSEE's specification for the Aircraft and (ii) all other agreed-to changes to LESSEE's specification for the Aircraft paid for by LESSOR. **Material Redacted**

*The election of -700 or -800 will be made by giving written notice to LESSOR on or before March 1, 2004. In the event that LESSEE makes no election, the Aircraft will be a -700.

1.8 **MATERIAL REDACTED**

Material Redacted

1.9 RESERVES

Payable as follows:

TYPE OF RESERVES	AMOUNT OF RESERVES
Airframe Reserves:	Year 1: **Material Redacted** * per airframe flight hour Year 2: **Material Redacted** * per airframe flight hour Year 3: **Material Redacted** * per airframe flight hour Year 4: **Material Redacted** * per airframe flight hour Years 5 - 8: **Material Redacted** * per airframe flight hour *Each of the airframe reserves amounts will be increased by **Material Redacted** per airframe flight hour in the event that LESSEE elects the -800
Engine Performance	Each of the figures below is per engine flight hour for each engine*:
Restoration Reserves: *	Year 1: **Material Redacted** Year 2: **Material Redacted** Year 3: **Material Redacted** Year 4: **Material Redacted** Years 5 - 8: **Material Redacted**
Engine LLP Reserves:	**Material Redacted** per engine cycle for each engine

*Engine reserves will be paid each month at the applicable rate based on the thrust rating at which a particular Engine is operated.

1.10 ADDITIONAL RENT FOR EXCESS AIRFRAME AND ENGINE CYCLES

Material Redacted for each cycle the airframe and **Material Redacted** for each cycle an engine operated during a calendar year in excess of the maximum number of cycles which would result from an average hour/cycle ratio of **Material Redacted** hours to **Material Redacted** cycle

1.11 COUNTRY OF AIRCRAFT REGISTRATION

Republic of Panama or at LESSEE's request, the United States (if permitted by law)

1.12 MAINTENANCE PROGRAM

LESSEE's Maintenance Program

1.13 AGREED VALUE OF AIRCRAFT

Material Redacted
Material Redacted
*The agreed value is expressed in January 2004 U.S. Dollars and will increase in accordance with Boeing's announced escalation rates for the period from and including the 1st day of January 2004 through and including the delivery date of the Aircraft. **Material Redacted**

1.14 LESSOR'S BANK ACCOUNT

International Lease Finance Corporation
JPMorgan Chase Bank
270 Park Avenue
New York, New York 10017
ABA# 021000021

ARTICLE 2
DEFINITIONS

Except where the context otherwise requires, the following words have the following meanings for all purposes of this Lease. The definitions are equally applicable to the singular and plural forms of the words. Any agreement defined below includes each amendment, modification, supplement and waiver thereto in effect from time to time.

2.1 GENERAL DEFINITIONS.

"AIRCRAFT" means the Airframe, two (2) Engines, APU, Parts and as the context permits, Aircraft Documentation, collectively. As the context requires, "Aircraft" may also mean the Airframe, any Engine, the APU, any Part, the Aircraft Documentation or any part thereof individually. For example, in the context of return to LESSOR the term "Aircraft" means the Airframe, Engines, APU, Parts and Aircraft Documentation collectively, yet in the context of LESSEE not creating any Security Interests other than Permitted Liens on the Aircraft, the term "Aircraft" means any of the Airframe, any Engine, the APU, any Part or the Aircraft Documentation individually.

"AIRCRAFT DOCUMENTATION" means all (a) log books, Aircraft records, manuals and other documents provided to LESSEE in connection with the Aircraft, (b) documents listed in the Estoppel and Acceptance Certificate and Exhibit L and (c) any other documents required to be maintained during the Lease Term and until the Termination Date by the Aviation Authority, LESSEE's Maintenance Program and this Lease.

"AIRFRAME" means the airframe listed in the Estoppel and Acceptance Certificate executed at Delivery together with all Parts relating thereto (except Engines or engines and the APU).

"AIRWORTHINESS DIRECTIVES" or "ADS" means all airworthiness directives (or equivalent) applicable to the Aircraft issued either by the Aviation Authority or the aviation authority of the country of manufacture of the Aircraft.

"APU" means (a) the auxiliary power unit of the Aircraft listed in the Estoppel and Acceptance Certificate executed at Delivery, (b) any replacement auxiliary power unit acquired by LESSOR and leased to LESSEE pursuant to Article 19.6 following a Total Loss of the APU; and (c) all Parts installed in or on such APU at Delivery (or substituted, renewed or replacement Parts in accordance with this Lease) so long as title thereto is or remains vested in LESSOR in accordance with the terms of Article 12.4.

"AVIATION AUTHORITY" means the Authoridad de Aeronautica Civil of the Republic of Panama or any Government Entity which under the Laws of the Republic of Panama from time to time has control over civil aviation or the registration, airworthiness or operation of aircraft in the Republic of Panama. If the Aircraft is registered in a country other than the Republic of Panama, "Aviation Authority" means the agency which regulates civil aviation in such other country.

"AVIATION DOCUMENTS" means any or all of the following which at any time may be obtainable from the Aviation Authority: (a) if required, a temporary certificate of airworthiness from the Aviation Authority allowing the Aircraft to be flown after Delivery to the State of Registration, (b) an application for registration of the Aircraft with the appropriate authority in the State of Registration, (c) the certificate of registration for the Aircraft issued by the State of Registration, (d) a full certificate of airworthiness for the Aircraft specifying transport category (passenger), (e) an air transport license, (f) an air operator's certificate, (g) such recordation of LESSOR's title to the Aircraft and interest in this Lease as may be available in the State of Registration and (h) all such other authorizations, approvals, consents and certificates in the State of Registration as may be required to enable LESSEE lawfully to operate the Aircraft.

"BASIC ENGINE" means those units and components of the Engine which are used to induce and convert fuel/air mixture into thrust/power; to transmit power to the fan and accessory drives; to supplement the function of other defined systems external to the Engine; and to control and direct the flow of internal lubrication, plus all essential accessories as supplied by the Engine manufacturer. The nacelle, installed components related to the Aircraft systems, thrust reversers, QEC and the primary exhaust nozzle are excluded.

"BEE" means any equipment which is to be provided by the purchaser of the Aircraft (whether actually provided by LESSOR as buyer-furnished equipment or Manufacturer as seller-purchased equipment).

"BUSINESS DAY" means a day other than a Saturday or Sunday on which the banks in the Republic of Panama and the city where LESSOR's Bank is located are open for the transaction of business of the type required by this Lease.

"CREDITOR" means any lessor, owner, bank, lender, mortgagee or other Person which is the owner of or has any interest in an aircraft engine or aircraft operated by LESSEE.

"CREDITOR AGREEMENT" means the applicable agreement between a Creditor and LESSEE or between Creditors pursuant to which such Creditor owns, leases or has an interest in either a Boeing B737-NG aircraft operated by LESSEE on which an Engine may be installed or in an aircraft engine which may be installed on the Airframe.

"DEFAULT" means any event which, upon the giving of notice, the lapse of time and/or a relevant determination, would constitute an Event of Default.

"DELIVERY" means the delivery of the Aircraft from LESSOR to LESSEE pursuant to Articles 3 and 6.

"DELIVERY DATE" means the date on which Delivery takes place. "DOLLARS," and "$" means the lawful currency of the U.S.

"ENGINE" means (a) each of the engines listed on the Estoppel and Acceptance Certificate; (b) any replacement engine acquired by LESSOR and leased to LESSEE pursuant to Article 19.5 following a Total Loss of an Engine; and (c) all Parts installed in or on any of such engines at Delivery (or substituted, renewed or replacement Parts in accordance with this Lease) so long as title thereto is or remains vested in LESSOR in accordance with the terms of Article 12.4.

"EUROCONTROL" means the European Organization for the Safety of Air Navigation established by the Convention related to the Co-operation for the Safety of Air Navigation (Eurocontrol) signed on December 13, 1960, as amended.

"EVENT OF DEFAULT" means any of the events referred to in Article 25.2.

"FAA" means the Federal Aviation Administration of the Department of Transportation or any successor thereto under the Laws of the U.S.

"FARS" means the U.S. Federal Aviation Regulations embodied in Title 14 of the U.S. Code of Federal Regulations, as amended from time to time, or any successor regulations thereto.

"GENEVA CONVENTION" means the Convention on the International Recognition of Rights in Aircraft signed in Geneva, Switzerland on June 19, 1948.

"GOVERNMENT ENTITY" means any (a) national, state or local government, (b) board, commission, department, division, instrumentality, court, agency or political subdivision thereof and (c) association, organization or institution of which any of the entities listed in (a) or (b) is a member or to whose jurisdiction any such entity is subject.

"LANDING GEAR" means the installed main and nose landing gear, components and their associated actuators, side braces and parts.

"LAW" means any (a) statute, decree, constitution; regulation, order or any directive of any Government Entity, (b) treaty, pact, compact or other agreement to which any Government Entity is a signatory or party, (c) judicial or administrative interpretation or application of any of the foregoing or (d) any binding judicial precedent having the force of law.

"LEASE" means this Aircraft Lease Agreement, together with all Exhibits hereto.

"LESSOR'S LIEN" means any Security Interest created by LESSOR.

"MAINTENANCE PROGRAM" means LESSEE's maintenance program as approved by the Aviation Authority or such other maintenance program as LESSOR may, in its discretion, accept in writing.

"MANUFACTURER" means The Boeing Company.

"MPD" means the Maintenance Planning Document published by Manufacturer and applicable to the Aircraft.

"OVERHAUL" means the full reconditioning of the Aircraft, an Engine, the APU, Landing Gear, module or Part, as the case may be, in which such equipment has been fully disassembled; cleaned; thoroughly inspected; and returned to such condition specified by the applicable manufacturer's manual as shall permit the operation of such Engine, APU, Part, Landing Gear, etc. for the maximum period of time, hours or cycles, as applicable, as specified by the relevant manufacturer's Overhaul manual.

"PART" means any part, component, appliance, system module, engine module, accessory, material, instrument, communications equipment, furnishing, LESSEE-furnished or LESSOR-purchased equipment or other item of equipment (other than complete Engines or engines or the APU) for the time being installed in or attached to the Airframe, any Engine or the APU or which, having been removed from the Airframe, any Engine or the APU, remains the property of LESSOR.

"PDM" means the post Delivery modification during which the installation of a blended winglet system and LESSEE's in flight entertainment system will be installed. Scheduling, arranging and coordinating the arrival at the PDM location of the Aircraft, BFE, material and parts will be LESSEE's responsibility.

"PERMITTED LIEN" means (a) LESSOR's Liens; (b) Security Interests arising in the ordinary course of LESSEE's business for Taxes either not yet assessed or, if assessed, not yet due or being contested in good faith in accordance with Article 16.5; (c) materialmen's, mechanics', workmen's, repairmen's, employees' liens or similar Security Interests (including liens for airport and navigation facility fees) arising by operation of Law after the Delivery Date in the ordinary course of LESSEE's business for amounts which are either not yet due or are being contested in good faith by appropriate proceedings (and for which adequate reserves have been made or, when required in order to pursue such proceedings, an adequate bond has been provided) so long as such proceedings do not involve any danger of sale, forfeiture or loss of the Aircraft; or liens on LESSEE's interest arising out of judgments or awards against LESSOR.

"PERSON" means any individual, firm, partnership, joint venture, trust, corporation, company, Government Entity, committee, department, authority or any body, incorporated or unincorporated, whether having distinct legal personality or not.

"PRIME RATE" means the rate of interest from time to time announced by JPMorgan Chase Bank in New York as its prime commercial lending rate.

"PROHIBITED COUNTRY" means any country to which the export and/or use (as applicable) of a B737-700 / 800 aircraft with CFM56-7B engines attached thereto is not permitted under (a) any United Nations sanctions, (b) the Council Regulation (EC) No. 149/2003 which updates and amends Council Regulation (EC) 1334/2000, (c) the United States Export Administration Act 1979 (as amended) or any successor legislation and/or the Export Administration Regulations promulgated thereunder, (d) where applicable, the various regulations administered from time to time by the Office of Foreign Assets Control of the U.S. Treasury Department, (e) any similar or corresponding legislation then in effect in the U.S., the United Kingdom, France, Spain or Germany or (f) any subsequent United Nations Sanctions Orders the effect of which prohibits or restricts the export and/or use of B737-700 / 800 aircraft with CFM56-7B engines attached thereto to such country. For purposes of this Lease, Prohibited Country will be defined by applicable regulations listed above which are updated, amended and superseded from time to time, the violation of which may reasonably be expected to result in civil, criminal or seizure liability for LESSEE, LESSOR or the Aircraft.

"QEC" means all interface parts which are installed between the Engine pylon and the Basic Engine.

"RETURN CHECK" means the accomplishment of all work cards specified in the Maintenance Program and the MPD which (a) are necessary to clear the Aircraft of all such tasks **Material Redacted**, or (b) are required to be performed at lesser intervals than **Material Redacted**. If pursuant to the then-current MPD, the performance interval for a task is shorter than every **Material Redacted**, then such task will also be performed. All non-routine tasks generated as a result of the performance of these work cards must also be performed. For avoidance of doubt, if the inspection interval pursuant to the then-current MPD for a particular work card only refers to one or two of the three measurement tests, then the most restrictive measurement test or tests referred to in the then-current MPD will be utilized in determining whether the task must be performed.

"SECURITY INTEREST" means any encumbrance or security interest, however and wherever created or arising including (without prejudice to the generality of the foregoing) any right of ownership, security, mortgage, pledge, charge, encumbrance, lease, lien, statutory or other right in rem, hypothecation, title retention, attachment, levy, claim or right of possession or detention.

"STATE OF REGISTRATION" means the Republic of Panama, the United States of America at LESSEE's request (if permitted by Law) or such other country or state of registration of the Aircraft as LESSOR may, in its sole, but reasonable discretion, approve in writing.

"U.S." means the United States of America.

2.2 SPECIFIC DEFINITIONS. The following terms are defined in the Articles referenced below:

TERMS	**ARTICLE**
Agreed Value	19.1
Airframe Reserves	5.4.1
Default Interest	5.7
Delivery Location	3.1
Engine LLP Reserves	5.4.1
Engine Performance Restoration	5.4.1
Reserves	
Expenses	17.1
Expiration Date	4.3
Material Redacted	4.2.1
Indemnitees	17.1
Initial Lease Term	4.1
Lease Term	4.3
LESSOR's Assignee	24.2.1

LESSOR’s Bank	5.6
LESSOR’s Lender	24.3
Manufacturer’s Escalation Rate	5.3.1
Modification	12.10.1
Net Total Loss Proceeds	19.1
Operative Documents	20.1.3
Rent	5.3.1
Reserves	5.4.1
Scheduled Delivery Date	3.2
Security Deposit	5.1.1
Taxes	16.1
Termination Date	4.4
Total Loss	19.1
Total Loss Date	19.1
Total Loss Proceeds	19.1
Transaction Fee	5.2

ARTICLE 3
PLACE AND DATE OF DELIVERY

3.1 PLACE OF DELIVERY. Delivery of the Aircraft by LESSOR to LESSEE will occur at Manufacturer's facility in Seattle, Washington or such other place as may be agreed in writing between the parties (the "DELIVERY LOCATION").

3.2 SCHEDULED DELIVERY DATE. As of the date of this Lease, Delivery of the Aircraft from Manufacturer to LESSOR and LESSOR to LESSEE is scheduled to occur in the month of February 2005. LESSOR will notify LESSEE in writing (or other method so long as LESSEE acknowledges such notice) from time to time and in a timely manner of the exact date on which LESSOR expects Delivery to take place (the "SCHEDULED DELIVERY DATE").

3.3 DELIVERY SUBJECT TO MANUFACTURER DELIVERY. LESSOR and LESSEE expressly acknowledge that Delivery of the Aircraft to by LESSOR to LESSEE is subject to and conditioned upon delivery of the Aircraft by Manufacturer to LESSOR.

3.4 NO LESSOR LIABILITY. LESSOR will not be liable for any loss or expense, or any loss of profit, arising from any delay or failure in Delivery to LESSEE unless such delay or failure arises as a direct consequence of the willful misconduct of LESSOR, and in no event will LESSOR be liable for any delay or failure which is caused by any breach or delay on the part of Manufacturer or any BFE supplier.

3.5 TOTAL LOSS OF AIRCRAFT PRIOR TO DELIVERY. If a Total Loss of the Aircraft occurs prior to Delivery, neither party will have any further liability to the other except that LESSOR will return to LESSEE the Security Deposit in accordance with Article 5.1.3 and any prepaid Rent.

3.6 CANCELLATION FOR DELAY. Promptly after LESSOR becomes aware that in Manufacturer's opinion a delay will cause Delivery to be delayed beyond December 31, 2005, LESSOR will promptly notify LESSEE in writing (or other method so long as LESSEE acknowledges such notice). By written notice given within ten (10) Business Days after LESSEE's receipt of such LESSOR notice, LESSEE may by written notice to LESSOR terminate this Lease and this Lease will terminate on the date of receipt of such notice. In the event of such termination, neither party will have any further liability to the other party except that LESSOR will promptly return to LESSEE the Security Deposit in accordance with Article 5.1.3 and any prepaid Rent. If LESSEE does not give notice of termination within such ten (10) Business Days, LESSEE loses all right to terminate under this Article 3.6 unless otherwise agreed in writing by the parties. **Material Redacted**

ARTICLE 4
LEASE TERM AND **MATERIAL REDACTED**

4.1 INITIAL LEASE TERM. The term of leasing of the Aircraft will commence on the Delivery Date and continue for twelve (12) months with six (6) successive, automatic twelve (12) month extensions and one (1) automatic three (3) month extension (the "INITIAL LEASE TERM") unless this Lease shall be earlier terminated or extended pursuant to the provisions of Article 4.2.1.

Notwithstanding the foregoing, LESSOR and LESSEE will cooperate to modify the return date to allow LESSEE to perform the return C-check as near as possible to the expiration of the prior C-check without unduly prejudicing the marketing of the Aircraft to a follow-on operator.

4.2 **MATERIAL REDACTED**

4.2.1 **Material Redacted**

4.2.2 **Material Redacted**

4.3 "LEASE TERM" AND "EXPIRATION DATE". "LEASE TERM" means the term of leasing commencing on the Delivery Date and terminating on the Expiration Date. "EXPIRATION DATE" means the date on which LESSEE is required to redeliver the Aircraft to LESSOR in the condition required by this Lease on the last day of the Initial Lease Term **Material Redacted**.

4.4 "TERMINATION DATE". If LESSEE returns the Aircraft to LESSOR on the Expiration Date in the condition required by Article 23, then "TERMINATION DATE" has the same meaning as "Expiration Date", If LESSEE does not do so, then "TERMINATION DATE" means the date on which the first of the following events occurs:

(a) there is a Total Loss of the Aircraft prior to Delivery pursuant to Article 3.5;

(b) cancellation of this Lease occurs pursuant to Article 3.6;

(c) there is a Total Loss of the Aircraft and payment is made to LESSOR in accordance with Article 19.3;

(d) an Event of Default occurs and LESSOR repossesses the Aircraft or otherwise terminates this Lease pursuant to Article 25.3 prior to the Expiration Date and recovers possession and control of the Aircraft;

(e) an Event of Default occurs hereunder by LESSEE returning the Aircraft in the condition required by this Lease after the Expiration Date; or

(f) an Event of Default occurs and LESSOR repossesses the Aircraft or otherwise terminates this Lease pursuant to Article 25.3 after the Expiration Date and recovers possession and control of the Aircraft.

ARTICLE 5
SECURITY DEPOSIT, TRANSACTION FEE, RENT,
RESERVES AND OTHER PAYMENTS

5.1 SECURITY DEPOSIT.

5.1.1 LESSEE will pay LESSOR a security deposit of **Material Redacted** for its lease of the Aircraft (the "SECURITY DEPOSIT"). The Security Deposit is payable as follows (in US$):

PAYMENT DATE	AMOUNT (-700)	AMOUNT (-800)
Two (2) Business Days following LOI Execution **Material Redacted**	**Material Redacted**	**Material Redacted**
Two (2) Business Days following Lease execution **Material Redacted**	**Material Redacted**	**Material Redacted**
On or before March 15, 2004 **Material Redacted**	**Material Redacted**	**Material Redacted**
On or before August 2, 2004 **Material Redacted**	**Material Redacted**	**Material Redacted**
TOTAL	**Material Redacted**	**Material Redacted**

5.1.2 The Security Deposit may be commingled with LESSOR's general funds and any interest earned on such Security Deposit will be for LESSOR's account. If the Security Deposit is reduced below the required amount by application to meet LESSEE's unperformed obligations under this Lease, LESSEE will replenish the Security Deposit within ten (10) days after LESSOR's demand therefor. The Security Deposit will serve as security for the performance by LESSEE of its obligations under this Lease and any other agreements between LESSEE and LESSOR relating to aircraft, engines, aircraft equipment or the extension of credit and may be applied by LESSOR upon the occurrence of an Event of Default hereunder or of a default by LESSEE under any such other agreements.

5.1.3 Upon termination of this Lease in accordance with Article 4.4, LESSOR will promptly return to LESSEE the amount of the Security Deposit then held by LESSOR (so long as no default by LESSEE exists under any other agreement between LESSEE and LESSOR relating to aircraft, engines or aircraft equipment or the extension of credit by LESSOR to LESSEE), without interest, less an amount determined by LESSOR to be a reasonable estimate of the costs, if any, which LESSOR will incur to remedy any Default or Event of Default which has occurred and is continuing under this Lease, including the correction of any discrepancies from the required condition of the Aircraft on return of the Aircraft.

5.2 TRANSACTION FEE. Within two (2) Business Days after execution of this Lease, LESSEE will pay LESSOR a nonrefundable transaction fee of **Material Redacted** (the "TRANSACTION FEE").

5.3 RENT.

5.3.1 LESSEE will pay LESSOR the following amounts monthly in advance as rent for the Aircraft (the "RENT"):

INITIAL LEASE TERM: Payable monthly in advance and equal to the sum of:

(a)

Months 1 and 2	**Material Redacted** (in the event that LESSEE elects -700)	**Material Redacted** (in the event that LESSEE elects -800)
Remainder of Initial Lease Term	**Material Redacted** (in the event that LESSEE elects -700)	**Material Redacted** (in the event that LESSEE elects - 800)

All amounts in the table above are per month expressed in January 2004 U.S. Dollars* (prorated for any partial month during the Lease Term or during the first and last calendar month of the Lease Term if such month is less than a full month)

*The above base rent is expressed in January 2004 U.S. Dollars and will increase in accordance with Boeing's announced escalation rates for the period from and including the 1st of January 2004 through and including the Delivery Date of the Aircraft (the "MANUFACTURER'S ESCALATION RATE");

plus

(b) **Material Redacted** per month of the incremental cost (net of Manufacturer charges) of (i) all BFE approved by LESSOR (whether buyer-furnished equipment or seller-purchased equipment) paid for by LESSOR in place of or in addition to LESSEE's Specification BFE for the Aircraft as specified in LESSEE's Specification for the Aircraft and (ii) all other agreed-to changes to LESSEE's Specification for the Aircraft paid for by LESSOR. **Material Redacted**.

Any increases to the above base rent during the Lease Term will be calculated immediately prior to Delivery. **Material Redacted**

Material Redacted:

Material Redacted.

5.3.2 The first payment of Rent during the Lease Term will be paid no later than three (3) Business Days prior to the Scheduled Delivery Date. Each subsequent payment of Rent will be due monthly thereafter no later than the same day of the month as the Delivery Date of the Aircraft except that, if such day is not a Business Day, the Rent will be due on the immediately preceding Business Day. If Delivery occurred on the 29th, 30th or 31st of the month and in any given month during the Lease Term there is no such corresponding date, Rent will be payable on the last Business Day of such month. In the event that after LESSEE has paid the Rent three days prior to the Scheduled Delivery Date and then prior to Delivery the Delivery is delayed by more than seven (7) days, LESSOR will refund the Rent to LESSEE and LESSEE will repay the Rent prior to the Delivery Date.

5.4 RESERVES.

5.4.1 LESSEE will pay to LESSOR supplemental Rent, based on LESSEE's use of the Aircraft during the Lease Term, in the form of the following reserves in the following amounts (individually, "AIRFRAME RESERVES", "ENGINE PERFORMANCE RESTORATION RESERVES" and "ENGINE LLP RESERVES" and collectively "RESERVES"):

TYPE OF RESERVES	AMOUNT OF RESERVES
Airframe Reserves:	Year 1: **Material Redacted** * per Airframe flight hour Year 2: **Material Redacted** * per Airframe flight hour Year 3: **Material Redacted** * per Airframe flight hour Year 4: **Material Redacted** * per Airframe flight hour Years 5 - 8: **Material Redacted** * per Airframe flight hour *Each of the Airframe Reserves amounts will be increased by **Material Redacted** per Airframe flight hour in the event that LESSEE elects the - 800.

Engine Performance Restoration Reserves*:	Each of the figures below is per Engine flight hour for each Engine (payable when the Engine is utilized on the Aircraft or another aircraft)*: Year 1: **Material Redacted** Year 2: **Material Redacted** Year 3: **Material Redacted** Year 4: **Material Redacted** Years 5 - 8: **Material Redacted**
Engine LLP Reserves:	**Material Redacted** per Engine cycle for each Engine (payable when the Engine is utilized on the Aircraft or another aircraft)

*Engine Reserves will be paid each month at the applicable rate based on the thrust rating at which a particular Engine is operated during such month.

5.4.2 The amount of the Engine Performance Restoration Reserves and Engine LLP Reserves set forth in Article 5.4.1 will be increased by LESSOR in the event of an increase in the thrust rating of an Engine in accordance with Article 12.9.

5.4.3 Such Reserves will be paid on or before the 10th day of the calendar month next following the month in which the Delivery Date occurs and on or before the 10th day of each succeeding calendar month for flying performed during the calendar month prior to payment. All Reserves for flying performed during the month in which the Termination Date occurs will be paid on the Termination Date, unless otherwise agreed by the parties.

5.4.4 No interest will accrue or be paid at any time to LESSEE on such Reserves and, subject to LESSOR's obligations under Article 13, LESSOR may commingle the Reserves with LESSOR'S general funds.

5.5 ADDITIONAL RENT FOR EXCESS CYCLES. If in any calendar year (or portion thereof) of the Lease Term the Airframe or any Engine operated more cycles than the maximum number of cycles which would result from an average hour/cycle ratio of **Material Redacted** hours to **Material Redacted** cycle, LESSEE will pay LESSOR as additional Rent **Material Redacted** for each Airframe cycle and **Material Redacted** **Material Redacted** for each Engine cycle the Airframe and any Engine actually operated during such calendar year (or portion thereof) in excess of the number of cycles which result from an average hour/cycle ratio of **Material Redacted** hours to **Material Redacted** cycle. A calculation will be made as of December 31 of each year and such additional Rent will be due and payable by LESSEE on the date on which the next Reserves payment is due (in accordance with Article 5.4.3) following such hour/cycle calculation period.

Example: If the Airframe operated **Material Redacted** hours in a calendar year, it would have **Material Redacted** cycles resulting from an average hour/cycle ratio of **Material Redacted** hours to **Material Redacted** cycle. If in fact the Airframe operated **Material Redacted** cycles in such calendar year, the Airframe operated **Material Redacted** excess cycles in such calendar year and LESSEE will pay LESSOR **Material Redacted** (**Material Redacted** excess cycles x **Material Redacted** = **Material Redacted**).

Similarly, if an Engine which is rated at **Material Redacted** thrust operated **Material Redacted** cycles in such calendar year, such Engine operated **Material Redacted** excess cycles in such calendar year and LESSEE will pay LESSOR **Material Redacted** (**Material Redacted** excess cycles x **Material Redacted** = **Material Redacted**).

Alternatively, if an Engine which is rated at **Material Redacted** thrust operated **Material Redacted** cycles in such calendar year, such Engine operated **Material Redacted** excess cycles in such calendar year and LESSEE will pay LESSOR **Material Redacted** (**Material Redacted** excess cycles x **Material Redacted** = **Material Redacted**).

5.6 LESSOR'S BANK ACCOUNT. The Security Deposit, Transaction Fee, Rent, Reserves and any other payment due under this Lease will be paid by wire transfer of immediately available U.S. Dollar funds to LESSOR's bank account at:

International Lease Finance Corporation
JPMorgan Chase Bank
270 Park Avenue
New York, New York 10017
ABA# 021000021

or to such other bank account in the United States (or such other jurisdiction as may be agreed) as LESSOR may from time to time designate by at least three (3) days prior written notice ("LESSOR'S BANK"). When it is stated in this Lease that an installment of the Security Deposit, the monthly Rent, Reserves or any other payment is due or must be paid or made by LESSEE by a specific date, then such payment actually must be received by LESSOR's Bank on or before such specific date on or before close of business (local time), even if, in order for such payment to be received by LESSOR's Bank by such specific date, LESSEE must initiate the wire transfer prior to such specific date.

5.7 DEFAULT INTEREST. If LESSOR's Bank does not receive the Rent or any other amount on or before the specific date when due, LESSOR will suffer loss and damage the exact nature and amount of which are difficult or impossible to ascertain. LESSEE will pay LESSOR as supplemental Rent (by way of agreed compensation and not as a penalty) interest on any due and unpaid amounts payable by LESSEE under this Lease. Interest will be calculated at a per annum rate (based on a 360 day year) which is equal to **Material Redacted** plus the Prime Rate in effect on the date on which the amount was originally due for the period from the date the amount originally was due through the date the amount actually is received at LESSOR's Bank or, in the case of LESSOR's performance of LESSEE's obligations hereunder, from the date of payment by LESSOR through the date of LESSEE's repayment to LESSOR ("DEFAULT Interest"). Default Interest will accrue on a day-to-day basis and be compounded monthly.

5.8 NO DEDUCTIONS OR WITHHOLDINGS. Subject to Article 16 of this Lease, All payments by LESSEE under this Lease, including the Security Deposit, Transaction Fee, Rent, Reserves, Default Interest, fees, indemnities or any other item, will be made in full without any deduction or withholding whether in respect of set-off, counterclaim, duties, or Taxes (in accordance with Article 16) imposed in the State of Registration or any jurisdiction from which such payments are made unless LESSEE is prohibited by Law from doing so, in which event LESSEE will gross up the payment amount such that the net payment received by LESSOR after any deduction or withholding equals the amounts called for under this Lease. LESSEE will also do all of the following:

(a) Ensure that the deduction or withholding does not exceed the minimum amount legally required;

(b) Pay to the relevant Government Entities within the period for payment permitted by applicable Law the full amount of the deduction or withholding (including the full amount of any deduction or withholding from any additional amount paid pursuant hereto); and

(c) Furnish to LESSOR within thirty (30) days after each payment an official receipt of the relevant Government Entities involved for all amounts so deducted or withheld.

5.9 NET LEASE.

5.9.1 This Lease is a net lease and LESSEE's obligation to pay Rent and make other payments in accordance with this Lease will be absolute and unconditional under any and all circumstances and regardless of other events, including the following:

(a) any right of set-off, counterclaim, recoupment, defense or other right (including any right of reimbursement) which LESSEE may have against LESSOR, Manufacturer, the Engine manufacturer or any other person for any reason, including any claim LESSEE may have for the foregoing;

(b) unavailability or interruption in use of the Aircraft for any reason, including a requisition thereof or any prohibition or interference with or other restriction against LESSEE's use, operation or possession of the Aircraft (whether by Law or otherwise), any defect in title, airworthiness, merchantability, fitness for any purpose, condition, design, specification or operation of any kind or nature of the Aircraft, the ineligibility of the Aircraft for any particular use or trade or for registration under the Laws of any jurisdiction or Total Loss of the Aircraft in accordance with Article 19.3;

(c) insolvency, bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, liquidation, receivership, administration or similar proceedings by or against LESSOR, LESSEE, Manufacturer, the Engine manufacturer or any other Person;

(d) invalidity or unenforceability or lack of due authorization of or other defect in this Lease;

(e) failure or delay on the part of any party to perform its obligations under this Lease; or

(f) any other circumstance which but for this provision would or might have the effect of terminating or in any other way affecting any obligation of LESSEE hereunder.

5.9.2 Nothing in Article 5.9 will be construed to limit LESSEE's rights and remedies in the event of LESSOR's breach of its warranty of quiet enjoyment set forth in Article 21.2 or to limit LESSEE's rights and remedies to pursue in a court of law any claim it may have against LESSOR or any other Person.

5.10 CURRENCY INDEMNITY. If under any applicable Law, whether as a result of a judgment against LESSEE or the liquidation of LESSEE or for any other reason, any payment hereunder is required to be made or recovered in a currency other than Dollars then, to the extent that the payment (when converted into Dollars at the "rate of exchange" on the date of payment or, in the case of a liquidation, the latest date for the determination of liabilities permitted by the applicable Law) falls short of the amount payable under this Lease, LESSEE will as a separate and independent obligation, fully indemnify LESSOR against the amount of the shortfall. If the amount received by LESSOR upon converting the payment into Dollars exceeds the amount payable under this Lease, LESSOR will remit such excess to LESSEE. For the purposes of this paragraph "rate of exchange" means the rate at which LESSOR is able on the relevant date to purchase Dollars in New York or London (at LESSOR's option) with such other currency.

5.11 LESSOR PERFORMANCE OF LESSEE OBLIGATION. If LESSEE fails to make any payment under this Lease to a third party in connection with the Aircraft or fails to perform any other obligation required under this Lease, LESSOR may (but is not required to) at its election and without waiver of its rights perform such obligation and/or pay such amount. Within five (5) Business Days after written notice to LESSEE of the amount paid by LESSOR on behalf of LESSEE, LESSEE will repay such amount to LESSOR together with Default Interest. Such payment to LESSOR will constitute additional Rent payable by LESSEE to LESSOR hereunder. Any payment, performance or compliance by LESSOR of a LESSEE obligation hereunder will not affect the occurrence or continuance of a Default or Event of Default, as the case may be.

5.12 CONSIDERATION FOR RENT AND OTHER AMOUNTS. The amount of the Rent and other payments contained herein are in consideration of LESSEE's waiver of warranties and indemnities set forth in Articles 8 and 17, respectively, and the other provisions of this Lease.

ARTICLE 6
INVOLVEMENT WITH AIRCRAFT MANUFACTURER

6.1 LESSEE SELECTION OF AIRCRAFT. LESSEE ACKNOWLEDGES THAT THE DESCRIPTION OF THE AIRCRAFT SET FORTH IN THIS LEASE IS BASED UPON INFORMATION SUPPLIED BY MANUFACTURER. LESSEE COVENANTS TO LESSOR THAT LESSEE HAS USED ITS OWN JUDGMENT IN SELECTING THE AIRCRAFT AND HAS DONE SO BASED ON ITS SIZE, DESIGN AND TYPE. LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MANUFACTURER, REPAIRER OR SERVICING AGENT OF THE AIRCRAFT.

6.2 AGENCY AGREEMENT. Certain obligations remain to be performed by LESSOR in connection with the manufacture, fabrication and completion of the Aircraft by Manufacturer which will be performed by LESSEE (as provided in the Agency Agreement). LESSEE will act as LESSOR's agent with respect to some of these matters pursuant to the terms of an Agency Agreement to be entered into between LESSEE and LESSOR in the form set forth in Exhibit B.

6.3 PROCUREMENT OF BFE. Unless otherwise agreed, LESSOR will procure all BFE for the Aircraft in accordance with the Aircraft specification. In respect of any additional BFE not part of LESSEE's Specification as of the date hereof, LESSOR and LESSEE shall use reasonable efforts to purchase such BFE under the supplier contract which provides the most favorable pricing.

6.4 ASSIGNMENT OF TRAINING. LESSOR hereby assigns to LESSEE all rights to training to which LESSOR is entitled as a result of LESSOR's purchase of the Aircraft and lease of the Aircraft to LESSEE. If LESSEE fails to take Delivery of the Aircraft when tendered in accordance with Article 6.7, LESSEE will immediately pay to LESSOR an amount equal to the Dollar value of such training based on what the training would have cost LESSEE had LESSEE purchased such training directly from Manufacturer.

6.5 LESSEE INSPECTION OF AIRCRAFT. During the course of final assembly of the Aircraft, and at Delivery, LESSEE will have its own representative present to inspect the Aircraft and to ensure its conformity with LESSEE's needs and the terms of this Lease. LESSEE will have ground inspection and acceptance flight rights with respect to the Aircraft. LESSEE acknowledges that, as between LESSEE and LESSOR, in accepting the Aircraft LESSEE is relying on its own inspection and knowledge of the Aircraft in determining whether the Aircraft meets the requirements of this Lease.

6.6 AIRCRAFT AT DELIVERY. At Delivery, the Aircraft will be as set forth in Exhibit A, as such description may be modified by any change requests agreed to among LESSEE, LESSOR and Manufacturer (which will be reflected in amendment(s) to this Lease). In the event of any discrepancies, LESSEE and LESSOR will cooperate in good faith with one another and with Manufacturer and the Engine manufacturer, as applicable, in order to arrive at a mutually acceptable resolution of any such discrepancies. LESSOR will use commercially reasonable efforts to cause Manufacturer to correct any discrepancies prior to Delivery or will cause Manufacturer to provide a commitment letter which will provide that any discrepancies which exist at Delivery will be corrected at no cost to LESSEE.

6.7 DELIVERY OF THE AIRCRAFT TO LESSEE. Subject to LESSEE and LESSOR having performed all of the conditions precedent to Delivery set forth herein, immediately following delivery of the Aircraft from Manufacturer to LESSOR, LESSOR will deliver the Aircraft to LESSEE at the Delivery Location. Provided that the Aircraft is in the condition required by Article 6.6, upon the tender of the Aircraft by LESSOR to LESSEE, LESSEE will accept the Aircraft and the date of tender by LESSOR to LESSEE will be deemed to be the Delivery Date for all purposes under this Lease, including, but not limited to, the commencement of LESSEE's obligation to pay Rent hereunder.

6.8 LESSEE ACCEPTANCE OF AIRCRAFT. If LESSEE fails to (a) comply with its obligations set forth in Article 6.2 (other than as a direct result of a failure by LESSOR to comply with LESSOR's obligations hereunder or under the Agency Agreement), (b) comply with the conditions contained in Articles 7.1 and 7.2 so as to allow Delivery to take place immediately following delivery of the Aircraft by Manufacturer to LESSOR or (c) take delivery of the Aircraft when properly tendered for delivery by LESSOR in the condition required hereunder, LESSEE will indemnify LESSOR for all costs and expenses incurred by LESSOR as a direct result thereof including (without limitation) any payments other than the purchase price which LESSOR becomes obliged to make to Manufacturer.

ARTICLE 7
PRE-DELIVERY, DELIVERY AND POST-DELIVERY
DOCUMENTARY AND OTHER REQUIREMENTS

7.1 PRE-DELIVERY REQUIREMENTS. LESSEE will do each of the following prior to the Scheduled Delivery Date of the Aircraft within the time frames set forth below:

7.1.1 Within one (1) month after execution of this Lease, LESSEE will deliver to LESSOR each of the following:

(a) copies of resolutions of the Board of Directors of LESSEE or other written evidence of appropriate corporate action, duly certifying and authorizing the lease of the Aircraft hereunder and the execution, delivery and performance of this Lease, together with an incumbency certificate as to the person or persons authorized to execute and deliver documents on behalf of LESSEE hereunder;

(b) an opinion of counsel in the form and substance of Exhibit F.

7.1.2 At least ten (10) days prior to the Scheduled Delivery Date, LESSEE will have delivered to LESSOR a Certificate of Insurance and Brokers' Letter of Undertaking in the form and substance of Exhibits C and D, respectively, (or other form reasonably satisfactory to LESSOR) from LESSEE's insurance brokers evidencing insurance of the Aircraft in accordance with this Lease from the Delivery Date.

7.1.3 At least three (3) Business Days prior to the Scheduled Delivery Date, LESSEE will do each of the following:

(a) pay to LESSOR the first monthly installment of Rent in accordance with Article 5.3.2;

(b) provide LESSOR with a copy of such Aviation Documents as may be available prior to the Scheduled Delivery Date;

(c) provide LESSOR with a power of attorney empowering LESSEE's representative, who may be an officer or employee of LESSEE, to accept the Aircraft on behalf of LESSEE;

(d) provide LESSOR with a power of attorney in the form of Exhibit G; and

(e) provide LESSOR with such other documents as LESSOR may reasonably request.

7.2 DELIVERY REQUIREMENTS. On the Delivery Date of the Aircraft, each of the following will occur:

7.2.1 LESSEE will execute and deliver to LESSOR an Estoppel and Acceptance Certificate in the form of Exhibit E covering the Aircraft and effective as of the Delivery Date.

7.2.2 if not previously done, LESSEE and LESSOR will sign an amendment or supplement to Exhibit A evidencing all agreed-to changes to the specification of the Aircraft.

7.2.3 LESSEE will deliver a certificate signed by an officer of LESSEE stating all of the following:

(a) the representations and warranties contained in Article 20 are true and accurate on and as of the Delivery Date as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date);

(b) no Default or Event of Default has occurred and is continuing or will result from LESSEE's lease of the Aircraft hereunder; and

(c) to the extent applicable, such officer has examined the Creditor Agreements between LESSEE and the other Creditors and such Creditor Agreements contain terms pursuant to which, subject to reciprocal rights, such Creditors have agreed that they will not obtain any right, title or interest in an Engine which is installed on another aircraft (or, if this is not the case, such officer will identify in the certificate the parties, the aircraft and the Creditor Agreements for which this statement is untrue).

7.2.4 LESSEE's counsel will deliver an opinion confirming the matters set forth in the opinion of counsel described in Article 7.1 and advising that all filing and other requirements described in the earlier opinion of counsel have been met to the extent the same may be met prior to Delivery of the Aircraft.

7.2.5 If any Creditor Agreement provides or contemplates that such Creditor will obtain any right, title or interest in an Engine which is installed on such Creditor's aircraft, LESSEE will deliver (if reasonably available) to LESSOR an engines cooperation agreement in form and substance acceptable to LESSOR which is executed by LESSEE and LESSEE's Creditors (as defined therein); provided, however, to the extent such agreement has not been so delivered, LESSEE hereby agrees that LESSEE will not install an Engine on such Aircraft until such agreement shall have been delivered.

7.2.6 LESSOR will deliver to LESSEE an assignment of Manufacturer and Engine manufacturer rights in the form and substance of Exhibits H and I, respectively, and concurrently therewith LESSOR, to the extent it has not previously done so, will be deemed to have assigned all product assurance and product support applicable to the owner or operator of the Aircraft to LESSEE during the Lease Term.

7.2.7 LESSEE will deliver to LESSOR a copy of such Aviation Documents as have not been previously delivered which are available.

7.3 POST-DELIVERY REQUIREMENTS.

7.3.1 As soon as reasonably practicable after Delivery but not later than thirty (30) days after arrival of the Aircraft in Panama, if not previously provided, LESSEE will do each of the following:

(a) procure registration of the Aircraft in the register of aircraft of the State of Registration showing LESSOR as the owner and provide evidence of the same to LESSOR;

(b) provide LESSOR with copies of all Aviation Documents not previously delivered; and

(c) if the Aircraft could not be registered at Delivery, provide LESSOR with a follow-up opinion of counsel advising that the Aircraft has been registered in the State of Registration and that all necessary filings have been made.

7.3.2 Within forty five (45) days after Delivery, LESSEE will provide LESSOR with a Technical Evaluation Report for the Aircraft in the form and substance of Exhibit M, as revised.

ARTICLE 8
DISCLAIMERS

LESSOR HAS COMMITTED TO LESSEE THAT ON THE DELIVERY DATE THE AIRCRAFT WILL BE IN THE CONDITION REQUIRED BY ARTICLE 6. SUCH COMMITMENT OR COVENANT ON THE PART OF LESSOR EXPIRES AND THE DISCLAIMERS SET FORTH IN THIS ARTICLE 8 APPLY UPON LESSEE'S ACCEPTANCE OF THE AIRCRAFT AND EXECUTION OF THE ESTOPPEL AND ACCEPTANCE CERTIFICATE. AFTER SUCH TIME, THEN AS BETWEEN LESSOR AND LESSEE:

8.1 "AS IS, WHERE IS". LESSEE AGREES THAT IT IS LEASING THE AIRCRAFT "AS IS, WHERE IS". LESSEE UNCONDITIONALLY ACKNOWLEDGES AND AGREES THAT NEITHER LESSOR NOR ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES OR REPRESENTATIVES HAVE MADE OR WILL BE DEEMED TO HAVE MADE ANY TERM, CONDITION, REPRESENTATION, WARRANTY OR COVENANT EXPRESS OR IMPLIED (WHETHER STATUTORY OR OTHERWISE) AS TO (a) THE CAPACITY, AGE, AIRWORTHINESS, VALUE, QUALITY, DURABILITY, CONFORMITY TO THE PROVISIONS OF THIS LEASE, DESCRIPTION, CONDITION (WHETHER OF THE AIRCRAFT, ANY ENGINE, ANY PART THEREOF OR THE AIRCRAFT DOCUMENTATION), DESIGN, WORKMANSHIP, MATERIALS, MANUFACTURE, CONSTRUCTION, OPERATION, DESCRIPTION, STATE, MERCHANTABILITY, PERFORMANCE, FITNESS FOR ANY PARTICULAR USE OR PURPOSE (INCLUDING THE ABILITY TO OPERATE OR REGISTER THE AIRCRAFT OR USE THE AIRCRAFT DOCUMENTATION IN ANY OR ALL JURISDICTIONS) OR SUITABILITY OF THE AIRCRAFT OR ANY PART THEREOF, OR THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, KNOWN OR UNKNOWN, APPARENT OR CONCEALED, EXTERIOR OR INTERIOR, (b) THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK, COPYRIGHT OR OTHER INTELLECTUAL PROPERTY RIGHTS, (c) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE OR (d) ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND EXTINGUISHED.

8.2 WAIVER OF WARRANTY OF DESCRIPTION. IN CONSIDERATION OF (a) LESSEE'S RIGHTS HEREUNDER TO INSPECT THE AIRCRAFT AND (b) LESSOR'S ASSIGNMENT TO LESSEE OF ANY EXISTING AND ASSIGNABLE WARRANTIES OF MANUFACTURER AND THE ENGINE MANUFACTURER, LESSEE HEREBY AGREES THAT ITS ACCEPTANCE OF THE AIRCRAFT AT DELIVERY AND ITS EXECUTION AND DELIVERY OF THE ESTOPPEL AND ACCEPTANCE CERTIFICATE CONSTITUTE LESSEE'S WAIVER OF THE WARRANTY OF DESCRIPTION, ANY CLAIMS LESSEE MAY HAVE AGAINST LESSOR BASED UPON THE FAILURE OF THE AIRCRAFT TO CONFORM WITH SUCH DESCRIPTION AND ANY AND ALL RIGHTS IT MAY HAVE TO THE REMEDIES SET FORTH IN SECTIONS 10508 THROUGH 10522 OF THE CALIFORNIA COMMERCIAL CODE. EVEN IF AT ANY TIME THE FAILURE OF THE AIRCRAFT TO CONFORM TO SUCH DESCRIPTION SUBSTANTIALLY IMPAIRS THE

VALUE AND UTILITY OF THE AIRCRAFT AND EITHER (i) LESSEE ACCEPTED THE AIRCRAFT BASED ON A REASONABLE ASSUMPTION THAT THE NONCONFORMITY WOULD BE CURED AND IT WAS NOT SEASONABLY CURED OR (ii) LESSEE ACCEPTED THE AIRCRAFT WITHOUT DISCOVERING THE NONCONFORMITY BUT LESSEE'S ACCEPTANCE OF THE AIRCRAFT WAS REASONABLY INDUCED EITHER BY LESSOR'S ASSURANCES OR BY THE DIFFICULTY OF DISCOVERING ANY DEFECT PRIOR TO ACCEPTANCE, LESSEE AGREES NOT TO LOOK TO LESSOR FOR DAMAGES OR RELIEF ARISING OUT OF THE FAILURE OF THE AIRCRAFT TO CONFORM TO SUCH DESCRIPTION.

8.3 LESSEE WAIVER. LESSEE hereby waives as between itself and LESSOR and agrees not to seek to establish or enforce any rights and remedies, express or implied (whether statutory or otherwise) against LESSOR or the Aircraft relating to any of the matters mentioned in Articles 8.1 or 8.2 and the leasing thereof by LESSOR to LESSEE.

8.4 CONCLUSIVE PROOF. DELIVERY BY LESSEE TO LESSOR OF THE ESTOPPEL AND ACCEPTANCE CERTIFICATE WILL BE CONCLUSIVE PROOF AS BETWEEN LESSOR AND LESSEE THAT LESSEE'S TECHNICAL EXPERTS HAVE EXAMINED AND INVESTIGATED THE AIRCRAFT AND ENGINES AND (a) EACH IS AIRWORTHY AND IN GOOD WORKING ORDER AND REPAIR AND (b) THE AIRCRAFT AND ENGINES AND THE AIRCRAFT DOCUMENTATION ARE WITHOUT DEFECT (WHETHER OR NOT DISCOVERABLE AT DELIVERY) AND IN EVERY WAY SATISFACTORY TO LESSEE.

8.5 NO LESSOR LIABILITY FOR LOSSES. LESSEE agrees that LESSOR will not be liable to LESSEE, any sublessee or any Person, whether in contract or tort and however arising, for any cost, loss or damage (consequential or otherwise) arising out of the condition of the Aircraft, whether or not due in whole or in part to an act or omission or the active or passive negligence of LESSOR but excluding acts resulting from the willful misconduct of LESSOR.

8.6 NO LIABILITY TO REPAIR OR REPLACE. LESSOR will not be liable for any expense in repairing or replacing any item of the Aircraft or be liable to supply another aircraft or any item in lieu of the Aircraft or any Part thereof if the same is lost, confiscated, damaged, destroyed or otherwise rendered unfit for use.

8.7 NO WAIVER. Nothing in this Article 8 or elsewhere in this Lease will be deemed to be a waiver by LESSEE of any rights it may have against Manufacturer, the Engine manufacturer or any other Person including, without limitation, rights LESSEE may have under Article 9 of this Lease.

ARTICLE 9
MANUFACTURERS' AND VENDORS' WARRANTIES

9.1 WARRANTIES. As set forth in Article 7.2.5, at Delivery LESSOR will assign to LESSEE for the duration of the Lease Term the benefit of all warranties and indemnities given to LESSOR by Manufacturer and the Engine manufacturer. Effective on the Delivery Date, all other vendor warranties with respect to the Aircraft are hereby assigned by LESSOR to LESSEE. Additionally, LESSOR will cooperate in a commercially reasonable manner with LESSEE in order to enforce any material warranty claims and take all other actions reasonably necessary to effectively assign to LESSEE and to secure the benefits for LESSEE of such warranties.

9.2 REASSIGNMENT. On the Termination Date, the benefit of any warranty assigned by LESSOR to LESSEE pursuant to Articles 7.2.5 and 9.1 will be reassigned automatically to LESSOR or its designee (with the exception of any claims and rights of payment to LESSEE arising prior to the Termination Date). LESSEE'S rights under such warranties (including LESSEE's claims and rights to payment thereunder) will revert to LESSOR during any period in which an Event of Default is continuing. Similarly, any additional warranties received by LESSEE from Manufacturer, Engine manufacturer and any other vendor or repair facility for work performed on the Aircraft, Engine or any Part during the Lease Term will be automatically assigned by LESSEE to LESSOR or its designee on the Termination Date (with the exception of any claims and rights of payment to LESSEE arising prior to the Termination Date). LESSEE at its own cost and expense will do all such things and execute such documents as may be required for these purposes.

9.3 WARRANTY CLAIMS. LESSEE will diligently and: promptly pursue any valid claims it may have against Manufacturer and others under such warranties with respect to the Aircraft.

ARTICLE 10
OPERATION OF AIRCRAFT

10.1 COSTS OF OPERATION. LESSEE will pay all costs incurred in the operation of the Aircraft during the Lease Term and until the Termination Date, for profit or otherwise, including the costs of flight crews, cabin personnel, fuel, oil, lubricants, maintenance, insurance, storage, landing and navigation fees, airport charges, passenger service and any and all other expenses of any kind or nature, directly or indirectly, in connection with or related to the use, movement and operation of the Aircraft. The obligations, covenants and liabilities of LESSEE under this paragraph arising prior to return of the Aircraft to LESSOR will continue in full force and effect, notwithstanding the termination of this Lease or expiration of the Lease Term.

10.2 COMPLIANCE WITH LAWS. Except as otherwise provided in this Lease, LESSEE agrees throughout the Lease Term and until the Termination Date to maintain operational control of the Aircraft and use the Aircraft in accordance with applicable Laws of the State of Registration and of any country, state, territory or municipality into or over which LESSEE may operate. LESSEE will not employ, suffer or cause the Aircraft to be used in any business which is forbidden by Law or in any manner which may reasonably be expected to render it liable to condemnation, destruction, seizure, or confiscation by any authority. LESSEE will not permit the Aircraft to fly to any airport or country if so doing would cause LESSEE or LESSOR to be in violation of any Law applicable to either of them or the Aircraft except as may be necessary to preserve the Aircraft or the safety, well being or life of passengers or crew, provided, however, that in such event LESSEE will take reasonable actions to remove the Aircraft from such airport or country as soon as reasonably practical.

10.3 TRAINING. LESSEE will not use the Aircraft for testing or for training of flight crew members other than LESSEE crew members and will not use the Aircraft for training any more than it utilizes for training the other aircraft in its fleet.

10.4 NO VIOLATION OF INSURANCE POLICIES. LESSEE will not use or permit the Aircraft to be used in any manner or for any purpose which is not covered by the insurance policies LESSEE is required to carry and maintain as set forth in this Lease. LESSEE will not carry any goods of any description excepted or exempted from such policies or do any other act or permit to be done anything which may reasonably be expected to invalidate or limit any such insurance policy.

10.5 FLIGHT AND AIRPORT CHARGES.

10.5.1 LESSEE will pay promptly when due all airport or enroute navigation charges (including Eurocontrol charges if and when applicable), navigation service charges, landing fees and all charges payable by LESSEE for the use of or for services provided at any airport, whether in respect of the Aircraft or any other aircraft of LESSEE which, if unpaid, may reasonably be expected to subject the Aircraft to any lien, and will indemnify and hold LESSOR harmless in respect of the same. This indemnity will continue in full force and effect notwithstanding the termination or expiration of the Lease Term for any reason or the return of the Aircraft.

10.5.2 If requested by LESSOR (but not more often than each six (6) months unless a Default or Event of Default shall have occurred and be continuing), LESSEE will provide LESSOR with a list of the airports to which LESSEE regularly operates the Aircraft or its other aircraft (in the event that the operation of such other aircraft may reasonably be expected to give rise to a lien on the Aircraft for navigation, landing, parking, storage or other similar charges). LESSEE hereby authorizes Eurocontrol (if and when applicable) or another aviation authority or airport or creditor claiming rights on the Aircraft to confirm the status of LESSEE'S payments to such creditor for the Aircraft and its other aircraft, as and when requested by LESSOR.

ARTICLE 11
SUBLEASES

11.1 NO SUBLEASE WITHOUT LESSOR CONSENT. LESSEE WILL NOT SUBLEASE OR PART WITH POSSESSION OF THE AIRCRAFT (EXCEPT FOR MODIFICATION, MAINTENANCE, TESTING, SERVICE AND/OR REPAIR) AT ANY TIME WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR (NOT TO BE UNREASONABLY WITHHELD OR DELAYED) AND IN ACCORDANCE WITH SUCH REQUIREMENTS AS MAY FROM TIME TO TIME BE AGREED IN WRITING BETWEEN LESSOR AND LESSEE.

11.2 LESSOR COSTS. LESSEE will indemnify LESSOR on demand for all out-of-pocket expenses (including reasonable legal fees) incurred in connection with LESSOR's assessment of the subleasing proposal (whether or not LESSOR's consent to such sublease is ultimately given) and implementation of the sublease.

11.3 ANY APPROVED SUBLEASE. Any sublease approved by LESSOR will be for a term no greater than the remaining Lease Term. The applicable sublease agreement will contain provisions consistent with this Lease protecting LESSOR's title to the Aircraft, providing appropriate LESSOR disclaimers and indemnities, regarding the maintenance and repair standards for the Aircraft and concerning the insurances which will be carried by the sublessee and the circumstances which constitute a Total Loss of the Aircraft. Any such sublease will be subject and subordinate to this Lease. LESSOR will have an opportunity to review the proposed sublease agreement reasonably in advance in order to determine that it meets the requirements of this Article 11.3. In its sole and reasonable discretion, LESSOR may require an opinion of counsel in connection with such sublease, including LESSOR's right to repossess the Aircraft in the event of an Event of Default hereunder or under the sublease. LESSEE will not amend the terms of any approved sublease agreement without the prior written consent of LESSOR, which consent will not be unreasonably withheld.

11.4 ASSIGNMENT OF SUBLEASE. Any approved sublease will be assigned to LESSOR as security. LESSEE will deliver the original counterpart of the sublease to LESSOR and make any filings necessary to protect LESSOR's security interest.

11.5 WET LEASES. The wet leasing of the Aircraft during the Lease Term (in which LESSEE and its crews retain operational control of the Aircraft) will not be considered a sublease of the Aircraft and will be permitted without LESSOR's consent, provided that (a) the Aircraft remains registered in the State of Registration, (b) the Aircraft will be operated in accordance with applicable rules related to any Prohibited Country, (c) LESSEE provides LESSOR with either a certified copy of the applicable provisions from the wet lease agreement or an officer's certificate indicating whether LESSEE or the wet lessee will be responsible for maintaining the primary passenger, baggage and cargo liability insurance relating to operation under the wet lease and (d) LESSEE complies with Article 18.9.

11.6 CONTINUED RESPONSIBILITY OF LESSEE. LESSEE will continue to be responsible for performance of its obligations under this Lease during any period of sublease or wet lease.

ARTICLE 12
MAINTENANCE OF AIRCRAFT

12.1 GENERAL OBLIGATION. During the Lease Term and until the Termination Date, LESSEE alone has the obligation, at its expense, to maintain and repair the Aircraft, Engines, APU and all of the Parts (a) in accordance with the Maintenance Program, (b) in accordance with the rules and regulations of the Aviation Authority, (c) in accordance with Manufacturer's type design, (d) in accordance with any other regulations or requirements necessary in order to maintain a valid Certificate of Airworthiness for the Aircraft and meet the requirements at all times during the Lease Term and upon return of the Aircraft to LESSOR for issuance of a Standard Certificate of Airworthiness for transport category aircraft issued by the FAA in accordance with FAR Part 21 (except during those periods when the Aircraft is undergoing maintenance, Modification or repairs as required or permitted by this Lease and to the extent in conflict with the requirements of the Aviation Authority) and (e) in the same manner and with the same care as used by LESSEE with respect to aircraft and engines of like make and model operated by LESSEE and without in any way discriminating against the Aircraft as compared to such other aircraft.

12.2 SPECIFIC ENGINE REQUIREMENTS.

12.2.1 No Engine will remain in an unserviceable condition for more than three (3) months unless engine restoration is ongoing and has not been suspended or delayed without reasonable technical cause and LESSEE uses commercially reasonable efforts to cause such Engine to be returned to service.

12.2.2 When replacing Parts in the Engines, LESSEE will utilize only original equipment manufacturer parts (OEM parts). The foregoing will not apply to QEC and thrust reverser Parts.

12.2.3 LESSEE will not discriminate against the Engines with respect to Overhaul build standards and life-limited Part replacements and, in any event, at each performance restoration shop visit on an Engine, LESSEE will (a) build the Engine life-limited Parts to at least **Material Redacted** cycles remaining and (b) perform, at a minimum, a performance restoration workscope sufficient to allow such Engine to achieve at least **Material Redacted** hours and **Material Redacted** cycles of operation following such shop visit. Notwithstanding the foregoing, LESSOR agrees that the performance restoration workscope contained in the maintenance cost per flight hour when agreed to among LESSEE, LESSOR and LESSEE's engine maintenance provider will be substituted for the performance restoration workscope described above. Failing the foregoing, LESSOR and LESSEE agree to negotiate in good faith and agree on a performance restoration workscope for the last engine shop visit which is reasonable in view of the age and condition of the Engine, the required condition at return and the cost of such restoration to LESSEE and LESSOR.

12.2.4 With respect to the last Engine shop visit of an Engine prior to return of the Aircraft, LESSEE will submit to LESSOR in advance the intended workscope of such shop visit. If LESSOR requests, LESSEE will perform additional work at such shop visit at LESSOR's cost provided that if the same shall result in delay in redelivery, extension of the Lease Term or cause the Engine to be removed from service for a period in excess of the period the Engine would have been removed to revenue service absent such additional work, no Rent or other costs will be payable by LESSEE for the period which is attributable solely to LESSOR's requested work (unless and to the extent LESSOR and LESSEE shall have otherwise agreed in writing).

12.2.5 Except as otherwise agreed by the parties (including, pursuant to any side letter) LESSEE will not enter into any Engine maintenance cost per flight hour, power-by-the-hour or similar agreement with the Engine manufacturer or any other Engine maintenance facility or organization without LESSOR's prior written consent which consent shall not be unreasonably withheld or delayed. LESSEE will at its cost be responsible for performing all work necessary to meet the return conditions with respect to the Engines set forth in Article 23 even if such work is not covered by LESSEE's Engine maintenance agreement. Without limiting the foregoing, any such Engine maintenance agreement will provide that:

(a) LESSOR will receive and retain the monthly Engine Performance Restoration Reserves paid by LESSEE until an Engine shop visit has been completed;

(b) LESSEE will pay the Engine maintenance facility directly for any Engine Overhaul and repair costs in excess of the Engine Performance Restoration Reserves, including any differential between the hourly Engine Performance Restoration Reserves payable by LESSEE to LESSOR and the hourly rates charged by the Engine maintenance facility; and

(c) LESSEE will pay the Engine maintenance facility directly for any services provided by the Engine maintenance facility over and above repair of the Engines, such as trend monitoring, spare engines or spare parts.

12.3 SPECIFIC OBLIGATIONS. Without limiting Article 12.1, LESSEE agrees that such maintenance and repairs will include but will not be limited to each of the following specific items:

(a) performance in accordance with the Maintenance Program of all routine and non-routine maintenance work;

(b) incorporation in the Aircraft of all Airworthiness Directives, all mandatory service bulletins of Manufacturer, the Engine manufacturer and other vendors or manufacturers of Parts incorporated on the Aircraft and any service bulletins which must be performed in order to maintain the warranties on the Aircraft, Engines, APU and Parts;

(c) incorporation in the Aircraft of all other service bulletins of Manufacturer, the Engine manufacturer and other vendors which LESSEE schedules to adopt within the Lease Term for the rest of its B737-700 / 800 aircraft fleet. It is the intent of the parties that the Aircraft will not be discriminated from the rest of LESSEE's fleet in service bulletin compliance (including method of compliance) or other maintenance matters unless LESSEE's exclusion of the such modification is reasonable giving consideration to the remaining Lease Term and industry practice;

(d) incorporation in the Maintenance Program for the Aircraft of a corrosion prevention and control program as recommended by Manufacturer and the correction of any discrepancies in accordance with the recommendations of Manufacturer and the Structural Repair Manual. In addition, all inspected areas will be properly treated with corrosion inhibitor as recommended by Manufacturer;

(e) maintaining in English and keeping in an up-to-date status the records and historical documents set forth in Attachment 1 of Exhibit J;

(f) maintaining historical records, in English, for on condition, condition-monitored, hard time and life-limited Parts (including an FAA Form 8130 or JAA Form 1) from the manufacturer of such Part or a repair facility which evidence that such Part is new or overhauled and establish authenticity, total time in service and time since overhaul for such Part), the hours and cycles the Aircraft and Engines operate and all maintenance and repairs performed on the Aircraft; and

(g) properly documenting all repairs, Modifications and alterations and the addition, removal or replacement of equipment, systems or components in accordance with the rules and regulations of the Aviation Authority and reflecting such items in the Aircraft Documentation, including Manufacturer's manuals, as required by such rules and regulations. In addition, all repairs to the Aircraft will be accomplished in accordance with Manufacturer's Structural Repair Manual (or FAA-approved data supported by an FAA Form 8110-3 or equivalent). All Modifications and alterations will also be accomplished in accordance with FAA-approved data supported by FAA Form 8110-3 or equivalent.

12.4 REPLACEMENT OF PARTS.

12.4.1 LESSEE, at its own cost and expense, will promptly replace all Parts which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or rendered unfit or beyond economical repair (BER) for use for any reason. In the ordinary course of maintenance, service, repair, overhaul or testing, LESSEE may remove any Part provided that LESSEE replaces such Part as promptly as reasonably practicable. All replacement Parts will (a) be owned by LESSEE free and clear of all Security Interests (except Permitted Liens) of any kind or description (or, if not owned by LESSEE, LESSEE guarantees to LESSOR such title and clearance of all Security Interests), (b) be in airworthy condition, and of at least equivalent model, service bulletin and modification status and have a value and utility at least

equal to the Parts replaced, assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof and (c) have a current "serviceable tag" (an FAA Form 8130 or JAA Form 1) of the manufacturer or maintenance facility providing such items to LESSEE, indicating that such Parts are new, serviceable or Overhauled. So long as a substitution meets the requirements of the Maintenance Program and Aviation Authority, LESSEE may substitute for any Part a part that does not meet the requirements of the foregoing sentence if a complying Part cannot be procured or installed within the available ground time of the Aircraft and as soon as practicable the noncomplying part is removed and replaced by a complying Part. With respect to replacement modules in an Engine, the replacement module will not have been previously operated at a higher thrust rating than the replaced module. As set forth in Article 12.2.2, LESSEE may not replace any Part in the Engines, excluding QEC and thrust reversers, with a part other than an original equipment manufacturer part (an OEM part). With respect to replacement modules in an Engine, the replacement module will not have been previously operated at a higher thrust rating than the replaced module.

12.4.2 All Parts removed from the Airframe, any Engine or the APU will remain the property of LESSOR and subject to this Lease no matter where located, until such time as such Parts have been replaced by Parts (which have been incorporated or installed in or attached to the Airframe, such Engine or the APU) which meet the requirements for replacement Parts specified above and title to such replacement Parts has passed to LESSOR under the Laws of the State of Registration and the lex situs. To the extent permitted by the Laws of the State of Registration and the lex situs it is the intent of LESSOR and LESSEE that without further act and immediately upon any replacement Part becoming incorporated, installed or attached to the Airframe, an Engine or the APU as above provided, (a) title to the removed Part will thereupon vest in LESSEE, free and clear of all rights of LESSOR and LESSOR Liens and LESSOR will, upon LESSEE's reasonable request, provide LESSEE with a bill of sale thereto, (b) title to the replacement Part will thereupon vest in LESSOR free and clear of all rights of LESSEE free and clear of all rights of LESSEE and liens (other than LESSOR Liens) and LESSEE will, upon LESSOR's reasonable request, provide LESSOR with a bill of sale thereto and (c) such replacement Part will become subject to this Lease and be deemed to be a Part hereunder to the same extent as the Parts originally incorporated or installed in or attached to the Airframe, such Engine or the APU.

12.5 REMOVAL OF ENGINES.

12.5.1 If an Engine is removed for testing, service, repair, maintenance, Overhaul work, alterations or modifications, title to such Engine will at all times remain vested in LESSOR.

12.5.2 LESSEE will be entitled to remove any of the Engines from the Aircraft and install another engine or engines on the Aircraft, provided that LESSEE complies with each of the following obligations:

(a) the insurance requirements set forth in Article 18 and Exhibit C are in place;

(b) LESSEE ensures that the identification plates referred to in Article 15 are not removed from any Engine upon such Engine being detached from the Aircraft; and

(c) title to the Engine remains with LESSOR free from all Security Interests (except Permitted Liens) regardless of the location of the Engine or its attachment to or detachment from the Aircraft.

12.6 REMOVAL OF APU.

12.6.1 If the APU is removed for testing, service, repair, maintenance, Overhaul work, alterations or modifications, title to the APU will at all times remain vested in LESSOR.

12.6.2 LESSEE will be entitled to remove the APU from the Aircraft and install another auxiliary power unit on the Aircraft, provided that LESSEE complies with each of the following obligations:

(a) the insurance requirements set forth in Article 18 and Exhibit C are in place;

(b) LESSEE ensures that the identification plates referred to in Article 15 are not removed from the APU; and

(c) title to the APU remains with LESSOR free from all Security Interests (except Permitted Liens) regardless of the location of the APU or its attachment to or detachment from the Aircraft.

12.7 POOLING OF ENGINES, APU AND PARTS. With LESSOR's prior written consent, not to be unreasonably withheld or delayed, LESSEE may subject the Engines, APU and Parts to normal interchange or pooling agreements with responsible international scheduled commercial air carriers customary in the airline industry and entered into by LESSEE in the ordinary course of its business with respect to its entire B737-700 / 800 fleet so long as (a) in the case of pooling of an Engine or APU, such Engine or APU is returned to LESSEE within one hundred eighty (180) days, (b) no transfer of title to the Engine or APU occurs, (c) all other terms of this Lease continue to be observed with respect to the Engines, APU or Parts, including but not limited to Articles 8, 10, 12, 14, 15, 16, 17, 18 and 19 and (d) LESSEE continues to be fully responsible to LESSOR for the performance of all of its obligations hereunder.

12.8 INSTALLATION OF ENGINES ON OTHER AIRCRAFT. Any Engine removed from the Aircraft may be installed on another aircraft in LESSEE's fleet which utilizes engines of the same type as the Engine only if one of the situations described in this Article 12.8 exists:

12.8.1 LESSEE or LESSOR has title to such other aircraft free and clear of all Security Interests (except Permitted Liens).

12.8.2 LESSEE, LESSOR and all of the Creditors of LESSEE of such aircraft enter into an engines cooperation agreement in form and substance acceptable to LESSOR in which each party agrees to recognize one another's rights in the engines. LESSEE will reimburse LESSOR and LESSOR's Lender for their reasonable attorneys' fees and costs in negotiating and finalizing engine cooperation agreement arrangements with LESSEE and its Creditors.

12.8.3 Such other aircraft is subject to a Creditor Agreement (but no other Security Interests except Permitted Liens) which by its terms expressly or effectively states that such Creditor and its successors and assigns will not acquire any right, title or interest in any Engine by reason of such Engine being installed on such aircraft provided the owner of such Engine provides reciprocal title recognition provisions. To evidence the foregoing, at or before Delivery, LESSEE will provide LESSOR with an officer's certificate as to this matter (and, officer's certificate will be provided during the Lease Term with respect to other Creditor Agreements regarding aircraft entering LESSEE's operating fleet subsequent to Delivery). LESSEE hereby agrees that if LESSOR's title to an Engine is in fact impaired under any such Creditor Agreement, such impairment will be a Total Loss of such Engine and the provisions of Article 19.5 will apply. To the extent another Creditor Agreement contains such provisions, then LESSOR hereby agrees for the benefit of the Creditor of such Creditor Agreement that neither LESSOR nor its successors or assigns will acquire or claim any right, title or interest in any engine in which LESSEE or another Creditor has an interest as a result of such engine being installed on the Airframe.

12.9 ENGINE THRUST RATING. If an Engine is utilized by LESSEE on the Aircraft or on any other airframe (or if the Engine is utilized by any sublessee or user under a pooling arrangement in accordance with this Lease) at a thrust rating greater than the thrust rating set forth in Exhibit A, LESSEE will promptly notify LESSOR and the amounts of Engine Performance Restoration Reserves and, if applicable, Engine LLP Reserves, set forth in Article 5.4.1 will be increased in an amount consistent with Engine manufacturer's published data. Notwithstanding anything to the contrary herein, Engine Performance Restoration Reserves shall be calculated with respect to any relevant period based on the thrust rating at which the Engine is actually operated, from time to time, during such period.

12.10 MODIFICATIONS.

12.10.1 No modification, alteration, addition or removal to the Aircraft ("MODIFICATION") expected to cost over **Material Redacted** **Material Redacted** or deviation from the Aircraft's original type design or configuration will be made without the prior written consent of LESSOR, which consent will not be unreasonably withheld or delayed. The term Modification does not include Airworthiness Directives or Manufacturer's recommended service bulletins, for which LESSOR's consent is not required. **Material Redacted**.

12.10.2 LESSOR may review LESSEE's proposed designs, plans, engineering drawings and diagrams, and flight and maintenance manual revisions for any proposed Modification. If requested by LESSOR, LESSEE will furnish LESSOR (at LESSEE's expense) with such documents in final form and any other documents required by Law, as a result of such Modification. All Modifications incorporated on the Aircraft will be properly documented in the Aircraft Documentation and be fully approved by the Aviation Authority.

12.10.3 Notwithstanding any other provision of this Lease, no Modification will be made which has the effect of decreasing the utility or value of the Aircraft or invalidating any warranty applicable to the Aircraft.

12.10.4 No Modification will be made by LESSEE if an Event of Default exists and is continuing hereunder.

12.10.5 Unless otherwise agreed by LESSOR in writing, all permanent or structural Modifications will promptly become a part of the Aircraft and LESSEE relinquishes to LESSOR all rights and title thereto. However, all temporary and non-structural Modifications will remain the property of LESSEE and, at LESSOR's request and LESSEE's cost, will be removed from the Aircraft prior to return of the Aircraft, with LESSEE restoring the Aircraft to the condition it was in prior to the Modification in a manner cosmetically acceptable to LESSOR (considering international passenger airline standards). Notwithstanding the foregoing, no such removal will be permitted without LESSOR's permission after the occurrence of an Event of Default hereunder and immediately upon the occurrence of an Event of Default hereunder, without the requirement of any further act or notice, all right, title and interest in such Modifications will immediately vest in LESSOR.

12.10.6 LESSOR will bear no liability for the cost of Modifications of the Aircraft whether in the event of grounding or suspensions of certification, or for any other cause.

12.11 PERFORMANCE OF WORK BY THIRD PARTIES. Whenever maintenance and repair work on the Aircraft or Engines will be regularly performed by a Person other than LESSEE, such Person will be an FAA-authorized repair station.

12.12 REPORTING REQUIREMENTS.

12.12.1 Commencing with a report furnished ten (10) days after the end of the calendar month in which Delivery occurs, LESSEE will furnish to LESSOR a Monthly Report in English in the form attached hereto as Exhibit K. Each Monthly Report will be furnished within ten (10) days after the end of each calendar month, except that the Monthly Report pertaining to the last month (or any portion thereof) of this Lease will be furnished to LESSOR on the Termination Date.

12.12.2 Once each eighteen months during the Lease Term, LESSEE will provide LESSOR with an updated Technical Evaluation Report for the Aircraft in the form and substance of Exhibit M, as revised.

12.12.3 From time to time, LESSEE will provide LESSOR with such other technical information or documents as LESSOR may reasonably request.

12.13 INFORMATION REGARDING MAINTENANCE PROGRAM. Upon reasonable notice to LESSEE, LESSEE will provide LESSOR with access to the Maintenance Program for the Aircraft, as reasonably requested by LESSOR.

12.14 LESSOR RIGHTS TO INSPECT AIRCRAFT. On reasonable notice, LESSOR and/or its authorized agents or representatives will have the right to inspect the Aircraft and Aircraft Documentation. LESSOR agrees that such requests will be coordinated with LESSEE so as to cause the minimum practical disturbance to LESSEE's operation or its personnel. LESSEE agrees to cooperate with LESSOR in making the Aircraft and Aircraft Documentation available to such authorized technical teams. LESSOR will have no duty to make any such inspection and will not incur any liability or obligation by reason of (and LESSEE's indemnity obligations pursuant to Article 17 will apply notwithstanding) making or not making any such inspection or by reason of any reports it receives or any reviews it may make of the Aircraft records.

ARTICLE 13
USE OF RESERVES

13.1 AIRFRAME RESERVES. LESSOR will reimburse LESSEE from the Airframe Reserves for the actual cost of performing all task as described in the MPD (including systems, zonal, CPCP, SID, structural and lubrication) performed during the Airframe heavy checks (performed at **Material Redacted** and **Material Redacted** years) any non routine tasks and the rectification of and deficiencies resulting from such inspection (including materials), with work performed for all other causes excluded, including those causes set forth in Article 13.5. Subject to Article 16.1 and excluding exchange fees and handling, packaging and shipping charges, reimbursement will be made up to the amount in the Airframe Reserves on the commencement date of the structural check.

13.2 ENGINE PERFORMANCE RESTORATION RESERVES.

13.2.1 Restoration LESSOR will reimburse LESSEE from the Engine Performance Restoration Reserves for the actual cost associated with performance restoration of the Basic Engine during completed Engine shop visits (i.e. heavy maintenance visits) requiring off-wing teardown and/or disassembly as described in Article 12.2.3, with work performed for all other causes excluded, including those causes set forth in Article 13.5. Subject to Article 16.1 and excluding exchange fees and handling, packaging and shipping charges, reimbursement for an Engine will be made up to the amount in the Engine Performance Restoration Reserves applicable to such Engine at the time of removal of such Engine.

13.2.2 Reimbursement from the Engine Performance Restoration Reserves will be limited as to each module of such Engine in accordance with the following percentages of the remaining total amount in the Engine Performance Restoration Reserves for such Engine:

Material Redacted % Fan and Accessory Gearbox Module

Material Redacted % High Pressure Compressor

Material Redacted % High Pressure Turbine

Material Redacted % Low Pressure Turbine

13.2.3 LESSEE will not enter into any Engine maintenance cost per flight hour, power-by-the-hour or similar agreement for the Engines with the Engine manufacturer or any other Engine maintenance facility or organization without LESSOR’s consent.

13.3 ENGINE LLP RESERVES. LESSOR will reimburse LESSEE from the Engine LLP Reserves for an Engine for the actual out-of-pocket materials cost without overhead, LESSEE mark-up or profit factor associated with the replacement of life-limited Parts in such Engine during completed Engine shop visits (i.e. heavy maintenance visits) requiring off-wing teardown and/or disassembly as described in Article 1.2.2.3, with work performed for all other causes

excluded, including those causes set forth in Article 13.5. Subject to Article 16.1 and excluding exchange fees and handling, packaging and shipping charges, reimbursement for replacement of life-limited Parts in an Engine will be made up to the amount in the Engine LLP Reserves applicable to such Engine at the time of removal of such Engine.

13.4 REIMBURSEMENT. LESSEE will be entitled to reimbursement from the Reserves after the work is completed and the Airframe or Engine has left the repair agency, by submitting invoices and proper documentation within six (6) months after completion of the work. LESSOR shall reimburse LESSEE from the Reserves promptly and in any event within thirty (30) days after LESSEE has delivered to LESSOR such invoices and proper documentation. LESSEE may only seek reimbursement from the Airframe Reserves one time in any calendar year. For the Airframe, proper documentation includes a list of all routine and non-routine work cards with corresponding references to the MPD and an itemized labor and materials report. For the Engine, proper documentation includes a description of the reason for removal, a shop teardown report, a shop findings report, a full description of the workscope and complete disk records for the Engine both prior to and after the shop visit. Both the invoice supplied by the Engine repair facility and that submitted by LESSEE to LESSOR with respect to an Engine will state whether or not credits were provided due to life remaining on any removed Engine Parts and the amount of any such credits will be itemized.

13.5 REIMBURSEMENT ADJUSTMENT. By way of example, among the exclusions from reimbursement are those items resulting from repairs covered by LESSEE's or a third party's insurance, (deductibles being for the account of LESSEE) or warranties or required as a result of an Airworthiness Directive, manufacturer's service bulletin, negligent maintenance or installation, improper operations, misuse, neglect, accident, incident, ingestion, or other accidental cause. Reimbursement from the Reserves will not be available for the quick engine change (QEC) Parts, thrust reversers or any of their associated components. All invoices subject to reimbursement from LESSOR will be reduced (by adjustment between LESSEE and LESSOR retroactively if necessary) by the actual amounts received by LESSEE on account of such work from responsible third parties or other sources, such as insurance proceeds, manufacturer's warranties, guarantees, concessions and credits (including, with respect to Engines, credits due to life remaining on any removed Engine Parts). Notwithstanding the foregoing, in the event that accident, incident or other accidental cause necessitates a repair and during the course of such repair the workscope results in performance restoration to, the Engine or installation of LLPs with more life remaining, the performance restoration portion or LLP life betterment of such repair workscope may be claimed by LESSEE from Engine Performance Restoration Reserves or Engine LLP Reserves (as applicable).

13.6 COSTS IN EXCESS OF RESERVES. LESSEE will be responsible for payment of all costs in excess of the amounts reimbursed hereunder. If on any occasion the balance in the Airframe Reserves, Engine Performance Restoration Reserves for a particular Engine or Engine LLP Reserves for a particular Engine (at the time of the structural check, in the case of the Airframe, or at the time of removal, in the case of an Engine, the Landing Gear and the APU) is insufficient to satisfy a claim for reimbursement in respect of the Airframe or such Engine, as applicable, the shortfall may not be carried forward or made the subject of any further claim for reimbursement.

13.7 REIMBURSEMENT AFTER TERMINATION DATE. LESSEE may not submit any invoice for reimbursement from the Reserves after the Termination Date unless on or prior to such date LESSEE has notified LESSOR in writing that such outstanding invoice will be submitted after the Termination Date and the anticipated amount of such invoice. So long as LESSEE has provided such notice to LESSOR, LESSEE may then submit outstanding invoices at any time within six (6) months after the Termination Date. Subject to the foregoing, any balance remaining in the Reserves on the Termination Date will be retained by LESSOR, **Material Redacted**.

ARTICLE 14
TITLE AND REGISTRATION

14.1 TITLE TO THE AIRCRAFT DURING LEASE TERM. Title to the Aircraft will be and remain vested in LESSOR. LESSOR and LESSEE intend this Lease to be a “true lease”. LESSEE will have no right, title or interest in the Aircraft except as provided in this Lease.

14.2 REGISTRATION OF AIRCRAFT. LESSEE at its sole cost and expense will (a) register and maintain registration of the Aircraft in the name of LESSOR at the register of aircraft in the State of Registration and (b) from time to time take all other steps then required by Law (including the Geneva Convention if applicable) or by practice, custom or understanding or as LESSOR may reasonably request to protect and perfect LESSOR’s interest in the Aircraft and this Lease in the State of Registration or in any other jurisdictions in or over which LESSEE may operate the Aircraft.

14.3 FILING OF OTIS LEASE. To the extent permitted by Law and in accordance with the requirements of the Law from time to time, LESSEE at its sole cost and expense will cause this Lease to be kept, filed, recorded and refilled or rerecorded in the State of Registration and in any other offices necessary to protect LESSOR’s rights hereunder.

14.4 EVIDENCE OF REGISTRATION AND FILINGS. As LESSOR may reasonably request from time to time (but not more often than once annually unless a Default or Event of Default shall have occurred and be continuing), LESSEE will furnish to LESSOR an opinion of counsel or other evidence reasonably satisfactory to LESSOR of the registrations and filings required hereunder.

ARTICLE 15
IDENTIFICATION PLATES

LESSOR will affix and LESSEE will at all times maintain on the Airframe, each Engine and the APU the identification plates containing the following legends or any other legend requested by LESSOR in writing:

15.1 AIRFRAME IDENTIFICATION PLATES.

Location: One to be affixed to the Aircraft structure above the forward entry door adjacent to and not less prominent than that of Manufacturer's data plate and another in a prominent place on the flight deck.

Size: No smaller than 2" x 3".

Legend: "THIS AIRCRAFT IS OWNED BY INTERNATIONAL LEASE FINANCE CORPORATION AND IS OPERATED UNDER LEASE BY COMPANIA PANAMENA DE AVIACION, S.A.

MANUFACTURER'S SERIAL NO: 32800

OWNER'S ADDRESS:

INTERNATIONAL LEASE FINANCE CORPORATION
10250 Constellation Boulevard, 34th Floor
Los Angeles, California 90067, U.S.A.
Fax: (310) 788-1990

15.2 ENGINE IDENTIFICATION PLATES.

Location: The legend on the plate must be no less prominent than the Engine data plate and must be visible.

Size: No smaller than 1" x 4".

Legend: "THIS ENGINE IS OWNED BY INTERNATIONAL LEASE FINANCE CORPORATION, LOS ANGELES, CALIFORNIA, USA AND IS OPERATED UNDER LEASE BY COMPANIA PANAMENA DE AVIACION, S.A."

15.3 APU IDENTIFICATION PLATE.

Location: The legend on the plate must be visible.

Size: No smaller than 1" x 3".

Legend: "THIS APU IS OWNED BY INTERNATIONAL LEASE FINANCE CORPORATION, LOS ANGELES, CALIFORNIA, USA AND IS OPERATED UNDER LEASE BY COMPANIA PANAMENA DE AVIACION, S.A."

ARTICLE 16
TAXES

16.1 GENERAL OBLIGATION OF LESSEE. Except as set forth in Article 16.2, LESSEE agrees to pay promptly when due, and to indemnify and hold harmless LESSOR on a full indemnity basis from, all license and registration fees and all taxes, fees, levies, imposts, duties, charges, deductions or withholdings of any nature (including without limitation any value added, franchise, transfer, sales, gross receipts, use, business, excise, turnover, personal property, stamp or other tax) together with any assessments, penalties, fines, additions to tax or interest thereon, however or wherever imposed (whether imposed upon LESSEE, LESSOR, on all or part of the Aircraft, the Engines or otherwise), by any Government Entity or taxing authority in the U.S., Panama or any foreign country or by any international taxing authority (including the City or County of Los Angeles), upon or with respect to, based upon or measured by any of the following (collectively, "TAXES"):

(a) the Aircraft, Engines, APU or any Parts;

(b) the use, operation or maintenance of the Aircraft or carriage of passengers or freight during the Lease Term and until the Termination Date;

(c) this Lease, the payments due hereunder and the terms and conditions hereof; and

(d) the ownership, financing, delivery, import or export, return, sale, payment of Total Loss Proceeds or other disposition of the Aircraft.

16.2 EXCEPTIONS TO INDEMNITY. The indemnity provided for in Article 16.1 does not extend to any of the following Taxes:

(a) Taxes imposed by the U.S. or the State of California on the net income, gross receipts, capital, turnover or net worth and franchise taxes of LESSOR;

(b) Taxes in jurisdictions in which LESSOR would have been subject to Tax to the extent that the parties had not consummated this transaction; provided, however, that if LESSEE's operation of the Aircraft to a jurisdiction and the operation of other aircraft owned by LESSOR to such jurisdiction causes LESSOR to be liable for any tax, then LESSEE will pay the portion of such Tax attributed to LESSEE's operations in such jurisdiction;

(c) Taxes imposed in connection with a LESSOR's voluntary transfer or other disposition of all or any part of its interest in the Aircraft (or any part thereof) or this Lease other than resulting from an Event of Default which shall have occurred and be continuing or other foreclosure, seizure or sale of the Aircraft resulting from LESSEE's action or inaction;

(d) Taxes imposed as a direct result of any LESSOR Lien;

(e) any additional or incremental tax which arise solely as a result of LESSOR's failure to provide information necessary, for LESSEE to properly complete and file any tax return or request an otherwise legally available exemption;

(f) Taxes solely attributable a sale or transfer of the Aircraft not resulting from an act or omission of LESSEE;

(g) Taxes attributable to the period prior to Delivery or after the Termination Date; or

(h) Taxes attributable to LESSOR's gross negligence, willful misconduct or breach of this Lease.

16.3 AFTER-TAX BASIS. The amount which LESSEE is required to pay with respect to any Taxes indemnified against under Article 16.1 is an amount sufficient to restore LESSOR on an after-tax basis to the same position LESSOR would have been in had such Taxes not been incurred. LESSEE may satisfy its obligations under this Article 16 by paying and indemnifying LESSOR for Taxes payable by LESSEE hereunder or grossing up payments made pursuant to this Lease in an amount sufficient to allow LESSOR to pay such Taxes and receive the full benefit of this Lease provided LESSEE will not be obligated to pay such Tax obligations twice as a result of gross-up and indemnity.

16.4 TIMING OF PAYMENT. Any amount payable to LESSOR pursuant to this Article 16 will be paid within thirty (30) days after receipt of a written demand therefor from LESSOR accompanied by a written statement describing in reasonable detail the basis for such indemnity and the computation of the amount so payable; provided, however, that such amount need not be paid by LESSEE prior to the earlier of (a) the date any Tax is payable to the appropriate Government Entity or taxing authority or (b) in the case of amounts which are being contested by LESSEE in good faith or by LESSOR pursuant to Article 16.5, the date such contest is finally resolved.

16.5 CONTESTS. If a claim is made against LESSOR for Taxes with respect to which LESSEE is liable for a payment or indemnity under this Lease, LESSOR will promptly give LESSEE notice in writing of such claim; provided, however, that LESSOR's failure to give notice will not relieve LESSEE of its obligations hereunder except to the extent such failure impairs or precludes LESSEE's ability to contest the claim or to the extent such failure results in additional liability to LESSEE. So long as (a) a contest of such Taxes does not involve any danger of the sale, forfeiture or loss of the Aircraft or any interest therein, (b) if LESSOR so requests, LESSEE has provided LESSOR with an opinion of independent tax counsel that a reasonable basis exists for contesting such claim and (c) adequate reserves have been made for such Taxes or, if required, an adequate bond has been posted, then LESSOR at LESSEE's written request will in good faith, with due diligence and at LESSEE's expense, contest (or permit LESSEE to contest in the name of LESSEE or LESSOR) the validity, applicability or amount of such Taxes.

16.6 REFUNDS. Upon receipt by LESSOR of a refund of all or any part of any Taxes (including any deductions or withholdings referred to in Article 5.8) which LESSEE has paid, LESSOR will pay to LESSEE the net amount of such Taxes refunded.

16.7 COOPERATION IN FILING TAX RETURNS. LESSEE and LESSOR will cooperate with one another in providing information which may be reasonably required to fulfill each party's tax filing requirements and any audit information request arising from such filing.

16.8 TAX RESTRUCTURING. In the event that any withholding, value added tax or similar tax or duty is payable in the State of Registration or any jurisdiction from which such payments originate in respect of any Rent, Reserves or other amounts payable pursuant to this Lease, LESSEE and LESSOR will cooperate in good faith to restructure this Lease in a manner which minimizes or eliminates any such tax including a synthetic lease through another country which has favorable tax treatment of such payments.

16.9 SURVIVAL OF OBLIGATIONS. The representations, warranties, indemnities and agreements of LESSEE provided for in this Article 16 will survive the Termination Date.

ARTICLE 17
INDEMNITIES

17.1 GENERAL INDEMNITY. Except as set forth in Article 17.2, LESSEE agrees to indemnify and hold harmless LESSOR and its officers, directors, employees, agents and shareholders (individually an "INDEMNITEE" and collectively "INDEMNITEES") from any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, disbursements and expenses (including legal fees, costs and related expenses) of every kind and nature, whether or not any of the transactions contemplated by this Lease are consummated (collectively "EXPENSES"), which are imposed on, incurred by or asserted against any Indemnitee and which are in any way relating to, based on or arising out of any of the following:

(a) this Lease or any transactions contemplated hereby;

(b) the operation, possession, use, non-use, control, leasing, subleasing, maintenance, storage, overhaul, testing or inspections of the Aircraft, any Engine, the APU or any Part (whether by LESSEE, any sublessee or any other Person other than LESSOR or any Person claiming by or through LESSOR in violation of LESSOR's covenant of quiet enjoyment contained in Article 21.2) during the Lease Term and until the Termination Date or the acceptance flights at return, whether or not the same is in compliance with the terms of this Lease, including without limitation claims for death, personal injury, property damage, other loss or harm to any Person and claims relating to any Laws, including without limitation environmental control, noise and pollution laws, rules or regulations;

(c) the manufacture, design, acceptance, improper rejection, delivery, return, sale after an Event of Default, import, export, condition, repair, modification, servicing, customer, product support, information or training provided by Manufacturer and other vendors, airworthiness, registration, reregistration, performance, sublease, merchantability, fitness for use, substitution or replacement of an Engine, APU or any Part by LESSEE under this Lease or other transfer of use or possession of the Aircraft, an Engine, the APU or any Part, including under a pooling or interchange arrangement, including without limitation latent and other defects, whether or not discoverable and patent, trademark or copyright infringement;

(d) the prevention or attempt to prevent the arrest, confiscation, seizure, taking in execution, impounding, forfeiture or detention of the Aircraft, or in securing the release of the Aircraft; or

(e) as a consequence of any Default or Event of Default by LESSEE.

The foregoing indemnity by LESSEE is intended to include and cover any Expense to which an Indemnitee may be subject (in contract, tort, strict liability or under any other theory) regardless of the negligence, active or passive or any other type, of such Indemnitee, so long as such Expense does not fall within any of the exceptions listed in Article 17.2.

17.2 EXCEPTIONS TO GENERAL INDEMNITIES. The indemnity provided for in Article 17.1 will not extend to Expenses of any Indemnitee to the extent resulting from or arising out of any of the following:

(a) Expenses which have resulted from the willful misconduct of such Indemnitee;

(b) Expenses which are attributable to acts or events which occur after the Termination Date and return of the Aircraft to LESSOR in the condition required hereunder, but in any such case only to the extent not attributable to acts or omissions of LESSEE;

(c) **Material Redacted**;

(d) **Material Redacted**;

(e) **Material Redacted**;

(f) Expenses solely attributable a sale or transfer of the Aircraft not resulting from an act or omission of LESSEE;

(g) Expenses representing Taxes, it being acknowledged that the terms of Article 16 apply exclusively to LESSEE's indemnity obligations with respect to Taxes; or

(h) Expenses due to the breach by LESSOR (or any person lawfully claiming through LESSOR) of its covenant of quiet enjoyment pursuant to Article 21.2 (except to the extent covered by the insurances LESSEE is required to carry pursuant to Article 18 or other LESSEE insurances).

17.3 AFTER-TAX BASIS. The amount which LESSEE will be required to pay with respect to any Expense indemnified against under Article 17.1 will be an amount sufficient to restore the Indemnitee, on an after-tax basis, to the same position such Indemnitee would have been in had such Expense not been incurred after taking into account the amount of any credits, deductions or other Tax benefits or savings realized by such Indemnitee.

17.4 TIMING OF PAYMENT. It is the intent of the parties that each Indemnitee will have the right to indemnification for Expenses hereunder as soon as a claim is made and as soon as an Expense is incurred, whether or not such claim is meritorious and whether or not liability is established (but subject to Article 17.8). LESSEE will pay an Indemnitee for Expenses pursuant to this Article 17 within thirty (30) days after receipt of a written demand therefor from such Indemnitee accompanied by a written statement describing in reasonable detail the basis for such indemnity.

17.5 SUBROGATION. Upon the payment in full of any indemnity pursuant to this Article 17 by LESSEE, LESSEE will be subrogated to any right of the Indemnitee in respect of the matter against which such indemnity has been made.

17.6 NOTICE. Each Indemnitee and LESSEE will give prompt written notice one to the other of any liability of which such party has knowledge for which LESSEE is, or may be, liable under Article 17.1; provided, however, that failure to give such notice will not terminate any of the rights of Indemnitees under this Article 17 except to the extent that LESSEE has been prejudiced by the failure to provide such notice.

17.7 REFUNDS. If any Indemnitee obtains a recovery of all or any part of any amount which LESSEE has paid to such Indemnitee, such Indemnitee will pay to LESSEE the net amount recovered by such Indemnitee.

17.8 DEFENSE OF CLAIMS. Unless an Event of Default has occurred and is continuing, LESSEE and its insurers will have the right (in each such case at LESSEE's sole expense) to investigate or, provided that LESSEE or its insurers have not reserved the right to dispute liability with respect to any insurance policies pursuant to which coverage is sought, defend or compromise any claim covered by insurance for which indemnification is sought pursuant to Article 17.1 and each Indemnitee will cooperate with LESSEE or its insurers with respect thereto. If LESSEE or its insurers are retaining attorneys to handle such claim, such counsel must be reasonably satisfactory to the Indemnitees. If not, the Indemnitees will have the right to retain counsel of their choice at LESSEE's expense.

17.9 SURVIVAL OF OBLIGATION. Notwithstanding anything in this Lease to the contrary, the provisions of this Article 17 will survive the Termination Date and continue in full force and effect notwithstanding any breach by LESSOR or LESSEE of the terms of this Lease, the termination of the lease of the Aircraft to LESSEE under this Lease or the repudiation by LESSOR or LESSEE of this Lease.

ARTICLE 18
INSURANCE

18.1 CATEGORIES OF INSURANCE. Throughout the Lease Term and until the Termination Date, LESSEE will, at its own expense, effect and maintain in full force-and effect the types of insurance and amounts of insurance (including deductibles) described in Exhibit C through such brokers and with such insurers as may be approved by LESSOR (acting reasonably and in consultation with the other providers of LESSEE's aircraft), such approval not to be unreasonably withheld, in London or New York or such other insurance markets as mutually agreed upon by the parties.

18.2 WRITE-BACK OF ANY DATE RECOGNITION EXCLUSION. In the event any of LESSEE's insurances (either the primary insurance or the reinsurance) contain any date recognition exclusion clause or similar clause excluding from such insurance coverage damage to any property (including the Aircraft) or death or injury to any person on account of accidents, incidents or occurrences caused by date recognition or other Year 2000-related problems, LESSEE at its cost will obtain for the benefit of itself and LESSOR the broadest write-back available in the insurance market where Lessee places its insurance with respect to such exclusion.

18.3 INSTALLATION OF THIRD PARTY ENGINE. If LESSEE installs an engine not owned by LESSOR on the Aircraft, either (a) LESSEE's hull insurance on the Aircraft will automatically increase to such higher amount as is necessary in order to satisfy both LESSOR's requirement to receive the Agreed Value in the event of a Total Loss and the amount required by the third party engine owner or (b) separate additional insurance on such engine will attach in order to satisfy separately the requirements of the LESSEE to such third party engine owner.

18.4 INSURANCE FOR INDEMNITIES. The insurance referred to in Article 18.1 will in each case include and insure (to the extent of the risks covered by the policies) the indemnity provisions of Article 17 and LESSEE will maintain such insurance of the indemnities for a minimum of two (2) years following the Termination Date.

18.5 INSURANCE REQUIRED BY MANUFACTURER. During the Lease Term, LESSEE will carry such insurance as may be required by Manufacturer in connection with LESSOR's assignment of Manufacturer's warranties and product support to LESSEE.

18.6 RENEWAL. Prior to the expiration or termination date of any insurance required hereunder, LESSEE will provide LESSOR with fax confirmation from LESSEE's insurance brokers that renewed certificates of insurance evidencing the renewal or replacement of such insurance and complying with Exhibit C will be issued on the termination date of the prior certificate. Within seven (7) days after such renewal, LESSEE will furnish its brokers' certificates of insurance to LESSOR.

18.7 ASSIGNMENT OF RIGHTS BY LESSOR. If LESSOR assigns all or any of its rights under this Lease as permitted by this Lease or otherwise disposes of any interest in the Aircraft to any other Person as permitted by this Lease, LESSEE will, upon request, procure that such Person hereunder be substituted as loss payee for LESSOR (without duplication in respect of hull, all risks, hull war and allied perils risk coverage) and/or be added as an additional assured in the policies effected hereunder and enjoy the same rights and insurance enjoyed by LESSOR under such policies. LESSOR will nevertheless continue to be covered by such policies.

18.8 DEDUCTIBLES. If there is a material adverse change in the financial condition of LESSEE which LESSOR reasonably believes will cause LESSEE to be unable to pay the deductible upon the occurrence of a partial loss of the Aircraft or an Engine, then LESSOR (acting reasonably and in consultation with the other providers of LESSEE's aircraft) may require LESSEE at LESSEE's expense to lower its deductibles on the insurance maintained hereunder to a level which is available on commercially reasonable terms in the insurance market.

18.9 INSURANCE FOR WET LEASE OPERATIONS. In the event LESSEE is performing wet lease operations with the Aircraft pursuant to Article 11.5 and the wet lessee is carrying the primary passenger, baggage and cargo liability insurance with respect to the flights, then such insurance must meet the requirements of Exhibit C, including with respect to the amounts of coverage, naming of LESSOR as an additional insured and inclusion of the other endorsements set forth in Exhibit C. Moreover, LESSEE will at such times carry contingent passenger, baggage and cargo liability insurances for such flights. Prior to commencement of wet lease operations for a particular wet lessee where wet lessee will provide such coverage, LESSOR will receive certificates of insurance from the insurance brokers for LESSEE and, if applicable, the wet lessee evidencing such coverages.

18.10 OTHER INSURANCE. LESSOR may (acting reasonably and in consultation with the other providers of LESSEE's aircraft) from time to time by notice to LESSEE require LESSEE at LESSEE's expense to effect such other insurance or such variations to the terms of the existing insurance as may then be customary in the airline industry for aircraft of the same type as the Aircraft operated by similarly situated operators and at the time commonly available in the insurance market.

18.11 INFORMATION. LESSEE will provide LESSOR with any information reasonably requested by LESSOR from time to time concerning the insurance maintained with respect to the Aircraft or in connection with any claim being made or proposed to be made thereunder.

18.12 CURRENCY. All proceeds of insurance pursuant to this Lease will be payable in Dollars except as may be otherwise agreed by LESSOR except that third party liability coverage may be payable in the currency of the claim.

18.13 GROUNDING OF AIRCRAFT. If at any time any of the insurance required pursuant to this Lease will cease to be in full force and effect, LESSEE will promptly ground the Aircraft and keep the Aircraft grounded until such time as such insurance is in full force and effect again.

18.14 FAILURE TO INSURE. If at any time LESSEE fails to maintain insurance in compliance with this Article 18, LESSOR will be entitled but not bound to do any of the following (without prejudice to any other rights which it may have under this Lease by reason of such failure):

(a) to pay any premiums due or to effect or maintain insurance meeting the requirements hereof or otherwise remedy such failure in such manner as LESSOR considers appropriate (and LESSEE will upon demand reimburse LESSOR in full for any amount so expended in that connection); or

(b) at any time while such failure is continuing, to require the Aircraft to remain at any airport or (as the case may be), proceed to and remain at any airport designated by LESSOR, until such failure is remedied.

18.15 REINSURANCE. Any reinsurance will be maintained with reinsurers and brokers approved by LESSOR (acting reasonably and in consultation with the other providers of LESSEE's aircraft). Such reinsurance will contain each of the following terms and will in all other respects (including amount) be satisfactory to LESSOR:

(a) the same terms as the original insurance;

(b) a cut-through and assignment clause satisfactory to LESSOR (acting reasonably and in consultation with the other providers of LESSEE's aircraft) and in accordance with industry practice; and

(c) payment will be made notwithstanding (i) any bankruptcy, insolvency, liquidation or dissolution of any of the original insurers and/or (ii) that the original insurers have made no payment under the original insurance policies.

18.16 LIMIT ON HULL IN FAVOR OF LESSEE. LESSEE may carry hull all risks or hull war and allied perils on the Aircraft in excess of the Agreed Value (which is payable to LESSOR) only to the extent such excess insurance which would be payable to LESSEE in the event of a Total Loss does not exceed **Material Redacted** of the Agreed Value and only to the extent that such additional insurance will not prejudice the insurances required herein or the recovery by LESSOR thereunder. LESSEE agrees that it will not create or permit to exist any liens or encumbrances over the insurances, or its interest therein, except as constituted by this Lease.

ARTICLE 19
LOSS, DAMAGE AND REQUISITION

Throughout the Lease Term and until the Termination Date, LESSEE will bear all risk of loss, theft, damage and destruction to the Aircraft.

19.1 DEFINITIONS. In this Article 19 and this Lease:

"AGREED VALUE" means an amount equal to **Material Redacted** is expressed in January 2004 U.S. Dollars which amount will increase in accordance with Manufacturer's Escalation Rate. **Material Redacted**.

"NET TOTAL LOSS PROCEEDS" means the Total Loss Proceeds actually received by LESSOR following a Total Loss, less any legal and other out-of-pocket expenses, taxes or duties incurred by LESSOR in connection with the collection of such proceeds.

"TOTAL LOSS" means any of the following in relation to the Aircraft, Airframe, any Engine or the APU and "TOTAL LOSS DATE" means the date set forth in parenthesis after each Total Loss:

(a) destruction, damage beyond repair or being rendered permanently unfit for normal use for any reason (the date such event occurs or, if not known, the date on which the Aircraft, Airframe, Engine or APU was last heard of);

(b) actual, constructive, compromised, arranged or agreed total loss (the earlier of the date on which the loss is agreed or compromised by the insurers or forty five (45) days after the date of notice to LESSEE's brokers or insurers claiming such total loss);

(c) requisition of title, confiscation, forfeiture or any compulsory acquisition or other similar event (the date on which the same takes effect);

(d) sequestration, detention, seizure or any similar event for more than forty-five (45) consecutive days (the earlier of the date on which insurers make payment on the basis of a total loss or the date of expiration of such period);

(e) requisition for use for more than one hundred eighty (180) consecutive days, except as set forth in Article 19.9 (the earlier of the date on which the insurers make payment on the basis of a total loss or the date of expiration of such period);

(f) in the case of an Engine, the event described in Article 12.8.3 (the date on which the same takes effect);

(g) a proper, lawful sale of the Aircraft in connection with Eurocontrol charges owed by LESSEE (the date on which the sale occurs);

(h) any sale of the Aircraft in connection with a LESSEE bankruptcy, whether by an administrator, trustee or court (the date on which the intent to sell the Aircraft becomes known); or

(i) any other occurrence not permitted under this Lease (including a violation of the covenant of quiet enjoyment contained in Article 21.2) which deprives LESSEE of use or possession for a period of ninety (90) consecutive days or longer (the 90th day of such period) except where full insurance on the Aircraft is in effect or a full indemnity acceptable to LESSOR in lieu thereof exists and all other provisions of this Lease are being complied with (the ninetieth (90th) day of such period).

"TOTAL LOSS PROCEEDS" means the proceeds of any insurance or any compensation or similar payment arising in respect of a Total Loss.

19.2 NOTICE OF TOTAL LOSS. LESSEE will notify LESSOR in writing within three (3) Business Days after a Total Loss Date of the Aircraft, Airframe, any Engine or the APU.

19.3 TOTAL LOSS OF AIRCRAFT OR AIRFRAME. If the Total Loss of the Aircraft or Airframe occurs during the Lease Term, the following will occur:

19.3.1 After the Total Loss Date and until receipt by LESSOR of the Agreed Value and all other amounts then due under this Lease, LESSEE will continue to pay Rent and the parties will perform all of their other obligations under this Lease.

19.3.2 On the date which is the earlier of the following dates:

(a) the date on which the Total Loss Proceeds of the Aircraft or the Airframe are paid by LESSEE's insurance underwriters or brokers and

(b) the date which falls forty (45) days after the Total Loss Date,

LESSEE will pay to LESSOR an amount equal to the sum of:

(c) the Agreed Value and

(d) all other amounts then accrued under this Lease, less an amount equal to the Net Total Loss Proceeds received by LESSOR by such date.

19.3.3 LESSOR will apply the Net Total Loss Proceeds and any amounts received from LESSEE pursuant to Article 19.3.2 as follows:

(a) first, in discharge of any unpaid Rent and any other amounts accrued and unpaid up to the date of LESSOR's receipt of the Agreed Value;

(b) second, in discharge of the Agreed Value; and

(c) third, payment of the balance, if any, to LESSEE.

19.3.4 Upon receipt by LESSOR of all monies payable by LESSEE in Article 19.3, provided no Default or Event of Default has occurred and is continuing, this Lease will terminate except for LESSEE's obligations under Articles 10.5, 16 and 17 which survive the Termination Date.

FOR AVOIDANCE OF DOUBT, THE AGREED VALUE OF THE AIRCRAFT WILL BE PAYABLE TO LESSOR PURSUANT TO THIS ARTICLE 19.3 WHEN A TOTAL LOSS OF THE AIRFRAME OCCURS EVEN IF THERE HAS NOT BEEN A TOTAL LOSS OF AN ENGINE, ENGINES OR THE APU.

19.4 SURVIVING ENGINE(S). If a Total Loss of the Airframe occurs and there has not been a Total Loss of an Engine or Engines, then, provided no Default or Event of Default has occurred and is continuing, at the request of LESSEE (subject to agreement of relevant insurers) and on receipt of all monies due under Article 19.3 and payment by LESSEE of all airport, navigation and other charges on the Aircraft then due and owing, if any, LESSOR will transfer all its right, title and interest in the surviving Engine(s) to LESSEE, but without any responsibility, condition or warranty on the part of LESSOR other than as to freedom from any LESSOR's Liens.

19.5 TOTAL LOSS OF ENGINE AND NOT AIRFRAME.

19.5.1 Upon a Total Loss of any Engine not installed on the Airframe or a Total Loss of an Engine installed on the Airframe not involving a Total Loss of the Airframe, LESSEE will replace such Engine as soon as reasonably possible by duly conveying or causing to be conveyed to LESSOR title to another engine from LESSEE (or another Person with reasonable net worth or a guarantee from LESSEE) (a) free and clear of all Security Interests (except Permitted Liens) of any kind or description, (b) in airworthy condition and of the same or improved model, service bulletin and modification status and having a value and utility at least equal to the Engine which sustained the Total Loss, (c) not older (by reference to serial number or manufacture date) than the older of the two Engines delivered by LESSOR to LESSEE with the Aircraft on the Delivery Date and (d) in the same or better operating condition as the Engine which sustained a Total Loss, including time in service, hours and cycles since new and hours and cycles available to the next inspection, Overhaul or scheduled or anticipated removal. Such replacement engine will be an "Engine" as defined herein and the Engine which sustained such Total Loss will cease to be an "Engine".

19.5.2 LESSEE agrees at its own expense to take such action as LESSOR may reasonably request in order that any such replacement Engine becomes the property of LESSOR and is leased hereunder on the same terms as the destroyed Engine. LESSEE's obligation to pay Rent will continue in full force and effect, but an amount equal to the Net Total Loss Proceeds received by LESSOR with respect to such destroyed Engine will, subject to LESSOR's right to deduct therefrom any amounts then due and payable by LESSEE under this Lease, be promptly paid to LESSEE.

19.5.3 Notwithstanding Articles 19.5.1 and 19.5.2, if at the time of a Total Loss of an Engine not installed on the Aircraft or a Total Loss of an Engine installed on the Airframe not involving a Total Loss of the Airframe, LESSOR and LESSEE are parties to a spare engine lease pursuant to which LESSOR is leasing a spare engine to LESSEE of the same model and type as the Engine which has suffered such Total Loss, LESSOR will receive from LESSEE the replacement cost of the Engine instead of accepting a replacement engine. One (1) of such LESSOR spare engines will then be substituted under this Lease for the Engine which suffered such Total Loss and the applicable spare engine lease will terminate.

19.6 TOTAL LOSS OF APU.

19.6.1 Upon a Total Loss of the APU when not installed on the Airframe or a Total Loss of the APU while installed on the Airframe not involving a Total Loss of the Airframe, LESSEE will replace such APU as soon as reasonably possible by duly conveying or causing to be conveyed to LESSOR title to another auxiliary power unit (a) free and clear of all Security Interests (except Permitted Liens) of any kind or description, (b) in airworthy condition and of the same or improved model, service bulletin and modification status and having a value and utility at least equal to the APU which sustained the Total Loss, (c) not older (by reference to serial number or manufacture date) than the APU delivered by LESSOR to LESSEE with the Aircraft on the Delivery Date and (d) in the same or better operating condition as the APU which sustained the Total Loss, including time in service, hours and cycles since new and hours and cycles available to the next inspection, Overhaul or scheduled or anticipated removal. Such replacement auxiliary power unit will be the "APU" as defined herein and the auxiliary power unit which sustained such Total Loss will cease to be the "APU".

19.6.2 LESSEE agrees at its own expense to take such action as LESSOR may reasonably request in order that any such replacement APU becomes the property of LESSOR and is leased hereunder on the same terms as the destroyed APU. LESSEE's obligation to pay Rent will continue in full force and effect, but an amount equal to the Net Total Loss Proceeds received by LESSOR with respect to such destroyed APU will, subject to LESSOR's right to deduct therefrom any amounts then due and payable by LESSEE under this Lease, promptly be paid to LESSEE.

19.7 OTHER LOSS OR DAMAGE.

19.7.1 If the Aircraft or any Part thereof suffers loss or damage not constituting a Total Loss of the Aircraft or the Airframe or any Engine or the APU, all the obligations of LESSEE under this Lease (including payment of Rent) will continue in full force.

19.7.2 In the event of any loss or damage to the Aircraft or Airframe which does not constitute a Total Loss of the Aircraft or the Airframe, or any loss or damage to

an Engine or the APU which does not constitute a Total Loss of such Engine or the APU, LESSEE will at its sole cost and expense fully repair the Aircraft, Engine or APU in order that the Aircraft, Engine or APU is placed in an airworthy condition and substantially the same condition as it was prior to such loss or damage. All repairs will be performed in a manner which preserves and maintains all warranties and service life policies to the same extent as they existed prior to such loss or damage. LESSEE will notify LESSOR promptly of any loss, theft or damage to the Aircraft for which the cost of repairs is estimated to exceed **Material Redacted**, together with LESSEE's proposal for carrying out the repair. In the event that LESSOR does not agree with LESSEE's proposals for repair, LESSOR will so notify LESSEE within two (2) Business Days after its receipt of such proposal. LESSEE and LESSOR will then consult with Manufacturer and LESSEE and LESSOR agree to accept as conclusive, and be bound by, Manufacturer's directions or recommendations as to the manner in which to carry out such repairs. If Manufacturer declines to give directions or recommendations, LESSEE will carry out the repairs in accordance with the reasonable directions of LESSOR.

19.8 COPY OF INSURANCE POLICY. Promptly after the occurrence of a partial loss or Total Loss of the Aircraft, an Engine or the APU, LESSEE will provide LESSOR with all reasonable assistance in determining coverage under LESSEE's insurance policy.

19.9 GOVERNMENT REQUISITION. If the Aircraft, Airframe, any Engine or the APU is requisitioned for use by any Goverment Entity, LESSEE will promptly notify LESSOR of such requisition. All of LESSEE's obligations hereunder will continue as if such requisition had not occurred. So long as no Default or Event of Default has occurred and is continuing, all payments received by LESSOR or LESSEE from such Government Entity will be paid over to or retained by LESSEE. If a Default or Event of Default has occurred and is continuing, all payments received by LESSEE or LESSOR from such Government Entity may be used by LESSOR to satisfy any obligations owing by LESSEE.

19.10 LESSOR RETENTION OF RESERVES. **Material Redacted**.

ARTICLE 20
REPRESENTATIONS, WARRANTIES AND
COVENANTS OF LESSEE

20.1 REPRESENTATIONS AND WARRANTIES. LESSEE represents and warrants the following to LESSOR as of the date of execution of this Lease and as of the Delivery Date:

20.1.1 Corporate Status. LESSEE is a corporation duly incorporated, validly existing and in good standing under the Laws of Panama. It has the corporate power and authority to carry on its business as presently conducted and to perform its obligations hereunder.

20.1.2 Governmental Approvals. No authorization, approval, consent, license or order of, or registration with, or the giving of notice to the Aviation Authority or any other Government Entity is required for the valid authorization, execution, delivery and performance by LESSEE of this Lease, except as will have been duly effected as of the Delivery Date.

20.1.3 Binding. LESSEE's Board of Directors has authorized LESSEE to enter into this Lease, any Side Letters hereto and any other documentation in connection with the leasing of the Aircraft from LESSOR (collectively, the "OPERATIVE DOCUMENTS") and perform its obligations under the Operative Documents. This Lease and the other Operative Documents have been duly executed and delivered by LESSEE and represent the valid and binding obligations of LESSEE, enforceable in accordance with their terms except as enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application affecting creditors' rights and except by general principles of equity. When executed by LESSEE at Delivery, the same will apply to the Estoppel and Acceptance Certificate.

20.1.4 No Breach. The execution and delivery of the Operative Documents, the consummation by LESSEE of the transactions contemplated herein and compliance by LESSEE with the terms and provisions hereof do not and will not contravene any Law applicable to LESSEE, or result in any breach of or constitute any default under or result in the creation of any Security Interest upon any property of LESSEE, pursuant to any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement, corporate charter, by-law or other agreement or instrument to which LESSEE is a party or by which LESSEE or its properties or assets may be bound or affected. When executed by LESSEE at Delivery, the same will apply to the Estoppel and Acceptance Certificate.

20.1.5 Filings. Except for any filing or recording that may be required by the Aviation Authority, no filing or recording of any instrument or document (including the filing of any financial statement) is necessary under the Laws of the State of Registration and any applicable states in order for this Lease to constitute a valid and perfected lease of record relating to the Aircraft.

20.1.6 Translation or Notarization. None of the Lease or any other Operative Document needs to be translated, notarized, legalized, apostilled or consularized as a condition to the legality, validity, filing, enforceability or admissibility in evidence thereof.

20.1.7 Licenses. LESSEE holds all required licenses, certificates and permits from applicable Government Entities in Panama for the conduct of its business as a certificated air carrier as presently conducted and performance of its obligations under this Lease.

20.1.8 No Suits. To the knowledge of LESSEE after reasonable inquiry, there are no suits, arbitrations or other proceedings pending or threatened before any court or administrative agency against or affecting LESSEE which, if adversely determined, would have a material adverse effect on LESSEE's ability to perform under this Lease, except as described in the financial statements provided to LESSOR pursuant to Article 22.

20.1.9 No Withholding. Under the Laws of Panama currently in effect, LESSEE will not be required to deduct any withholding or other Tax from any payment it may make under this Lease.

20.1.10 No Restrictions on Payments. Under the Laws of Panama, there are no present restrictions on LESSEE making the payments required by this Lease.

20.1.11 General Obligations. The obligations of LESSEE under this Lease are direct, general and unconditional obligations of LESSEE and rank or will rank at least pari passu with all other present and future unsecured and unsubordinated obligations (including contingent obligations) of LESSEE, with the exception of such obligations as are mandatorily preferred by law and not by reason of any contract.

20.1.12 No Sovereign Immunity. LESSEE, under the Laws of Panama or of any other jurisdiction affecting LESSEE, is subject to private commercial law and suit. Neither LESSEE nor its properties or assets is entitled to sovereign immunity under any such Laws. LESSEE's performance of its obligations hereunder constitute commercial acts done for commercial purposes.

20.1.13 Tax Returns. All necessary returns have been delivered by LESSEE to all relevant taxation authorities in the jurisdiction of its incorporation and all taxes due and payable by LESSEE (other than such Taxes the amount or imposition of which are being contested by LESSEE by appropriate proceedings) have been paid.

20.1.14 No Material Adverse Effect. LESSEE is not in default under any agreement to which it is a party or by which it may be bound which default would have a material adverse effect on LESSEE's ability to perform under this Lease.

20.1.15 No Default or Event of Default under this Lease. At the time of execution of this Lease, no Default or Event of Default has occurred and is continuing and the financial statements provided to LESSOR pursuant to Article 22 fairly present the financial condition of LESSEE as of the date referenced therein.

20.2 COVENANTS. LESSEE covenants to LESSOR that it will comply with the following throughout the entire Lease Tenn:

20.2.1 Licensing. LESSEE will hold all required licenses, certificates and permits from applicable Government Entities in Panama for the conduct of its business as a certificated air carrier and performance of its obligations under this Lease. LESSEE will advise LESSOR promptly in the event any such licenses, certificates or permits are cancelled, terminated, revoked or not renewed.

20.2.2 Payments. If at any time any such restrictions may be applicable, LESSEE will obtain all certificates, licenses, permits, exemptions and other authorizations which are from time to time required for the making of the payments required by this Lease on the dates and in the amounts and currency which are stipulated herein, and will maintain the same in full force and effect for so long as the same will be required.

20.2.3 Sovereign Immunity. LESSEE, under the Laws of Panama or of any other jurisdiction affecting LESSEE, will continue to be subject to private commercial law and suit. Neither LESSEE nor its properties or assets are currently entitled to sovereign immunity under any such Laws. LESSEE's performance of its obligations hereunder will constitute commercial acts done for commercial purposes. LESSEE will advise LESSOR promptly of any change in the foregoing.

20.2.4 Information about Suits. LESSEE will promptly give to LESSOR a notice in writing of any suit, arbitration or proceeding before any court, administrative agency or Government Entity which, if adversely determined, would materially adversely affect LESSEE's ability to perform under this Lease.

20.2.5 Restrictions on Mergers. LESSEE will not sell or convey substantially all of its property and assets (except capital asset replacement in the normal course of business) or merge or consolidate with or into any other corporation unless (a) LESSEE is the surviving entity and, as such, has a net worth equivalent to its net worth as of the date hereof, or (b) LESSEE has obtained LESSOR's prior written consent which will not be unreasonably withheld or delayed.

20.2.6 Restriction on Relinquishment of Possession. LESSEE will not, without the prior consent of LESSOR, deliver, transfer or relinquish possession of the Aircraft except in accordance with Articles 11 and 12.

20.2.7 No Security Interests. LESSEE will not create or agree to or permit to arise any Security Interest (other than Permitted Liens) on or with respect to the Aircraft, title thereto or any interest therein. LESSEE will promptly, at its own expense, take all action as may be necessary to discharge or remove any such Security Interest if it exists at any time. LESSEE will within promptly after becoming aware of the existence of any such Security Interest give written notice thereof to LESSOR.

20.2.8 Representations to Other Parties. LESSEE will not represent or hold out LESSOR as carrying goods or passengers on the Aircraft or as being in any way connected or associated with any operation of the Aircraft.

ARTICLE 21
REPRESENTATIONS, WARRANTIES AND
COVENANTS OF LESSOR

21.1 REPRESENTATIONS AND WARRANTIES. LESSOR represents and warrants the following to LESSEE as of the date of execution of the Lease and as of the Delivery Date and ALL OTHER WARRANTIES, EXPRESS OR IMPLIED HAVE BEEN WAIVED IN ACCORDANCE WITH ARTICLE 8:

21.1.1 Corporate Status. LESSOR is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of California. It has the corporate power and authority to carry on its business as presently conducted and to perform its obligations hereunder.

21.1.2 No Suits. To the knowledge of LESSOR after reasonable inquiry, there are no suits, arbitrations or other proceedings pending or threatened before any court or administrative agency against or affecting LESSOR which, if adversely determined, would have a material adverse effect on LESSOR's ability to perform under this Lease.

21.1.3 Governmental Approvals. No authorization, approval, consent, license or order of, or registration with, or the giving of notice to any U.S. Government Entity is required for the valid authorization, execution, delivery and performance by LESSOR of this Lease.

21.1.4 Binding. This Lease and the other Operative Documents have been duly authorized, executed and delivered by LESSOR and represent the valid and binding obligations of LESSOR, enforceable in accordance with their terms except as enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application affecting the enforcement of creditors' rights or general principles of equity.

21.1.5 No Breach. The execution and delivery of the Operative Documents, the consummation by LESSOR of the transactions contemplated herein and compliance by LESSOR with the terms and provisions hereof do not and will not contravene any Law applicable to LESSOR, or result in any breach of or constitute any default under any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement, corporate charter, by-law or other agreement or instrument to which LESSOR is a party or by which LESSOR or its properties or assets may be bound or affected.

21.1.6 Title to Aircraft. On the Delivery Date LESSOR will have good and valid title to the Aircraft.

21.1.7 Consents. LESSOR has obtained or will obtain all necessary consents with respect to the entry into or performance of its obligations under this Lease.

21.1.8 No Default. At the time of execution of this Lease, LESSOR is not in default under any agreement to which it is a party or by which it may be bound which default would have a material adverse effect on LESSOR's ability to perform under this Lease.

21.2 COVENANT OF QUIET ENJOYMENT. So long as no Default or Event of Default has occurred and is continuing hereunder, LESSOR covenants that neither LESSOR nor any person lawfully claiming by or through LESSOR will interfere with or otherwise disturb LESSEE's quiet, peaceful use and enjoyment of the Aircraft.

ARTICLE 22
FINANCIAL AND OTHER INFORMATION

LESSEE agrees to furnish each of the following to LESSOR:

(a) within sixty (60) days after the end of each fiscal quarter of LESSEE, three (3) copies of the unaudited consolidated financial statements (including a balance sheet and profit and loss statement) prepared for such quarter in accordance with international generally accepted accounting principles;

(b) within one hundred twenty (120) days after the end of each fiscal year of LESSEE, three (3) copies of the audited consolidated financial statements (including a balance sheet and profit and loss statement) prepared as of the close of such fiscal year in accordance with international generally accepted accounting principles. LESSEE's chief financial officer will also provide a certificate stating that no Default or Event of Default exists under this Lease or, if a Default or Event of Default does exist, then such officer will describe both the nature of the Default or Event of Default and measures being taken by LESSEE to remedy the same;

(c) promptly after distribution, three (3) copies of all reports and financial statements which LESSEE sends or makes available to other aircraft lessors; and

(d) from time to time, such other reasonable information as LESSOR or LESSOR's Lender (subject to the confidentiality restrictions set forth in Article 28.8) may reasonably request concerning the location, condition, use and operation of the Aircraft or the financial condition of LESSEE.

ARTICLE 23
RETURN OF AIRCRAFT

23.1 DATE OF RETURN. LESSEE is obligated to return the Aircraft, Engines, APU, Parts and Aircraft Documentation to LESSOR on the Expiration Date, unless a Total Loss of the Aircraft occurred prior to the Expiration Date and this Lease was terminated early in accordance with Article 19.3. If an Event of Default occurs hereunder by LESSEE failing to return the Aircraft on the Expiration Date or if an Event of Default occurs prior to or after the Expiration Date and LESSOR repossesses the Aircraft, the return requirements set forth in this Article 23 nonetheless must be met on the date the Aircraft is actually returned to LESSOR or repossessed by LESSOR.

23.2 LAST ENGINE SHOP VISITS. With respect to the last Engine shop visit of an Engine prior to return of the Aircraft, LESSEE will submit to LESSOR in advance the intended workscope of such shop visit. If LESSOR requests, LESSEE will perform additional work at such shop visit at LESSOR's cost provided that if the same shall result in delay in redelivery, extension of the Lease Term or cause the Engine to be removed from service early or for a period in excess of the period the Engine would have been removed from revenue service absent such additional work, no Rent or other costs will be payable by LESSEE for the period which is attributable solely to LESSOR's requested work (unless and to the extent LESSEE shall have otherwise agreed in writing). In the event that LESSOR requests LESSEE to remove an Engine from service for additional work, LESSOR will use reasonable efforts to provide a spare engine or will reimburse LESSEE for the cost of any spare engine provided or procured by LESSEE.

23.3 TECHNICAL REPORT. Six (6) months prior to the Expiration Date (and in an updated form at return of the Aircraft), LESSEE will provide LESSOR with a Technical Evaluation Report in the form and substance of Exhibit M, as revised, and, in addition upon LESSOR's request, will make cc-pies available of (a) drawings of the interior configuration of the Aircraft both as it presently exists and as it will exist at return, (b) an Airworthiness Directive status list, (c) a service bulletin incorporation list, (d) rotable tracked, hard-time and life-limited component listings, (e) a list of LESSEE-initiated modifications and alterations, (f) interior material burn certificates, (g) access to the Aircraft Maintenance Program, (h) the complete workscope for the checks, inspections and other work to be performed prior to return, (i) a forecast of the checks, inspections and other work to be performed within 18 months after return of the Aircraft, (j) a list of all no-charge service bulletin kits with respect to the Aircraft which were ordered by LESSEE from Manufacturer or the Engine manufacturer, (k) current Engine disk sheets and a description of the last shop visit for each Engine and (1) any other data which is reasonably requested by LESSOR.

23.4 RETURN LOCATION. LESSEE at its expense will return the Aircraft, Engines, APU, Parts and Aircraft Documentation to LESSOR at Los Angeles, California or to such other airport as may be mutually agreed to by LESSEE and LESSOR.

23.5 FULL AIRCRAFT DOCUMENTATION REVIEW. For the period commencing at least ten (10) Business Days prior to the proposed redelivery date and continuing until the date on which the Aircraft is returned to LESSOR in the condition required by this Lease, LESSEE will provide for the review of LESSOR and/or its representative all of the Aircraft records and historical documents described in Exhibit L in one central room with access to telephone, photocopy, fax and interne connections at the Aircraft return location.

23.6 COPY OF LESSEE'S MAINTENANCE PROGRAM. At return of the Aircraft and for use by LESSOR only for the purpose of bridging the Aircraft from LESSEE's Maintenance Program to the maintenance program of the next operator, LESSEE will provide LESSOR with a copy of LESSEE's Maintenance Program.

23.7 AIRCRAFT INSPECTION.

23.7.1 During the maintenance checks performed immediately prior to the proposed redelivery and at the actual return of the Aircraft, LESSOR and/or its representatives will have an opportunity to conduct a systems functional and operational inspection of the Aircraft (and other types of reasonable inspections based upon the Aircraft type, age, use and other known factors with respect to the Aircraft) and a full inspection of the Aircraft Documentation (including records and manuals), all to LESSOR's reasonable satisfaction. Any deficiencies from the Aircraft return condition requirements set forth in this Article 23 will be corrected by LESSEE at its cost prior to the acceptance flight described in Article 23.7.2.

23.7.2 Immediately prior to the proposed redelivery of the Aircraft, LESSEE will carry out for LESSOR and/or LESSOR's representatives an Aircraft acceptance flight in accordance with Manufacturer's standard flight operation check flight procedures or, if agreed to in writing by LESSOR, in accordance with an airline acceptance flight procedure, either of which will be for the duration necessary to perform such check flight procedures but in any event not less than two (2) hours. Flight costs and fuel will be furnished by and at the expense of LESSEE, Any deficiencies from the Aircraft return condition requirements set forth in this Article 23 will be corrected by LESSEE at its cost prior to return of the Aircraft.

23.7.3 To the extent that the ground inspection and acceptance flight extend beyond the Expiration Date, the Lease Term will be deemed to have been automatically extended and the obligations of LESSEE hereunder (including Article 23.13.3) will continue on a day-to-day basis until the Aircraft is accepted by LESSOR executing the Return Acceptance Receipt in the form of Exhibit J. In the event the Lease is extended solely as a result of work performed at LESSOR's request pursuant to Article 23.10.1, LESSEE will perform such additional work at LESSOR's cost provided that if the same shall result in delay in redelivery, extension of the Lease Term or cause the Aircraft to be removed from service for a period in excess of the period the Aircraft would have been removed to revenue service absent such additional work, no Rent or other costs will be payable by LESSEE for the period which is attributable solely to LESSOR's requested work (unless and to the extent LESSEE shall have otherwise agreed in writing).

23.8 CERTIFICATE OF AIRWORTHINESS MATTERS.

23.8.1 The Aircraft will possess a current Certificate of Airworthiness issued by the Aviation Authority (although this Certificate of Airworthiness may later be substituted by the Export Certificate of Airworthiness or equivalent if requested by LESSOR pursuant to Article 23.12). In addition, even if LESSEE must perform engineering, maintenance and repair work on the Aircraft beyond the requirements of Article 12, the Aircraft at return must be in the condition required in order to meet the requirements for issuance of a U.S. Standard Certificate of Airworthiness for transport category aircraft issued by the FAA in accordance with FAR Part 21 and, in addition, to meet the operating requirements of FAR Part 121 with no restrictions imposed.

23.8.2 At LESSOR's request, LESSEE at its cost will demonstrate that the Aircraft meets the requirements for issuance of the U.S. Standard Certificate of Airworthiness for transport category aircraft specified in Article 23.8.1 by delivering to LESSOR at LESSOR's option either an actual U.S. Standard Certificate of Airworthiness (if the Aircraft is to be registered in the U.S.) or a letter acceptable to LESSOR signed by an FAA Designated Airworthiness Representative (DAR) or another Person acceptable to LESSOR stating that the DAR or such Person has inspected the Aircraft and Aircraft Documentation (including records and manuals) and has found that the Aircraft meets the requirements for issuance of a U.S. Standard Certificate of Airworthiness for transport category aircraft in accordance with FAR Part 21 and, in addition, meets the operating requirements of FAR Part 121 with no restrictions imposed.

23.8.3 If the Aircraft is to be registered in a country other than in the U.S. after return from LESSEE, LESSOR may in its sole discretion waive the requirements of Article 23.8.2 and instead require that LESSEE at its expense (to the extent such expense is no greater than that which LESSEE would have incurred pursuant to Articles 23.8.1 and 23.8.2, with any additional expenses being for LESSOR's account) put the Aircraft in a condition to meet the requirements for issuance of a Certificate of Airworthiness of the aviation authority of the next country of register.

23.9 GENERAL CONDITION OF AIRCRAFT AT RETURN.

23.9.1 The Aircraft, Engines, APU and Parts will have been maintained and repaired in accordance with the Maintenance Program, the rules and regulations of the Aviation Authority and this Lease.

23.9.2 Aircraft Documentation (including records and manuals) will have been maintained in an up-to-date status, in accordance with the rules and regulations of the Aviation Authority and the FAA and this Lease and in a form necessary in order to meet the requirements of Article 23.8.1. The records and historical documents set forth in Attachment 1 of Exhibit J will be in English. If LESSEE subscribes to Manufacturer's on-line data access services, LESSEE must nonetheless return the Aircraft manuals with all current revisions provided by Manufacturer in CD, microfilm or other format acceptable to LESSOR.

23.9.3 The Aircraft will be in the same working order and condition as at Delivery (subject to the other provisions of this Article 23, reasonable wear and tear from normal flight operations excepted), with all pilot discrepancies and deferred maintenance items cleared on a terminating action basis.

23.9.4 The Aircraft will be airworthy (conform to type design and be in a condition for safe operation), with all Aircraft equipment, components and systems operating in accordance with their intended use and within limits approved by Manufacturer, the Aviation Authority and the FAA.

23.9.5 The Aircraft interior (including cabin and windows) and exterior will be clean and cosmetically acceptable to LESSOR, with all compartments free of foreign objects, dirt, grease, fluids, stains, grime, cracks, tears and rips and ready to be placed into immediate commercial airline operations.

23.9.6 No special or unique Manufacturer, Engine manufacturer or Aviation Authority inspection or check requirements which are specific to the Aircraft or Engines (as opposed to all aircraft or engines of their types) will exist with respect to the Airframe, Engines and Aircraft equipment, components and systems.

23.9.7 All repairs to the Aircraft will have been accomplished in accordance with Manufacturer's Structural Repair Manual (or FAA-approved data supported by FAA Form 8110-3) for the Aircraft.

23.9.8 All modifications and alterations to the Aircraft will have been accomplished in accordance with FAA-approved data supported by FAA Form 8110-3.

23.9.9 The Aircraft will be returned with LESSOR's Engines and APU installed and with the same equipment as at Delivery, subject only to those replacements, additions and Modifications permitted under this Lease. To the extent LESSEE performed a Modification which cost in excess of **Material Redacted** and LESSOR did not approve such Modification in accordance with Article 12.10.1, LESSOR may require LESSEE to return the Aircraft in its original condition prior to such Modification.

23.9.10 All Airworthiness Directives which are issued prior to the date of return of the Aircraft and require compliance (either by means of repetitive inspections, modifications or terminating action) prior to return of the Aircraft to LESSOR or within **Material Redacted** after the Termination Date will have been complied with on the Aircraft on a terminating action basis at LESSEE's cost. Airworthiness Directives which do not have a terminating action will be accomplished at the highest level of inspection or modification possible. If, after using best efforts, LESSEE is unable to acquire the material, parts or components necessary to accomplish such Airworthiness Directive, LESSEE will pay to LESSOR upon return of the Aircraft the estimated cost of terminating such Airworthiness Directive. If the estimated cost cannot be mutually agreed upon by LESSEE and LESSOR, LESSEE and LESSOR will each obtain an estimate from a reputable FAA approved maintenance facility (unaffiliated with LESSEE or LESSOR) and the estimated cost will be the average of the two estimates.

23.9.11 All modifications which must be performed prior to the date of return of the Aircraft or within **Material Redacted** after the Termination Date in order to meet the FAA requirements for FAR Part 121 operations will have been incorporated on the Aircraft at LESSEE's cost.

23.9.12 The Aircraft will be in compliance with Manufacturer's Corrosion Prevention and Control Program (CPCP) specified for the model type by Manufacturer.

23.9.13 If any waivers, deviations, dispensations, alternate means of compliance, extensions or carry-overs with respect to maintenance or operating requirements, repairs or Airworthiness Directives are granted by the Aviation Authority or permitted by the Maintenance Program, LESSEE at its sole cost and expense will nonetheless perform such maintenance or operating requirements, repairs or Airworthiness Directives as if such waivers, deviations, dispensations, alternate means of compliance, or extensions or carry-overs did not exist.

23.9.14 The Aircraft will be free from any Security Interest except LESSOR's Liens and no circumstance will have so arisen whereby the Aircraft is or could become subject to any Security Interest or right of detention or sale in favor of the Aviation Authority, any airport authority, or any other authority.

23.9.15 All no-charge vendor and Manufacturer's service bulletin kits received by LESSEE for the Aircraft but not installed thereon will be on board the Aircraft as cargo. All no-charge vendor and Manufacturer's service bulletin kits ordered by LESSEE but not yet received will, upon receipt by LESSEE, be forwarded as instructed by LESSOR. At LESSOR's request, any other service bulletin kit which LESSEE paid for will also be delivered to LESSOR on board the Aircraft, but LESSOR will reimburse LESSEE for its actual out-of-pocket costs for such kit, unless LESSEE purchased such kit as part of its implementation of a service bulletin on its fleet of aircraft of the same type as the Aircraft but had not yet installed such kit on the Aircraft, in which case such kit will be furnished free of charge to LESSOR.

23.9.16 The Aircraft will be free of any leaks found to by outside of maintenance manual limits and any damage resulting therefrom. All repairs will have been performed on a permanent basis in accordance with the applicable manufacturer's instructions.

23.9.17 The Aircraft fluid reservoirs (including oil, oxygen, hydraulic and water) will be serviced to full and the waste tank serviced in accordance with Manufacturer's instructions. Fuel tanks will be at least as full as at Delivery.

23.10 CHECKS PRIOR TO RETURN. Immediately prior to return of the Aircraft to LESSOR, LESSEE at its expense will do each of the following:

23.10.1 Have performed, by an FAA-approved repair station, a Return Check ("RETURN CHECK") means the accomplishment of all work cards specified in the Maintenance Program and the MPD which (a) are necessary to clear the Aircraft of all such tasks for **Material Redacted**, or (b) are required to be performed at lesser intervals than **Material Redacted**. If pursuant to the then-current MPD, the performance interval for a task is shorter than every **Material Redacted**, then such task will also be performed. All non-routine tasks generated as a result of the performance of these work cards must also be performed. For avoidance of doubt, if the inspection interval pursuant to the then-current MPD for a particular work card only refers to one or two of the three measurement tests, then the most restrictive measurement test or tests referred to in the then-current MPD will be utilized in determining whether the task must be performed.). LESSEE will also weigh the Aircraft. Any discrepancies revealed during such inspection will be corrected in accordance with Manufacturer's maintenance and repair manuals or FAA-approved data. LESSEE agrees to perform during such check any other work reasonably required by LESSOR (and not otherwise required under this Lease) and LESSOR will reimburse LESSEE for such work at LESSEE's preferred customer rates.

23.10.2 Perform an internal and external corrosion inspection and correct any discrepancies in accordance with the recommendations of Manufacturer and the Structural Repair Manual. In addition, all inspected areas will be properly treated with corrosion inhibitor as recommended by Manufacturer.

23.10.3 Remove LESSEE's exterior markings, including all exterior paint, by pneumatically scuff sanding (or stripping, if reasonably determined by LESSOR taking into account the condition of the exterior paint) the paint from the fuselage, empennage and Engine cowlings, and clean, reseal, refinish, prepare (including application of alodine or another corrosion inhibitor) and prime the surfaces to be painted, all in accordance with Manufacturer's and paint manufacturer's recommendations. LESSEE will then repaint the fuselage, empennage and Engine cowlings in the colors and logo specified by LESSOR. Such painting will be accomplished in such a manner as to result in a uniformly smooth and cosmetically acceptable aerodynamic surface. All external placards, signs and markings will be properly attached, free from damage, clean and legible. **Material Redacted**.

23.10.4 Clean the exterior and interior of the Aircraft.

23.10.5 If reasonably required by LESSOR, apply touch-up paint to the interior of the Aircraft, including flight deck, and replace missing, broken or illegible placards.

23.10.6 In accordance with Article 23.9.7, permanently repair damage to the Aircraft that exceeds Manufacturer's limits and replace any non-flush structural patch repairs installed on the Aircraft with flush-type repairs unless a flush-type repair is unavailable.

23.10.7 With LESSOR and/or its representatives present, perform a full and complete hot and cold section videotape borescope on each Engine and its modules in accordance with the Engine manufacturer's maintenance manual.

23.10.8 If the Engine historical and technical records and/or condition trend monitoring data of any Engine indicate an acceleration in the rate of deterioration in the performance of an Engine, LESSEE will correct, to LESSOR's reasonable satisfaction, such conditions which are determined to be causing such accelerated rate of deterioration.

23.10.9 With LESSOR and/or its representatives present, accomplish a power assurance run on the Engines. LESSEE will evaluate the Engine performance and record the Engine power assurance test conditions and results on the Return Acceptance Receipt.

23.10.10 LESSEE will provide evidence to LESSOR's reasonable satisfaction that the Engine historical and technical records, borescope inspection, trend monitoring and other checks specified in Article 23.10.9 do not reveal any condition which would cause the Engines or any module to be unserviceable, beyond serviceable limits or serviceable with an increased frequency of inspection or with calendar time, flight hour or flight cycle restrictions under the Engine manufacturer's maintenance manual. LESSEE will correct any discrepancies in accordance with the guidelines set out by the Engine manufacturer which may be discovered during such inspection.

23.10.11 In the event the Engine historical and technical records, borescope inspection, trend monitoring and other checks specified in Article 23.10.9 result in a dispute regarding the conformity of an Engine with the requirements of this Article 23, LESSEE and LESSOR will consult with the Engine manufacturer and follow the Engine manufacturer's recommendations (including the accomplishment of an Engine test cell operational check) with regard to determining if such Engine complies with the requirements of this Article 23 and the manner in which any discrepancies from the requirements of this Article 23 will be rectified.

23.10.12 If the APU historical and technical records and/or condition trend monitoring data indicate an acceleration in the rate of deterioration in the performance of the APU, LESSEE will correct, to LESSOR's reasonable satisfaction, such conditions which are determined to be causing such accelerated rate of deterioration.

23.10.13 With LESSOR and/or its representatives present, perform a full and complete hot and cold section videotape borescope on the APU in accordance with the APU manufacturer's procedures. LESSEE will provide evidence to LESSOR's satisfaction that the borescope inspection does not reveal any condition which would cause the APU to be unserviceable, beyond serviceable limits or serviceable with an increased frequency of inspection or with calendar time, flight hour or flight cycle restrictions. LESSEE will correct any discrepancies in accordance with the guidelines set out by the APU manufacturer which may be discovered during such inspection.

23.11 PART LIVES. At return, the condition of the Aircraft will be as follows:

23.11.1 The Aircraft will have zero (0) hours consumed since the last Return Check or equivalent check per the MPD (excluding hours consumed on the acceptance flight and any ferry flight) sufficient to clear the Aircraft for **Material Redacted** of operation.

23.11.2 Each Engine will meet all of the following:

(a) Each Engine will have **Material Redacted** remaining until its next anticipated removal (based upon the Engine manufacturer's estimated mean time between removals for engines of the same type as the Engines).

(b) Each Engine will have a remaining EGT margin sufficient to permit the operation of such Engine for the hours and cycles set forth in the preceding subparagraph, based upon the historical experience of LESSEE.

(c) Each Part of an Engine which has a hard time limit will have **Material Redacted** of such Part's full allotment of hours and cycles remaining to operate until its next scheduled Overhaul or removal. However, if **Material Redacted** of such hard time Part's full allotment of hours and cycles remaining is less than **Material Redacted**, then such hard time Part will be returned with at least **Material Redacted** remaining. If such hard time Part's full allotment of hours and cycles is less than 4,000 hours or 4,000 cycles (whichever is applicable), then such hard time Part will be returned with zero (0) hours and cycles since its last Overhaul or refurbishment, as applicable.

(d) Each Part of an Engine which has a life-limit will have at least **Material Redacted** remaining until removal. If such life-limited Part's full allotment of hours and cycles is less than **Material Redacted**, then such life-limited Part will be returned new.

(e) No life-limited Part of an Engine or APU will have more hours or cycles consumed than such Engine's data plate.

23.11.3 The APU will have no more than **Material Redacted** consumed since the last hot section refurbishment (excluding hours consumed on the acceptance flight and any ferry flight).

In addition, at return LESSEE will pay LESSOR an amount equal to the number of hours consumed on the APU at return since the last hot section refurbishment multiplied by an APU hot section refurbishment calculated as follows:

such APU hot section refurbishment cost price per hour will be the quotient obtained by dividing (a) the expected cost of the next APU hot section refurbishment cost by (b) the full allotment of hours between hot section refurbishments as approved by the MPD. If LESSEE and LESSOR are unable to agree on the expected cost of the next scheduled APU hot section refurbishment, such cost will be established by taking the average of the price quotes submitted by two (2) reputable FAA-approved APU hot section refurbishment cost facilities (unaffiliated with LESSEE or LESSOR), one selected by LESSEE and the other selected by LESSOR.

23.11.4 The Landing Gear will have **Material Redacted** of hours/cycles/calendar time (whichever is the more limiting factor) pursuant to the MPD remaining until the next Overhaul or scheduled removal.

In addition, at return LESSEE will pay LESSOR an amount equal to the number of hours/cycles/days (whichever is the more limiting factor) consumed on each Landing Gear at return since the last Overhaul multiplied by a Landing Gear Overhaul cost per hour/cycle/day calculated as follows:

such Landing Gear Overhaul cost price per hour/cycle/day will be the quotient obtained by dividing (a) the expected cost of the next Landing Gear Overhaul by (b) the full allotment of hours/cycles/days between scheduled Overhauls for such Landing Gear as approved by the MPD. If LESSEE and LESSOR are unable to agree on the expected cost of the next scheduled Landing Gear Overhaul, such cost will be established by taking the average of the price quotes submitted by two (2) reputable FAA-approved landing gear Overhaul facilities (unaffiliated with LESSEE or LESSOR), one selected by LESSEE and the other selected by LESSOR.

23.11.5 Each Part of the Airframe or the APU which has a hard time (hour/cycle) limit to Overhaul or removal pursuant to the MPD will have **Material Redacted** of such Part's full allotment of hours and cycles remaining to operate until its next scheduled Overhaul or removal pursuant to the MPD. However, if **Material Redacted** of such hard time Part's full allotment of hours and cycles remaining is less than **Material Redacted**, then such hard time Part will be returned with at least **Material Redacted** remaining to operate until its next scheduled Overhaul or refurbishment pursuant to the MPD. If such hard time Part's full allotment of hours and cycles between, Overhauls or refurbishment pursuant to the MPD is less than **Material Redacted**, then such hard time Part will be returned zero (0) hours and zero (0) cycles out of Overhaul (except hours accumulated on any acceptance or ferry flight).

23.11.6 Each life-limited Part of the Airframe or the APU will have **Material Redacted** of such Part's full allotment of hours and cycles remaining to operate until removal pursuant to the MPD. However, if **Material Redacted** of such life-limited Part's full allotment of hours and cycles remaining is less than **Material Redacted**, then such life-limited Part will be returned with at least **Material Redacted** remaining to operate pursuant to the MPD. If such life-limited Part's full allotment of hours and cycles remaining to operate pursuant to the MPD is less than **Material Redacted**, then such life-limited Part will be returned with 100% of its total approved hours and cycles remaining.

23.11.7 Each Part which has a calendar limit will have **Material Redacted** remaining to operate pursuant to the MPD after return of the Aircraft to LESSOR. If a Part has a total approved life pursuant to the MPD of **Material Redacted**, then such Part will be returned with 100% of its total approved life remaining.

23.11.8 No Part of the Aircraft or Engine (excluding life-limited Parts on the Engine, which are covered by Article 23.11.2(e)) will have total hours and total cycles since new greater than **Material Redacted** of that of the Airframe **Material Redacted**.

23.11.9 Each Aircraft tire and brake **Material Redacted** (except for the acceptance flight and any ferry flight).

23.12 EXPORT AND DEREGISTRATION OF AIRCRAFT. At LESSOR's request, LESSEE at its cost will (a) provide an Export Certificate of Airworthiness or its equivalent from the State of Registration so that the Aircraft can be exported to the country designated by LESSOR, (b) assist with deregistration of the Aircraft from the register of aircraft in the State of Registration, (c) assist with arranging for prompt confirmation of such deregistration to be sent by the registry in the State of Registration to the next country of registration and (d) perform any other acts reasonably required by LESSOR in connection with the foregoing. **Material Redacted**.

23.13 LESSEE'S CONTINUING OBLIGATIONS. In the event that LESSEE does not return the Aircraft to LESSOR on the Expiration Date and in the condition required by this Article 23 for any reason (whether or not the reason is within LESSEE's control) unless such delay is as a result of work performed at the request of LESSOR pursuant to Article 23.10.1 or is otherwise over and above LESSEE's obligations pursuant to this Article 23:

23.13.1 the obligations of LESSEE under this Lease will continue in full force and effect on a day-to-day basis until such return. This will not be considered a waiver of LESSEE's Event of Default or any right of LESSOR hereunder.

23.13.2 **Material Redacted**.

23.13.3 LESSEE will fully indemnify LESSOR on demand for all losses (including consequential damages), liabilities, actions, proceedings, costs and expenses thereby suffered or incurred by LESSOR and, in addition, until such time as the

Aircraft is redelivered to LESSOR and put into the condition required by this Article 23, instead of paying the Rent specified in Article 5.3, LESSEE will pay twice the amount of Rent for each day from the scheduled Expiration Date until the Termination Date (the monthly Rent payable under Article 5.3.1 will be prorated based on the actual number of days in the applicable month). Payment will be made upon presentation of LESSOR's invoice.

23.13.4 LESSOR may elect, in its sole and absolute discretion, to accept the return of the Aircraft prior to the Aircraft being put in the condition required by this Article 23 and thereafter have any such non-conformance corrected at such time as LESSOR may deem appropriate (but within ninety (90) days following the return of the Aircraft) and at commercial rates then-charged by the Person selected by LESSOR to perform such correction. Any direct expenses incurred by LESSOR for such correction will be payable by LESSEE within fifteen (15) days following the submission of a written statement by LESSOR to LESSEE, identifying the items corrected and setting forth the expense of such corrections. LESSEE's obligation to pay such amounts will survive the Termination Date.

23.14 AIRPORT AND NAVIGATION CHARGES. LESSEE will ensure that at return of the Aircraft any and all airport, navigation and other charges which give rise or may if unpaid give rise to any lien, right of detention, right of sale or other Security Interest in relation to the Aircraft, Engine, APU or any Part have been paid and discharged in full and will at LESSOR's request produce evidence thereof satisfactory to LESSOR, except to the extent being contested in good faith provided LESSEE shall have agreed in writing to pay any such charges determined pursuant to such contest to be due and owing to the relevant authority.

23.15 RETURN ACCEPTANCE RECEIPT. Upon return of the Aircraft in accordance with the terms of this Lease, LESSEE will prepare and execute two (2) Return Acceptance Receipts in the form and substance of Exhibit J and LESSOR will countersign and return one such Return Acceptance Receipt to LESSEE. In addition, LESSEE and LESSOR will execute a Lease Termination for filing with the FAA evidencing termination of this Lease.

23.16 INDEMNITIES AND INSURANCE. The indemnities and insurance requirements set forth in Articles 17 and 18, respectively, will apply to Indemnitees and LESSOR's representatives during return of the Aircraft, including the ground inspection and acceptance flight. With respect to the acceptance flight, LESSOR's representatives will receive the same protections as LESSOR on LESSEE's Aviation and Airline General Third Party Liability Insurance.

23.17 STORAGE. At LESSOR's request, LESSEE will continue to lease the Aircraft under this Lease for a period not to exceed thirty (30) days. During this period, LESSEE will have no obligations under this Lease except, at LESSOR's cost, to park and store the Aircraft in accordance with Manufacturer's recommended short term storage program at one of LESSEE's principal maintenance facilities in the State of Registration and to maintain all insurance on the Aircraft. LESSEE will not utilize the Aircraft for any reason during this period.

ARTICLE 24
ASSIGNMENT

24.1 NO ASSIGNMENT BY LESSEE. EXCEPT AS OTHERWISE PROVIDED HEREIN, NO ASSIGNMENT, NOVATION, TRANSFER, MORTGAGE OR OTHER CHARGE MAY BE MADE BY LESSEE OF ANY OF ITS RIGHTS OR OBLIGATIONS WITH RESPECT TO THE AIRCRAFT, ANY ENGINE OR PART, OR THIS LEASE.

24.2 SALE OR ASSIGNMENT BY LESSOR.

24.2.1 Subject to LESSEE's rights pursuant to this Lease, LESSOR may at any time and without LESSEE's consent sell, assign or transfer its rights, interest and obligations hereunder or with respect to the Aircraft to a third party ("LESSOR'S ASSIGNEE"). For a period of two (2) years after such sale or assignment and at LESSEE's cost, LESSEE will continue to name LESSOR as an additional insured under the Aviation and Airline General Third Party Liability Insurance specified in Exhibit C.

24.2.2 The term "LESSOR" as used in this Lease means the lessor of the Aircraft at the time in question. In the event of the proper sale of the Aircraft and transfer of LESSOR's rights and obligations under this Lease, LESSOR's Assignee will become "LESSOR" of the Aircraft under this Lease and the transferring party (the prior "LESSOR") will be relieved of all liability to LESSEE under this Lease for obligations arising on and after the date the Aircraft is sold. LESSEE will acknowledge and accept LESSOR's Assignee as the new "LESSOR" under this Lease and will look solely to LESSOR's Assignee for the performance of all LESSOR obligations and covenants under this Lease arising on and after the Aircraft sale date provided such transfer, sale or assignment is in conformity with the requirements of this Article 24.

24.3 LESSOR'S LENDER. Subject to LESSEE's rights pursuant to this Lease, LESSOR may at any time and without LESSEE's consent grant security interests over the Aircraft and assign the benefit of this Lease to a lender ("LESSOR'S LENDER") as security for LESSOR's obligations to LESSOR's Lender. Accordingly, if LESSOR's Lender requires, as a condition to providing financing, any reasonable, nonsubstantive modification of this Lease, LESSEE agrees to enter into an agreement so modifying this Lease.

24.4 LESSEE COOPERATION. On request by LESSOR, LESSOR's Assignee or LESSOR's Lender, LESSEE will execute all such documents (such as a lease assignment agreement) as LESSOR, LESSOR's Assignee or LESSOR's Lender may reasonably require to confirm LESSEE's obligations under this Lease and obtain LESSEE's acknowledgment that LESSOR is not in breach of the Lease. LESSEE will provide all other reasonable assistance and cooperation to LESSOR, LESSOR's Assignee and LESSOR's Lender in connection with any such sale or assignment or the perfection and maintenance of any such security interest, including, at LESSOR's cost, making all necessary filings and registrations in the State of Registration and providing all opinions of counsel with respect to matters reasonably requested by LESSOR,

LESSOR's Lender or LESSOR's Assignee. LESSOR will reimburse LESSEE for its reasonable out-of-pocket costs in reviewing documents required by LESSOR or LESSOR's Lender.

24.5 PROTECTIONS.

24.5.1 **Material Redacted**.

24.5.2 LESSOR will obtain for the benefit of LESSEE an acknowledgment from any LESSOR's Assignee or LESSOR's Lender that, so long as no Event of Default has occurred and is continuing hereunder, such Person and any Person lawfully claiming through such Person will not interfere with LESSEE's quiet, peaceful use and enjoyment of the Aircraft.

24.5.3 **Material Redacted**.

24.5.4 **Material Redacted**.

24.5.5 **Material Redacted**.

24.5.6 **Material Redacted**.

24.5.7 Wherever the term "LESSOR" is used in this Lease in relation to any of the provisions relating to disclaimer, title and registration, indemnity and insurance contained in Articles 8, 14, 17 and 18, respectively, or with respect to Article 20.2.8, the term "LESSOR" will be deemed to include LESSOR's Assignee and LESSOR's Lender, if applicable. For avoidance of doubt, in the event of LESSOR's sale or financing of the Aircraft, the disclaimer and indemnity provisions contained in Articles 8 and 17 will continue to be applicable after the sale or assignment to International Lease Finance Corporation, as well as being applicable to LESSOR's Assignee and LESSOR's Lender.

ARTICLE 25
DEFAULT OF LESSEE

25.1 LESSEE NOTICE TO LESSOR. LESSEE will promptly notify LESSOR if LESSEE becomes aware of the occurrence of any Default or Event of Default.

25.2 EVENTS OF DEFAULT. The occurrence of any of the following will constitute an Event of Default and material breach of this Lease by LESSEE:

(a) LESSEE fails to take delivery of the Aircraft when obligated to do so under the terms of this Lease;

(b) LESSEE fails to make a Rent or other scheduled payment due hereunder in the manner and by the date provided herein and fails to make such payment within three (3) Business Days after the date such payment is due;

(c) LESSEE fails to obtain or maintain the insurance required by Article 18;

(d) LESSEE fails to return the Aircraft to LESSOR on the Expiration Date in accordance with Article 23;

(e) LESSEE fails to observe or perform any of its other obligations hereunder and fails to cure the same within thirty (30) days after written notice thereof to LESSEE. If such failure cannot by its nature be cured within thirty (30) days, LESSEE will have the reasonable number of days necessary to cure such failure (not to exceed a period of ninety (90) days) so long as it uses diligent efforts to do so;

(f) any representation or warranty of LESSEE herein proves to be untrue in any material respect and if the effect of such misrepresentation is curable, will not have been cured within thirty (30) days after LESSEE learns of such misrepresentation including by written notice from LESSOR;

(g) the registration of the Aircraft is cancelled other than as a result of an act or omission of LESSOR;

(h) LESSEE abandons the Aircraft or Engines;

(i) LESSEE temporarily discontinues (in the absence of other Defaults) or permanently discontinues business or sells or otherwise disposes of all or substantially all of its assets other than as permitted hereunder;

(j) a material adverse change occurs in the financial condition of LESSEE which effects LESSEE’s ability to perform its obligations hereunder;

(k) LESSEE no longer possesses the licenses, certificates and permits required for the conduct of its business as a certificated air carrier in Panama and the failure to possess the same is not cured within sixty (60) days;

(l) LESSEE (i) suspends payment on its debts or other material obligations, (ii) is unable to or admits its inability to pay its debts or other material obligations as they fall due, (iii) is adjudicated or becomes bankrupt or insolvent or (iv) proposes or enters into any composition or other arrangement for the benefit of its creditors generally;

(m) any proceedings, resolutions, filings or other steps are instituted or threatened with respect to LESSEE relating to the bankruptcy, liquidation, reorganization or protection from creditors of LESSEE or a substantial part of LESSEE's property. If instituted by LESSEE, the same will be an immediate Event of Default. If instituted by another Person, the same will be an Event of Default if not dismissed, remedied or relinquished within sixty (60) days;

(n) any order, judgment or decree is entered by any court of competent jurisdiction appointing a receiver, trustee or liquidator of LESSEE or a substantial part of its property, or if a substantial part of LESSEE's property is to be sequestered. If instituted by or done with the consent of LESSEE, the same will be an immediate Event of Default. If instituted by another Person, the same will be an Event of Default if not dismissed, remedied or relinquished within sixty (60) days;

(o) any indebtedness for borrowed moneys or a guarantee or similar obligation owed by LESSEE with an unpaid balance of at least **Material Redacted** is properly declared due before its stated maturity or LESSEE is properly in default beyond any applicable grace period under any agreement pursuant to which LESSEE has the right to possess and operate any aircraft; or

(p) LESSEE is in default under any other lease or agreement between LESSEE and LESSOR and the same is not cured within its specified cure period.

25.3 LESSOR'S GENERAL RIGHTS. Upon the occurrence of any Event of Default, LESSOR may do all or any of the following at its option (in addition to such other rights and remedies which LESSOR may have by statute or otherwise but subject to any requirements of applicable Law):

(a) terminate this Lease by giving written notice to LESSEE;

(b) require that LESSEE immediately cease flying the Aircraft and leave it parked in its then-current location by giving written notice to LESSEE, in which case LESSEE's obligations under this Lease will continue (including the obligations set forth in Articles 17 and 18);

(c) require that LESSEE immediately move the Aircraft to an airport or other location designated by LESSOR and park the Aircraft there by giving written notice to LESSEE, in which case LESSEE's obligations under this Lease will continue (including the obligations set forth in Articles 17 and 18);

(d) take possession of the Aircraft. If LESSOR takes possession of the Aircraft, it may enter upon LESSEE's premises where the Aircraft is located without liability.

Upon repossession of the Aircraft, LESSOR will then be entitled to sell, lease or otherwise deal with the Aircraft as if this Lease had never been made. LESSOR will be entitled to the full benefit of its bargain with LESSEE;

(e) for LESSEE's account, do anything that may reasonably be required to cure any default and recover from LESSEE all reasonable costs, including legal fees and expenses incurred in doing so and Default Interest;

(f) proceed as appropriate to enforce performance of this Lease and to recover any damages for the breach hereof, including the amounts specified in Article 25.5; or

(g) apply all or any portion of the Security Deposit and any other security deposits held by LESSOR pursuant to any other agreements between LESSOR and LESSEE to any amounts due.

25.4 DEREGISTRATION AND EXPORT OF AIRCRAFT. If an Event of Default has occurred and is continuing, LESSOR may take all steps necessary to deregister the Aircraft in and export the Aircraft from the State of Registration.

25.5 LESSEE LIABILITY FOR DAMAGES. If an Event of Default occurs, in addition to all other remedies available at law or in equity, LESSOR has the right to recover from LESSEE and LESSEE will pay LESSOR within two (2) Business Days after LESSOR's written demand, all of the following:

(a) all amounts which are then due and unpaid hereunder and which become due prior to the earlier of LESSOR's recovery of possession of the Aircraft or LESSEE making an effective tender thereof;

(b) any losses suffered by LESSOR because of LESSOR's inability to place the Aircraft on lease with another lessee or to otherwise utilize the Aircraft on financial terms as favorable to LESSOR as the terms hereof or, if LESSOR elects to dispose of the Aircraft, the funds arising from a sale or other disposition of the Aircraft are not as profitable to LESSOR as leasing the Aircraft in accordance with the terms hereof would have been (and LESSOR will be entitled to accelerate any and all Rent which would have been due from the date of LESSOR's recovery or repossession of the Aircraft through the Expiration Date) which rent shall be discounted to present value less any amounts (i) in respect of a lease, which over its term shall be received by LESSOR discounted to present value as set forth above or (ii) in the case of a sale or other disposition, the amounts which were received by LESSOR is a result of such sale or other disposition (or if not relet or sold, less an amount equal to the fair market rental value of the aircraft for the balance of the Lease Term determined by an independent appraiser acceptable to LESSOR and LESSEE or chosen by a court);

(c) all costs, associated with LESSOR's exercise of its remedies hereunder, including but not limited to repossession costs, legal fees, Aircraft storage costs, Aircraft re-lease or sale costs;

(d) any amount of principal, interest, fees or other sums paid or payable on account of funds borrowed in order to carry any unpaid amount;

(e) any loss, premium, penalty or expense which may be incurred in repaying funds raised to finance the Aircraft or in unwinding any financial instrument relating in whole or in part to LESSOR's financing of the Aircraft;

(f) any loss, cost, expense or liability sustained by LESSOR due to LESSEE's failure to redeliver the Aircraft in the condition required by this Lease; and

(g) any other loss, damage, expense, cost or liability which LESSOR suffers or incurs as a direct result of the Event of Default and/or termination of this Lease, including (but without duplication of amounts due and payable pursuant to (f) above) an amount sufficient to compensate LESSOR for any loss of LESSOR's residual interest in the Aircraft caused by LESSEE's default.

25.6 WAIVER OF DEFAULT. By written notice to LESSEE, LESSOR may at its election waive any Default or Event of Default and its consequences and rescind and annul any prior notice of termination of this Lease. The respective rights of the parties will then be as they would have been had no Default or Event of Default occurred and no such notice been given.

25.7 PRESENT VALUE OF PAYMENTS. In calculating LESSOR's damages hereunder, upon an Event of Default all Rent and other amounts which would have been due hereunder during the Lease Term if an Event of Default had not occurred will be calculated on a present value basis using a discounting rate of **Material Redacted** per annum discounted to the earlier of the date on which LESSOR obtains possession of the Aircraft or LESSEE makes an effective tender thereof.

25.8 USE OF "TERMINATION DATE". For avoidance of doubt, it is agreed that if this Lease terminates and the Aircraft is repossessed by LESSOR due to an Event of Default, then, notwithstanding the use of the term "Termination Date" in this Lease, the period of the Lease Term and the "Expiration Date" will be utilized in calculating the damages to which LESSOR is entitled pursuant to Article 25.5. For example, it is agreed and understood that LESSOR is entitled to receive from LESSEE the Rent and the benefit of LESSEE's insurance and maintenance of the Aircraft until expiration of the Lease Term.

ARTICLE 26
NOTICES

26.1 MANNER OF SENDING NOTICES. Any notice, request or information required or permissible under this Lease will be in writing and in English. Notices will be delivered in person or sent by fax, letter (mailed airmail, certified and return receipt requested), or by expedited delivery addressed to the parties as set forth in Article 26.2. In the case of a fax, notice will be deemed received on the date set forth on the confirmation of receipt produced by the sender's fax machine immediately after the fax is sent. In the case of a mailed letter, notice will be deemed received upon actual receipt. In the case of a notice sent by expedited delivery, notice will be deemed received on the date of delivery set forth in the records of the Person which accomplished the delivery. If any notice is sent by more than one of the above listed methods, notice will be deemed received on the earliest possible date in accordance with the above provisions.

26.2 NOTICE INFORMATION. Notices will be sent:

If to LESSOR: INTERNATIONAL LEASE FINANCE CORPORATION
Until February 28, 2004:
1999 Avenue of the Stars, 39th Floor
Los Angeles, California 90067, U.S.A.
On and after March 1, 2004:
10250 Constellation Boulevard, 34th Floor
Los Angeles, California 90067, U.S.A.
Attention: Legal Department
Fax: 310-788-1990
Telephone: 310-788-1999

If to LESSEE: COMPANIA PANAMENDA DE AVIACION S.A. (COPA)
Avenida Justo Arosemena y Calle 39
Apartado 1572
Panama 1, Panama
Attention: Chief Executive Officer
Fax: 507-227-1952
Telephone: 570-207-6170

or to such other places and numbers as either party directs in writing to the other party.

ARTICLE 27
GOVERNING LAW AND JURISDICTION

27.1 CALIFORNIA LAW. This Lease is being delivered in the State of California and the Lease and all other Operative Documents will in all respects be governed by and construed in accordance with the Laws of the State of California (notwithstanding the conflict Laws of the State of California).

27.2 NON-EXCLUSIVE JURISDICTION IN CALIFORNIA. As permitted by Section 410.40 of the California Code of Civil Procedure, the parties hereby irrevocably submit to the non-exclusive jurisdiction of the Federal District Court for the Central District of California and the State of California Superior or Municipal Court in Los Angeles, California. Nothing herein will prevent either party from bringing suit in any other appropriate jurisdiction.

27.3 SERVICE OF PROCESS. The parties hereby consent to the service of process (a) in the manner directed by any of the courts referred to above, (b) in accordance with Section 415.40 of the California Code of Civil Procedure by mailing copies of the summons and complaint to the person to be served by first-class mail to the address set forth in Article 26.2, postage prepaid, return receipt requested, (c) in one of the manners specified in Article 26.1 or (d) in accordance with the Hague Convention, if applicable.

27.4 PREVAILING PARTY IN DISPUTE. If any legal action or other proceeding is brought in connection with or arises out of any provisions in this Lease, the prevailing party will be entitled to recover reasonable attorneys' fees and other costs incurred in such action or proceedings. The prevailing party will also, to the extent permissible by Law, be entitled to receive pre- and post-judgment Default Interest.

27.5 WAIVER. EACH OF LESSEE AND LESSOR HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY. EACH OF LESSEE AND LESSOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH EITHER OF THEM MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATED TO THIS LEASE BROUGHT IN ANY OF THE COURTS REFERRED TO IN ARTICLE 27.2, AND HEREBY FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

ARTICLE 28
MISCELLANEOUS

28.1 PRESS RELEASES. The parties will give copies to one another, in advance if possible, of all news, articles and other releases provided to the public media regarding this Lease or the Aircraft.

28.2 POWER OF ATTORNEY. LESSEE hereby irrevocably appoints LESSOR as its attorney for the purpose of putting into effect the intent of this Lease following an Event of Default, including without limitation, the return, repossession, deregistration and exportation of the Aircraft. To evidence this appointment, LESSEE has executed the Power of Attorney in the form of Exhibit G. LESSEE will take all steps required under the Laws of the State of Registration to provide such power of attorney to LESSOR.

28.3 LESSOR PERFORMANCE FOR LESSEE. The exercise by LESSOR of its remedy of performing a LESSEE obligation hereunder is not a waiver of and will not relieve LESSEE from the performance of such obligation at any subsequent time or from the performance of any of its other obligations hereunder.

28.4 LESSOR'S PAYMENT OBLIGATIONS. Any obligation of LESSOR under this Lease to pay or release any amount to LESSEE is conditioned upon (a) all amounts then due and payable by LESSEE to LESSOR under this Lease or under any other agreement between LESSOR and LESSEE having been paid in full and (b) no Default or Event of Default having occurred and continuing hereunder at the time such payment or release of payment is payable to LESSEE.

28.5 APPLICATION OF PAYMENTS. Any amounts paid or recovered in respect of LESSEE liabilities hereunder may be applied to Rent, Default Interest, fees or any other amount due hereunder in such proportions, order and manner as LESSOR determines.

28.6 USURY LAWS. The parties intend to contract in strict compliance with the usury Laws of the State of California and, to the extent applicable, the U.S. Notwithstanding anything to the contrary in the Operative Documents, LESSEE will not be obligated to pay Default Interest or other interest in excess of the maximum non-usurious interest rate, as in effect from time to time, which may by applicable Law be charged, contracted for, reserved, received or collected by LESSOR in connection with the Operative Documents. During any period of time in which the then-applicable highest lawful rate is lower than the Default Interest rate, Default Interest will accrue and be payable at such highest lawful rate; however, if at later times such highest lawful rate is greater than the Default Interest rate, then LESSEE will pay Default Interest at the highest lawful rate until the Default Interest which is paid by LESSEE equals the amount of interest that would have been payable in accordance with the interest rate set forth in Article 5.7.

28.7 DELEGATION OF AUTHORITY BY LESSOR. LESSOR may delegate to any Person(s) all or any of its authority to perform or exercise powers or discretion vested in it by this Lease according to the terms of the Lease in LESSOR's reasonable discretion.

28.8 CONFIDENTIALITY. The Operative Documents and all non-public information (including financial information obtained pursuant to Article 22) obtained by either party about the other are confidential and are between LESSOR and LESSEE only and will not be disclosed

by a party to third parties (other than to such party's auditors or legal advisors; as required in connection with any filings of this Lease in accordance with Article 14; in connection with LESSOR's potential sale of the Aircraft or assignment of this Lease; as required for enforcement by either party of its rights and remedies with respect to this Lease or as required by applicable Law including Tax law; or to a LESSOR's Lender which agrees in writing to be bound by the terms of this Article 28.8 or similar confidentiality provisions) without the prior written consent of the other party. If any disclosure will result in an Operative Document becoming publicly available, LESSEE and LESSOR will cooperate with one another to obtain confidential treatment as to the commercial terms and other material provisions of such Operative Document.

28.9 RIGHTS OF PARTIES. The rights of the parties hereunder are cumulative, not exclusive, may be exercised as often as each party considers appropriate and are in addition to its rights under general Law. The rights of one party against the other party are not capable of being waived or amended except by an express waiver or amendment in writing. Any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or amendment of that or any other such right. Any defective or partial exercise of any such rights will not preclude any other or further exercise of that or any other such right and no act or course of conduct or negotiation on a party's part or on its behalf will in any way preclude such party from exercising any such right or constitute a suspension or any amendment of any such right.

28.10 FURTHER ASSURANCES. Each party agrees from time to time to do and perform such other and further acts and execute and deliver any and all such other instruments as may be required by Law, reasonably requested by the auditors of the other party or requested by the other party to establish, maintain or protect the rights and remedies of the requesting party or to carry out and effect the intent and purpose of this Lease.

28.11 TRANSLATIONS OF LEASE. If this Lease is translated into another language, whether or not signed by LESSEE and LESSOR in such other language, solely the terms and provisions of this English version of the Lease will prevail in any dispute.

28.12 USE OF WORD "INCLUDING". The term "INCLUDING" is used herein without limitation.

28.13 HEADINGS. All article and paragraph headings and captions are purely for convenience and will not affect the interpretation of this Lease. Any reference to a specific article, paragraph or section will be interpreted as a reference to such article, paragraph or section of this Lease.

28.14 INVALIDITY OF ANY PROVISION. If any of the provisions of this Lease become invalid, illegal or unenforceable in any respect under any Law, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.

28.15 NEGOTIATION. The terms of this Lease are agreed by LESSOR from its principal place of business in Los Angeles, California.

28.16 TIME IS OF THE ESSENCE. Time is of the essence in the performance of all obligations of the parties under this Lease and, consequently, all time limitations set forth in the provisions of this Lease will be strictly observed.

28.17 AMENDMENTS IN WRITING. The provisions of this Lease may only be amended or modified by a writing executed by LESSOR and LESSEE.

28.18 COUNTERPARTS. This Lease may be executed in any number of identical counterparts, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument when each party has signed and delivered one such counterpart to the other party.

28.19 DELIVERY OF DOCUMENTS BY FAX. Delivery of an executed counterpart of this Lease or of any other documents in connection with this Lease by fax will be deemed as effective as delivery of an originally executed counterpart. Any party delivering an executed counterpart of this Lease or other document by fax will also deliver an originally executed counterpart, but the failure of any party to deliver an originally executed counterpart of this Lease or such other document will not affect the validity or effectiveness of this Lease or such other document.

28.20 ENTIRE AGREEMENT. The Operative Documents constitute the entire agreement between the parties in relation to the leasing of the Aircraft by LESSOR to LESSEE and supersede all previous proposals, agreements and other written and oral communications in relation hereto. The parties acknowledge that there have been no representations, warranties, promises, guarantees or agreements, express or implied, except as set forth herein.

28.21 **Material Redacted**.

IN WITNESS WHEREOF, LESSEE and LESSOR have caused this Lease to be executed by their respective officers as of November 30, 2003.

INTERNATIONAL LEASE FINANCE CORPORATION	COMPANIA PANAMENA DE AVIACION, S.A. (COPA)
By: /s/ David R. De Mars	By: /s/ Pedro Heilbron
Its: Assistant Vice President	Its: CEO

Exhibit 4.3

AIRCRAFT GENERAL TERMS AGREEMENT

AGTA-COP

BETWEEN

THE BOEING COMPANY

AND

COPA HOLDINGS, S.A.

TABLE OF CONTENTS

AIRCRAFT GENERAL TERMS AGREEMENT NUMBER AGTA-COP

between

The Boeing Company

and

COPA HOLDINGS, S.A.

Relating to

BOEING AIRCRAFT

This Aircraft General Terms Agreement Number AGTA-COP (AGTA) between The Boeing Company, including its wholly-owned subsidiary McDonnell Douglas Corporation (BOEING) and COPA HOLDINGS, S.A. (CUSTOMER) will apply to all Boeing aircraft contracted for purchase from Boeing by Customer after the effective date of this AGTA.

Article 1. Subject Matter of Sale.

1.1 Aircraft. Boeing will manufacture and sell to Customer and Customer will purchase from Boeing aircraft under purchase agreements that incorporate the terms and conditions of this AGTA.

1.2 Buyer Furnished Equipment. Exhibit A, Buyer Furnished Equipment Provisions Document to the AGTA, contains the obligations of Customer and Boeing with respect to equipment purchased and provided by Customer, which Boeing will receive, inspect, store, and install in an aircraft before delivery to Customer. This equipment is defined as BUYER FURNISHED EQUIPMENT (BFE).

1.3 Customer Support. Exhibit B, Customer Support Document to the AGTA, contains the obligations of Boeing relating to Materials (as defined in Part 3 thereof), training, services, and other things in support of aircraft.

1.4 Product Assurance. Exhibit C, Product Assurance Document to the AGTA, contains the obligations of Boeing and the suppliers of equipment installed in each aircraft at delivery relating to warranties, patent indemnities, software copyright indemnities, and service life policies.

Article 2. Price, Taxes, and Payment.

2.1 Price.

2.1.1 AIRFRAME PRICE is defined as the price of the airframe for a specific model of aircraft described in a purchase agreement. (For Models 717-200, 737-600, 737-700, 737-800 and 737-900, the Airframe Price includes the engine price at its basic thrust level.)

2.1.2 OPTIONAL FEATURES PRICES are defined as the prices for optional features selected by Customer for a specific model of aircraft described in a purchase agreement.

2.1.3 ENGINE PRICE is defined as the price set by the engine manufacturer for a specific engine to be installed on the model of aircraft described in a purchase agreement (not applicable to Models 717-200, 737-600, 737-700, 737-800 and 737-900).

2.1.4 AIRCRAFT BASIC PRICE is defined as the sum of the Airframe Price, Optional Features Prices, and the Engine Price, if applicable.

2.1.5 ESCALATION ADJUSTMENT is defined as the price adjustment to the Airframe Price (which includes the basic engine price for Models 717-200, 737-600, 737-700 and 737-800) and the Optional Features Prices resulting from the calculation using the economic price formula contained in Exhibit D, Escalation Adjustment to the AGTA. The price adjustment to the Engine Price for all other models of aircraft will be calculated using the economic price formula in the Engine Escalation Adjustment to the applicable purchase agreement.

2.1.6 ADVANCE PAYMENT BASE PRICE is defined as the estimated price of an aircraft, as of the date of signing a purchase agreement, for the scheduled month of delivery of such aircraft using commercial forecasts of the Escalation Adjustment.

2.1.7 AIRCRAFT PRICE is defined as the total amount Customer is to pay for an aircraft at the time of delivery, which is the sum of the Aircraft Basic Price, the Escalation Adjustment, and other price adjustments made pursuant to the purchase agreement.

2.2 Taxes.

2.2.1 Taxes. TAXES are defined as all taxes, fees, charges, or duties and any interest, penalties, fines, or other additions to tax, including, but not limited to sales, use, value added, gross receipts, stamp, excise, transfer, and similar taxes imposed by any domestic or foreign taxing authority, arising out of or in connection with the performance of the applicable purchase agreement or the sale, delivery, transfer, or storage of any aircraft, BFE, or other things furnished under the applicable purchase agreement. Except for U.S. federal or California State income taxes imposed on Boeing or Boeing's assignee, and Washington State business and occupation taxes imposed on Boeing or Boeing's assignee, Customer will be responsible for and pay all Taxes. Customer is responsible for filing all tax returns, reports, declarations and payment of any taxes related to or imposed on BFE.

2.2.2 Reimbursement of Boeing. Customer will promptly reimburse Boeing on demand, net of additional taxes thereon, for any Taxes that are imposed on and paid by Boeing or that Boeing is responsible for collecting.

2.3 Payment.

2.3.1 Advance Payment Schedule. Customer will make advance payments to Boeing for each aircraft in the amounts and on the dates indicated in the schedule set forth in the applicable purchase agreement.

2.3.2 Payment at Delivery. Customer will pay any unpaid balance of the Aircraft Price at the time of delivery of each aircraft.

2.3.3 Form of Payment. Customer will make all payments to Boeing by unconditional wire transfer of immediately available funds in United States Dollars in a bank account in the United States designated by Boeing.

2.3.4 Monetary and Government Regulations. Customer is responsible for complying with all monetary control regulations and for obtaining necessary governmental authorizations related to payments.

Article 3. Regulatory Requirements and Certificates.

3.1 Certificates. Boeing will manufacture each aircraft to conform to the appropriate Type Certificate issued by the United States Federal Aviation Administration (FAA) for the specific model of aircraft and will obtain from the FAA and furnish to Customer at delivery of each aircraft either a Standard Airworthiness Certificate or an Export Certificate of Airworthiness issued pursuant to Part 21 of the Federal Aviation Regulations.

3.2 FAA or Applicable Regulatory Authority Manufacturer Changes.

3.2.1 A MANUFACTURER CHANGE is defined as any change to an aircraft, data relating to an aircraft, or testing of an aircraft required by the FAA to obtain a Standard Airworthiness Certificate, or by the country of import and/or registration to obtain an Export Certificate of Airworthiness.

3.2.2 Boeing will bear the cost of incorporating all Manufacturer Changes into the aircraft:

(i) resulting from requirements issued by the FAA prior to the date of the Type Certificate for the applicable aircraft;

(ii) resulting from requirements issued by the FAA prior to the date of the applicable purchase agreement; and

(iii) for any aircraft delivered during the 18 month period immediately following the date of the applicable purchase agreement (regardless of when the requirement for such change was issued by the FAA).

3.2.3 Customer will pay Boeing's charge for incorporating all other Manufacturer Changes into the aircraft, including all changes for validation of an aircraft required by any governmental agency of the country of import and/or registration.

3.3 FAA Operator Changes.

3.3.1 An OPERATOR CHANGE is defined as a change in equipment that is required by Federal Aviation Regulations which (i) is generally applicable to transport category aircraft to be used in United States certified air carriage and (ii) the required compliance date is on or before the scheduled delivery month of the aircraft.

3.3.2 Boeing will deliver each aircraft with Operator Changes incorporated or, at Boeing's option, with suitable provisions for the incorporation of such Operator Changes, and Customer will pay Boeing's applicable charges.

3.4 Export License. If an export license is required by United States law or regulation for any aircraft or any other things delivered under the purchase agreement, it is Customer's obligation to obtain such license. If requested, Boeing will assist Customer in applying for any such export license. Customer will furnish any required supporting documents.

Article 4. Detail Specification; Changes.

4.1 Configuration Changes. The DETAIL SPECIFICATION is defined as the Boeing document that describes the configuration of each aircraft purchased by Customer. The Detail Specification for each aircraft may be amended (i) by Boeing to reflect the incorporation of Manufacturer Changes and Operator Changes or (ii) by the agreement of the parties. In either case the amendment will describe the particular changes to be made and any effect on design, performance, weight, balance, scheduled delivery month, Aircraft Basic Price, Aircraft Price, and/or Advance Payment Base Price.

4.2 Development Changes. DEVELOPMENT CHANGES are defined as changes to aircraft that do not affect the Aircraft Price or scheduled delivery month, and do not adversely affect guaranteed weight, guaranteed performance, or compliance with the interchangeability or replaceability requirements set forth in the applicable Detail Specification. Boeing may, at its option, incorporate Development Changes into the Detail Specification and into an aircraft prior to delivery to Customer.

4.3 Notices. Boeing will promptly notify Customer of any amendments to a Detail Specification.

Article 5. Representatives, Inspection, Demonstration Flights, Test Data and Performance Guarantee Compliance.

5.1 Office Space. Twelve months before delivery of the first aircraft purchased, and continuing until the delivery of the last aircraft on firm order, Boeing will furnish, free of charge, suitable office space and equipment for the accommodation of up to three representatives of Customer in or conveniently located near the assembly plant.

5.2 Inspection. Customer's representatives may inspect each aircraft at any reasonable time, provided such inspection does not interfere with Boeing's performance.

5.3 Demonstration Flights. Prior to delivery, Boeing will fly each aircraft up to 4 hours to demonstrate to Customer the function of the aircraft and its equipment using Boeing's production flight test procedures. Customer may designate up to five representatives to participate as observers.

5.4 Test Data; Performance Guarantee Compliance. PERFORMANCE GUARANTEES are defined as the written guarantees in a purchase agreement regarding the operational performance of an aircraft. Boeing will furnish to Customer flight test data obtained on an aircraft of the same model to evidence compliance with the Performance Guarantees. Performance Guarantees will be met if reasonable engineering interpretations and calculations based on the flight test data establish that the particular aircraft being delivered under the applicable purchase agreement would, if actually flown, comply with the guarantees.

5.5 Special Aircraft Test Requirements. Boeing may use an aircraft for flight and ground tests prior to delivery, without reduction in the Aircraft Price, if the tests are considered necessary by Boeing (i) to obtain or maintain the Type Certificate or Certificate of Airworthiness for the aircraft or (ii) to evaluate potential improvements that may be offered for production or retrofit incorporation.

Article 6. Delivery.

6.1 Notices of Delivery Dates. Boeing will notify Customer of the approximate delivery date of each aircraft at least 30 days before the scheduled month of delivery and again at least 14 days before the scheduled delivery date.

6.2 Place of Delivery. Each aircraft will be delivered at a facility selected by Boeing in the same state as the primary assembly plant for the aircraft.

6.3 Bill of Sale. At delivery of an aircraft, Boeing will provide Customer a bill of sale conveying good title, free of encumbrances.

6.4 Delay. If Customer delays acceptance of an aircraft beyond the scheduled delivery date, Customer will reimburse Boeing for all costs incurred by Boeing as a result of the delay.

Article 7. Excusable Delay.

7.1 General. Boeing will not be liable for any delay in the scheduled delivery month of an aircraft or other performance under a purchase agreement caused by (i) acts of God; (ii) war or armed hostilities; (iii) government acts or priorities; (iv) fires, floods, or earthquakes; (v) strikes or labor troubles causing cessation, slowdown, or interruption of work; (vi) inability, after due and timely diligence, to procure materials, systems, accessories, equipment or parts; or (vii) any other cause to the extent such cause is beyond Boeing’s control and not occasioned by Boeing’s fault or negligence. A delay resulting from any such cause is defined as an EXCUSABLE DELAY.

7.2 Notice. Boeing will give written notice to Customer (i) of a delay as soon as Boeing concludes that an aircraft will be delayed beyond the scheduled delivery month due to an Excusable Delay and, when known, (ii) of a revised delivery month based on Boeing’s appraisal of the facts.

7.3 Delay in Delivery of Twelve Months or Less. If the revised delivery month is 12 months or less after the scheduled delivery month, Customer will accept such aircraft when tendered for delivery, subject to the following:

7.3.1 The calculation of the Escalation Adjustment will be based on the previously scheduled delivery month.

7.3.2 The advance payment schedule will be adjusted to reflect the revised delivery month.

7.3.3 All other provisions of the applicable purchase agreement, including the BFE on-dock dates for the delayed aircraft, are unaffected by an Excusable Delay.

7.4 Delay in Delivery of More Than Twelve Months. If the revised delivery month is more than 12 months after the scheduled delivery month, either party may terminate the applicable purchase agreement with respect to such aircraft within 30 days of the notice. If either party does not terminate the applicable purchase agreement with respect to such aircraft, all terms and conditions of the applicable purchase agreement will remain in effect.

7.5 Aircraft Damaged Beyond Repair. If an aircraft is destroyed or damaged beyond repair for any reason before delivery, Boeing will give written notice to Customer specifying the earliest month possible, consistent with Boeing's other contractual commitments and production capabilities, in which Boeing can deliver a replacement. Customer will have 30 days from receipt of such notice to elect to have Boeing manufacture a replacement aircraft under the same terms and conditions of purchase, except that the calculation of the Escalation Adjustment will be based upon the scheduled delivery month in effect immediately prior to the date of such notice, or, failing such election, the applicable purchase agreement will terminate with respect to such aircraft. Boeing will not be obligated to manufacture a replacement aircraft if reactivation of the production line for the specific model of aircraft would be required.

7.6 Termination. Termination under this Article will discharge all obligations and liabilities of Boeing and Customer with respect to any aircraft and all related undelivered Materials (as defined in Exhibit B, Customer Support Document), training, services, and other things terminated under the applicable purchase agreement, except that Boeing will return to Customer, without interest, an amount equal to all advance payments paid by Customer for the aircraft. If Customer terminates the applicable purchase agreement as to any aircraft, Boeing may elect, by written notice to Customer within 30 days, to purchase from Customer any BFE related to the aircraft at the invoice prices paid, or contracted to be paid, by Customer.

7.7 Exclusive Rights. The termination rights in this Article are in substitution for all other rights of termination or any claim arising by operation of law due to delays in performance covered by this Article.

Article 8. Risk Allocation/Insurance.

8.1 Title and Risk with Boeing.

8.1.1 Boeing's Indemnification of Customer. Until transfer of title to an aircraft to Customer, Boeing will indemnify and hold harmless Customer and Customer's observers from and against all claims and liabilities, including all expenses and attorneys' fees incident thereto or incident to establishing the right to indemnification, for injury to or death of any person(s), including employees of Boeing but not employees of Customer, or for loss of or damage to any property, including an aircraft, arising out of or in any way related to the operation of an aircraft during all demonstration and test flights conducted under the provisions of the applicable purchase agreement, whether or not arising in tort or occasioned by the negligence of Customer or any of Customer's observers.

8.1.2 Definition of Customer. For the purposes of this Article, "Customer" is defined as COPA HOLDINGS, S.A., its divisions, subsidiaries, affiliates, the assignees of each, and their respective directors, officers, employees, and agents.

8.2 Insurance.

8.2.1 Insurance Requirements. Customer will purchase and maintain insurance acceptable to Boeing and will provide a certificate of such insurance that names Boeing as an additional insured for any and all claims and liabilities for injury to or death of any person or persons, including employees of Customer but not employees of Boeing, or for loss of or damage to any property, including any aircraft, arising out of or in any way relating to Materials, training, services, or other things provided under Exhibit B of the AGTA, which will be incorporated by reference into the applicable purchase agreement, whether or not arising in tort or occasioned by the negligence of Boeing, except with respect to legal liability to persons or parties other than Customer or Customer's assignees arising out of an accident caused solely by a product defect in an aircraft. Customer will provide such certificate of insurance at least thirty (30) days prior to the scheduled delivery of the first aircraft under a purchase agreement. The insurance certificate will reference each aircraft delivered to Customer pursuant to each applicable purchase agreement. Annual renewal certificates will be submitted to Boeing before the expiration of the policy periods. The form of the insurance certificate, attached as Appendix I, states the terms, limits, provisions, and coverages required by this Article 8.2.1. The failure of Boeing to demand compliance with this 8.2.1 in any year will not in any way relieve Customer of its obligations hereunder nor constitute a waiver by Boeing of these obligations.

8.2.2 Noncompliance with Insurance Requirements. If Customer fails to comply with any of the insurance requirements of Article 8.2.1 or if any of the insurers fails to pay a claim covered by the insurance or otherwise fails to meet any of insurer's obligations required by Appendix I, Customer will provide the same protection to Boeing as that required by Article 8.2.1 above.

8.2.3 Definition of Boeing. For purposes of this article, "Boeing" is defined as The Boeing. Company, its divisions, subsidiaries, affiliates, assignees of each, and their respective directors, officers, employees, and agents.

Article 9. Assignment, Resale, or Lease.

9.1 Assignment. This AGTA and each applicable purchase agreement are for the benefit of the parties and their respective successors and assigns. No rights or duties of either party may be assigned or delegated, or contracted to be assigned or delegated, without the prior written consent of the other party, except:

9.1.1 Either party may assign its interest to a corporation that (i) results from any merger, reorganization, or acquisition of such party and (ii) acquires substantially all the assets of such party;

9.1.2 Boeing may assign its rights to receive money; and

9.1.3 Boeing may assign any of its rights and duties to any wholly-owned subsidiary of Boeing.

9.1.4 Boeing may assign any of its rights and duties with respect to Part 1, Articles 1, 2, 4 and 5 of Exhibit B, Customer Support Document to the AGTA, to FlightSafety Boeing Training International L.L.C.

9.2 Transfer by Customer at Delivery. Boeing will take any requested action reasonably required for the purpose of causing an aircraft, at time of delivery, to be subject to an equipment trust, conditional sale, lien, or other arrangement for Customer to finance the aircraft. However, no such action will require Boeing to divest itself of title to or possession of the aircraft until delivery of and payment for the aircraft. A sample form of assignment acceptable to Boeing is attached as Appendix II.

9.3 Sale or Lease by Customer After Delivery. If, following delivery of an aircraft, Customer sells or leases the aircraft (including any sale and lease-back for financing purposes), all of Customer's rights with respect to the aircraft under the applicable purchase agreement will inure to the benefit of the purchaser or lessee of such aircraft, effective upon Boeing's receipt of the written agreement of the purchaser or lessee, in a form satisfactory to Boeing, to comply with all applicable terms and conditions of the applicable purchase agreement. Sample forms of agreement acceptable to Boeing are attached as Appendices III and IV.

9.4 Notice of Sale or Lease After Delivery. Customer will give notice to Boeing as soon as practicable of the sale or lease of an aircraft, including in the notice the name of the entity or entities with title and/or possession of such aircraft.

9.5 Exculpatory Clause in Post-Delivery Sale or Lease. If, following the delivery of an aircraft, Customer sells or leases such aircraft and obtains from the transferee any form of exculpatory clause protecting Customer from liability for loss of or damage to the aircraft, and/or related incidental or consequential damages, including without limitation loss of use, revenue, or profit, Customer shall obtain for Boeing the purchaser's or lessee's written agreement to be bound by terms and conditions substantially as set forth in Appendix V. This Article 9.5 applies only if purchaser or lessee has not provided to Boeing the written agreement described in Article 9.3 above.

9.6 Appointment of Agent - Warranty Claims. If, following delivery of an aircraft, Customer appoints an agent to act directly with Boeing for the administration of claims relating to the warranties under the applicable purchase agreement, Boeing will deal with the agent for that purpose, effective upon Boeing's receipt of the agent's written agreement, in a form satisfactory to Boeing, to comply with all applicable terms and conditions of the applicable purchase agreement. A sample form of agreement acceptable to Boeing is attached as Appendix VI.

9.7 No Increase in Boeing Liability. No action taken by Customer or Boeing relating to the resale or lease of an aircraft or the assignment of Customer's rights under the applicable purchase agreement will subject Boeing to any liability beyond that in the applicable purchase agreement or modify in any way Boeing's obligations under the applicable purchase agreement.

Article 10. Termination of Purchase Agreements for Certain Events.

10.1 Termination. If either party

(i) ceases doing business as a going concern, or suspends all or substantially all its business operations, or makes an assignment for the benefit of creditors, or generally does not pay its debts as they become due, or admits in writing its inability to pay its debts; or

(ii) petitions for or acquiesces in the appointment of any receiver, trustee or similar officer to liquidate or conserve its business or any substantial part of its assets; commences any legal proceeding such as bankruptcy, reorganization, readjustment of debt, dissolution, or liquidation available for the relief of financially distressed debtors; or becomes the object of any such proceeding, unless the proceeding is dismissed or stayed within a reasonable period, not to exceed 60 days,

the other party may terminate any purchase agreement with respect to any undelivered aircraft, Materials, training, services, and other things by giving written notice of termination.

10.2 Repayment of Advance Payments. If Customer terminates the applicable purchase agreement under this Article, Boeing will repay to Customer, without interest, an amount equal to any advance payments received by Boeing from Customer with respect to undelivered aircraft.

Article 11. Notices.

All notices required by this AGTA or by any applicable purchase agreement will be in English, will be effective on the date of receipt, and will be transmitted by any customary means of written communication, addressed as follows:

Customer:	COPA HOLDINGS, S.A. Apartado 1572 Avenida Justo Arosemena y Calle 39 Panama 1 Republic de Panama
Boeing:	Boeing Commercial Airplane Group P.O. Box 3707 Seattle, Washington 98124-2207 U.S.A. Attention: Vice President – Contracts Mail Stop 75-38

Article 12. Miscellaneous.

12.1 Government Approval. Boeing and Customer will assist each other in obtaining any governmental consents or approvals required to effect certification and sale of aircraft under the applicable purchase agreement.

12.2 Headings. Article and paragraph headings used in this AGTA and in any purchase agreement are for convenient reference only and are not intended to affect the interpretation of this AGTA or any purchase agreement.

12.3 GOVERNING LAW. THIS AGTA AND ANY PURCHASE AGREEMENT WILL BE INTERPRETED UNDER AND GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON, U.S.A., EXCEPT THAT WASHINGTON'S CHOICE OF LAW RULES SHALL NOT BE INVOKED FOR THE PURPOSE OF APPLYING THE LAW OF ANOTHER JURISDICTION.

12.4 Waiver/Severability. Failure by either party to enforce any provision of this AGTA or any purchase agreement will not be construed as a waiver. If any provision of this AGTA or any provision of any purchase agreement are held unlawful or otherwise ineffective by a court of competent jurisdiction, the remainder of the AGTA or the applicable purchase agreement will remain in effect.

12.5 Survival of Obligations. The Articles and Exhibits of this AGTA including but not limited to those relating to insurance, DISCLAIMER AND RELEASE and the EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES will survive termination or cancellation of any purchase agreement or part thereof.

12.6 AGTA Changes. The intent of the AGTA is to simplify the standard contracting process for terms and conditions which are related to the sale and purchase of all Boeing aircraft. This AGTA has been mutually agreed to by the parties as of the date indicated below. From time to time the parties may elect, by mutual agreement to update, or modify the existing articles as written. If such changes are made, any existing executed Purchase Agreement(s) will be governed by the terms and conditions of the Revision level of the AGTA in effect based on the date of the executed Purchase Agreement.

DATED AS OF Nov. 25, 1998

EXHIBIT A

TO

AIRCRAFT GENERAL TERMS AGREEMENT

AGTA-COP

BETWEEN

THE BOEING COMPANY

AND

COPA HOLDINGS, S.A.

BUYER FURNISHED EQUIPMENT PROVISIONS DOCUMENT

A

BUYER FURNISHED EQUIPMENT PROVISIONS DOCUMENT

1. General.

Certain equipment to be installed in the Aircraft is furnished to Boeing by Customer at Customer's expense. This equipment is designated "Buyer Furnished Equipment" (BFE) and is listed in the Detail Specification. Boeing will provide to Customer a BFE Requirements On- Dock/Inventory Document (BFE Document) or an electronically transmitted BFE Report which may be periodically revised, setting forth the items, quantities, on-dock dates and shipping instructions relating to the in sequence installation of BFE as described in the applicable Supplemental Exhibit to this Exhibit A in a purchase agreement at the time of aircraft purchase.

2. Supplier Selection.

Customer will:

2.1 Select and notify Boeing of the suppliers of BFE items by those dates appearing in Supplemental Exhibit BFE1 to the applicable purchase agreement at the time of aircraft purchase.

2.2 Meet with Boeing and such selected BFE suppliers promptly after such selection to:

2.2.1 complete BFE configuration design requirements for such BFE; and

2.2.2 confirm technical data submittal requirements for BFE certification.

3. Customer's Obligations.

Customer will:

3.1 comply with and cause the supplier to comply with the provisions of the BFE Document or BFE Report;

3.1.1 deliver technical data (in English) to Boeing as required to support installation and FAA certification in accordance with the schedule provided by Boeing or as mutually agreed upon during the BFE meeting referred to above;

3.1.2 deliver BFE including production and/or flight training spares and BFE Aircraft Software to Boeing in accordance with the quantities and schedule provided therein; and

3.1.3 assure that all BFE Aircraft Software is delivered in compliance with Boeing's then-current Standards for Loadable Systems;

3.1.4 assure that all BFE parts are delivered to Boeing with appropriate quality assurance documentation;

3.2 authorize Boeing to discuss all details of the BFE directly with the BFE suppliers; A-1

3.3 authorize Boeing to conduct or delegate to the supplier quality source inspection and supplier hardware acceptance of BFE at the supplier location;

3.3.1 require supplier's contractual compliance to Boeing defined quality assurance requirements, source inspection programs and supplier delegation programs, including availability of adequate facilities for Boeing resident personnel; and

3.3.2 assure that all BFE supplier's quality systems are approved to Boeing's then current standards for such systems;

3.4 obtain from supplier a non-exclusive, perpetual, royalty-free, irrevocable license for Boeing to copy BFE Aircraft Software. The license is needed to enable Boeing to load the software copies in (i) the aircraft's mass storage device (MSD), (ii) media (e.g., diskettes, CD-ROMs, etc.), (iii) the BFE hardware and/or (iv) an intermediate device or other media to facilitate copying of the BFE Aircraft Software into the aircraft's MSD, BFE hardware and/or media, including media as Boeing may deliver to Customer with the aircraft;

3.5 grant Boeing a license, extending the same rights set forth in paragraph 3.4 above, to copy: a) BFE Aircraft Software and data Customer has modified and/or b) other software and data Customer has added to the BFE Aircraft Software;

3.6 provide necessary field service representation at Boeing's facilities to support Boeing on all issues related to the installation and certification of BFE;

3.7 deal directly with all BFE suppliers to obtain overhaul data, provisioning data, related product support documentation and any warranty provisions applicable to the BFE;

3.8 work closely with Boeing and the BFE suppliers to resolve any difficulties, including defective equipment, that arise;

3.9 be responsible for modifying, adjusting and/or calibrating BFE as required for FAA approval and for all related expenses;

3.10 assure that a proprietary information agreement is in place between Boeing and BFI suppliers prior to Boeing providing any documentation to such suppliers,

3.11 warrant that the BFE will comply with all applicable FARs and the U.S. Food and Drug Administration (FDA) sanitation requirements for installation and use in the Aircraft at the time of delivery. Customer will be responsible for supplying any data and adjusting, calibrating, re- testing or updating such BFE and data to the extent necessary to obtain applicable FAA and FDA approval and shall bear the resulting expenses.

3.12 warrant that the BFE will meet the requirements of the Detail Specification; and

3.13 be responsible for providing equipment which is FAA certifiable at time of Aircraft delivery, or for obtaining waivers from the applicable regulatory agency for non-FAA certifiable equipment.

4. Boeing’s Obligations.

Other than as set forth below, Boeing will provide for the installation of and install the BFE and obtain certification of the Aircraft with the BFE installed.

5. Nonperformance by Customer.

If Customer’s nonperformance of obligations in this Exhibit or in the BFE Document causes a delay in the delivery of the Aircraft or causes Boeing to perform out-of-sequence or additional work, Customer will reimburse Boeing for all resulting expenses and be deemed to have agreed to any such delay in Aircraft delivery. In addition Boeing will have the right to:

5.1 provide and install specified equipment or suitable alternate equipment and increase or decrease the price of the Aircraft accordingly; and/or

5.2 deliver the Aircraft to Customer without the BFE installed.

6. Return of Equipment.

BFE not installed in the Aircraft will be returned to Customer in accordance with Customer’s instructions and at Customer’s expense.

7. Title and Risk of Loss.

7.1 With respect to Aircraft manufactured in the State of Washington, title to and risk of loss of BFE provided for such Aircraft will at all times remain with Customer or other owner. Boeing will have only such liability for BFE as a bailee for mutual benefit would have, but will not be liable for loss of use.

7.2 With respect to Aircraft manufactured in the State of California, Customer agrees to sell and Boeing agrees to purchase each item of BFE concurrently with its delivery to Boeing. A reasonable shipset price for the BFE shall be established with Customer. Customer and Boeing agree that the Aircraft Price will be increased by the amount of said shipset price and such amount will be included on Boeing’s invoice at time of Aircraft delivery. Boeing’s payment for the purchase of each shipset of BFE from Customer will be made at the time of delivery of the Aircraft in which the BFE is installed.

8. Interchange of BFE

To properly maintain Boeing’s production flow and to preserve Boeing’s delivery commitments, Boeing reserves the right, if necessary, due to equipment shortages or failures, to interchange new items of BFE acquired from or for Customer with new items of the same part numbers acquired from or for other customers of Boeing. Used BFE acquired from Customer or from other customers of Boeing will not be interchanged.

9. Indemnification of Boeing.

Customer hereby indemnifies and holds harmless Boeing from and against all claims and liabilities, including costs and expenses (including attorneys' fees) incident thereto or incident to successfully establishing the right to indemnification, for injury to or death of any person or persons, including employees of Customer but not employees of Boeing, or for loss of or damage to any property, including any Aircraft, arising out of or in any way connected with any nonconformance or defect in any BFE and whether or not arising in tort or occasioned by the negligence of Boeing. This indemnity will not apply with respect to any nonconformance or defect caused solely by Boeing's installation of the BFE.

10. Patent Indemnity.

Customer hereby indemnifies and holds harmless Boeing from and against all claims, suits, actions, liabilities, damages and costs arising out of any actual or alleged infringement of any patent or other intellectual property rights by BFE or arising out of the installation, sale or use of BFE by Boeing.

11. Definitions.

For the purposes of the above indemnities, the term "Boeing" includes The Boeing Company, its divisions, subsidiaries and affiliates, the assignees of each, and their directors, officers, employees and agents.

EXHIBIT B

TO

AIRCRAFT GENERAL TERMS AGREEMENT

AGTA-COP

BETWEEN

THE BOEING COMPANY

AND

COPA HOLDINGS, S.A. CUSTOMER

SUPPORT DOCUMENT This document

contains:

Part 1: Maintenance and Flight Training Programs; Operations Engineering Support

Part 2: Field Services and Engineering Support Services

Part 3: Technical Information and Materials

Part 4: Alleviation or Cessation of Performance

Part 5: Protection of Proprietary Information and Proprietary Materials

CUSTOMER SUPPORT DOCUMENT

**PART 1: BOEING MAINTENANCE AND FLIGHT TRAINING PROGRAMS;
OPERATIONS ENGINEERING SUPPORT**

1. Boeing Training Programs.

1.1 Boeing will provide maintenance training and flight training programs to support the introduction of a specific model of aircraft into service. The training programs will consist of general and specialized courses and will be described in a Supplemental Exhibit to the applicable purchase agreement.

1.2 Boeing will conduct all training at Boeing's primary training facility for the model of aircraft purchased unless otherwise agreed.

1.3 All training will be presented in the English language. If translation is required, Customer will provide interpreters.

1.4 Customer will be responsible for all expenses of Customer's personnel. Boeing will transport Customer's personnel between their local lodging and Boeing's training facility.

2. Training Planning Conferences.

Customer and Boeing will conduct planning conferences approximately 12 months before the scheduled delivery month of the first aircraft of a model to define and schedule the maintenance and flight training programs.

3. Operations Engineering Support.

3.1 As long as an aircraft purchased by Customer from Boeing is operated by Customer in scheduled revenue service, Boeing will provide operations engineering support. Such support will include:

3.1.1 assistance with the analysis and preparation of performance data to be used in establishing operating practices and policies for Customer's operation of aircraft;

3.1.2 assistance with interpretation of the minimum equipment list, the definition of the configuration deviation list and the analysis of individual aircraft performance;

3.1.3 assistance with solving operational problems associated with delivery and route-proving flights;

3.1.4 information regarding significant service items relating to aircraft performance or flight operations; and

3.1.5 if requested by Customer, Boeing will provide operations engineering support during an aircraft ferry flight.

4. Training at a Facility Other Than Boeing's.

If requested by Customer, Boeing will conduct the classroom portions of the maintenance and flight training (except for the Performance Engineer training courses) at a mutually acceptable alternate training site, subject to the following conditions:

4.1 Customer will provide acceptable classroom space, simulators (as necessary for flight training) and training equipment required to present the courses;

4.2 Customer will pay Boeing's then-current per diem charge for each Boeing instructor for each day, or fraction thereof, that the instructor is away from their home location, including travel time;

4.3 Customer will reimburse Boeing for the actual costs of round-trip transportation for Boeing's instructors and the shipping costs of training Materials between the primary training facility and the alternate training site;

4.4 Customer will be responsible for all taxes, fees, duties, licenses, permits and similar expenses incurred by Boeing and its employees as a result of Boeing's providing training at the alternate site or incurred as a result of Boeing providing revenue service training; and

4.5 Those portions of training that require the use of training devices not available at the alternate site will be conducted at Boeing's facility or at some other alternate site.

5. General Terms and Conditions.

5.1 Boeing flight instructor personnel will not be required to work more than 5 days per week, or more than 8 hours in any one 24-hour period, of which not more than 5 hours per 8-hour workday will be spent in actual flying. These foregoing restrictions will not apply to ferry assistance or revenue service training services, which will be governed by FAA rules and regulations.

5.2 NORMAL LINE MAINTENANCE is defined as line maintenance that Boeing might reasonably be expected to furnish for flight crew training at Boeing's facility, and will include ground support and aircraft storage in the open, but will not include provision of spare parts. Boeing will provide Normal Line Maintenance services for any aircraft while the aircraft is used for flight crew training at Boeing's facility. Customer will provide such services if flight crew training is conducted elsewhere. Regardless of the location of such training, Customer will be responsible for providing all maintenance items (other than those included in Normal Line Maintenance) required during the training, including, but not limited to, fuel, oil, landing fees and spare parts.

5.3 If the training is based at Boeing's facility, and the aircraft is damaged during such training, Boeing will make all necessary repairs to the aircraft as promptly as possible. Customer will pay Boeing's reasonable charge, including the price of parts and materials, for making the repairs. If Boeing's estimated labor charge for the repair exceeds $25,000, Boeing and Customer will enter into an agreement for additional services before beginning the repair work.

5.4 If the flight training is based at Boeing's facility, several airports in surrounding states may be used, at Boeing's option. Unless otherwise agreed in the flight training planning conference, it will be Customer's responsibility to make arrangements for the use of such airports.

5.5 If Boeing agrees to make arrangements on behalf of Customer for the use of airports for flight training, Boeing will pay on Customer's behalf any landing fees charged by any airport used in conjunction with the flight training. At least 30 days before flight training, Customer will provide Boeing an open purchase order against which Boeing will invoice Customer for any landing fees Boeing paid on Customer's behalf. The invoice will be submitted to Customer approximately 60 days after flight training is completed, when all landing fee charges have been received and verified. Customer will pay to Boeing within 30 days of the date of the invoice.

5.6 If requested by Boeing, in order to provide the flight training or ferry flight assistance, Customer will make available to Boeing an aircraft after delivery to familiarize Boeing instructor or ferry flight crew personnel with such aircraft. If flight of the aircraft is required for any Boeing instructor or ferry flight crew member to maintain an FAA license for flight proficiency or landing currency, Boeing will be responsible for the costs of fuel, oil, landing fees and spare parts attributable to that portion of the flight.

5.7 If any part of the training described in paragraph 1.1 of this Exhibit is not used by Customer within 12 months after the delivery of the last aircraft under the relevant purchase agreement, Boeing will not be obligated to provide such training.

CUSTOMER SUPPORT DOCUMENT

PART 2: FIELD AND ENGINEERING SUPPORT SERVICES

1. Field Service Representation.

Boeing will furnish field service representation to advise Customer with respect to the maintenance and operation of an aircraft (FIELD SERVICE REPRESENTATIVES).

1.1 Field Service representation will be available at or near Customer's main maintenance or engineering facility beginning before the scheduled delivery month of the first aircraft and ending 12 months after delivery of the last aircraft covered by a specific purchase agreement.

1.2 Customer will provide, at no charge to Boeing, suitable furnished office space and office equipment at the location where Boeing is providing Field Service Representatives. As required, Customer will assist each Field Service Representative with visas, work permits, customs, mail handling, identification passes and formal introduction to local airport authorities.

1.3 Boeing Field Service Representatives are assigned to various airports around the world. Whenever Customer's aircraft are operating through any such airport, the services of Boeing's Field Service Representatives are available to Customer.

2. Engineering Support Services.

Boeing will, if requested by Customer, provide technical advisory assistance for any aircraft and Boeing Product (as defined in Part I of Exhibit C). Technical advisory assistance, provided from the Seattle area or at a base designated by Customer as appropriate, will include:

2.1 Operational Problem Support. If Customer experiences operational problems with an aircraft, Boeing will analyze the information provided by Customer to determine the probable nature and cause of the problem and to suggest possible solutions.

2.2 Schedule Reliability Support. If Customer is not satisfied with the schedule reliability of a specific model of aircraft, Boeing will analyze information provided by Customer to determine the nature and cause of the problem and to suggest possible solutions.

2.3 Maintenance Cost Reduction Support. If Customer is concerned that actual maintenance costs of a specific model of aircraft are excessive, Boeing will analyze information provided by Customer to determine the nature and cause of the problem and to suggest possible solutions.

2.4 Aircraft Structural Repair Support. If Customer is designing structural repairs and desires Boeing's support, Boeing will analyze and comment on Customer's engineering releases relating to structural repairs not covered by Boeing's Structural Repair Manual.

2.5 Aircraft Modification Support. If Customer is designing aircraft modifications and requests Boeing's support, Boeing will analyze and comment on Customer's engineering

proposals for changes in, or replacement of, systems, parts, accessories or equipment manufactured to Boeing's detailed design. Boeing will not analyze or comment on any major structural change unless Customer's request for such analysis and comment includes complete detailed drawings, substantiating information (including any information required by applicable government agencies), all stress or other appropriate analyses, and a specific statement from Customer of the substance of the review and the response requested.

2.6 Facilities, Ground Equipment and Maintenance Planning Support. Boeing will, at Customer's request, evaluate Customer's technical facilities, tools and equipment for servicing and maintaining aircraft, to recommend changes where necessary and to assist in the formulation of an overall maintenance plan.

2.7 Post-Delivery Service Support. Boeing will, at Customer's request, perform work on an aircraft after delivery but prior to the initial departure flight or upon the return of the aircraft to Boeing's facility prior to completion of that flight. In that event the following provisions will apply.

2.7.1 Boeing may rely upon the commitment authority of the Customer's personnel requesting the work.

2.7.2 As title and risk of loss has passed to Customer, the insurance provisions of Article 8.2 of the AGTA apply.

2.7.3 The provisions of the Boeing Warranty in Part 2 of Exhibit C of this AGTA apply.

2.7.4 Customer will pay Boeing for requested work not covered by the Boeing Warranty, if any.

2.7.5 The DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES provisions in Article 11 of Part 2 of Exhibit C of this AGTA apply.

2.8 Additional Services. Boeing may, at Customer's request, provide additional services for an aircraft after delivery, which may include retrofit kit changes (kits and/or information), training, maintenance and repair of aircraft. Such additional services will be subject to a mutually acceptable price, schedule and scope of work. The DISCLAIMER AND RELEASE and the EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES provisions in Article 11 of Part 2 of Exhibit C of this AGTA and the insurance provisions in Article 8.2 of this AGTA will apply to any such work. Title to and risk of loss of any such aircraft will always remain with Customer.

PART 3: TECHNICAL INFORMATION AND MATERIALS

1. General.

MATERIALS are defined as any and all items that are created by Boeing or a third party, which are provided directly or indirectly from Boeing and serve primarily to contain, convey or embody information. Materials may include either tangible embodiments (for example, documents or drawings), or intangible embodiments (for example, software and other electronic forms) of information but excludes Aircraft Software. AIRCRAFT SOFTWARE is defined as software that is installed on and used in the operation of the aircraft.

Boeing will furnish to Customer certain Materials to support the maintenance and operation of the aircraft at no additional charge to Customer, except as otherwise provided herein. Such Materials will, if applicable, be prepared generally in accordance with Air Transport Association of America (ATA) Specification No. 100, entitled "Specification for Manufacturers' Technical Data". Materials will be in English and in the units of measure used by Boeing to manufacture an aircraft.

Digitally-produced Materials will, if applicable, be prepared generally in accordance with ATA Specification No. 2100, dated January 1994, "Digital Data Standards for Aircraft Support."

2. Materials Planning Conferences.

Customer and Boeing will conduct planning conferences approximately 12 months before the scheduled delivery month of the first aircraft of a model in order to mutually determine the proper format and quantity of Materials to be furnished to Customer in support of the aircraft.

When available, Customer may select Boeing standard digital format as the delivery medium or, alternatively, Customer may select a reasonable quantity of printed and 16mm microfilm formats. When Boeing standard digital format is selected, Customer may also select up to 5 copies of printed or microfilm format copies, with the exception of the Illustrated Parts Catalog, which will be provided in one selected format only.

3. Information and Materials - Incremental Increase.

Until one year after the month of delivery of the last aircraft covered by a specific purchase agreement, Customer may annually request in writing a reasonable increase in the quantity of Materials with the exception of microfilm master copies, digital formats, and others for which a specified number of copies are provided. Boeing will provide the additional quantity at no additional charge beginning with the next normal revision cycle. Customer may request a decrease in revision quantities at any time.

4. Advance Representative Copies.

All advance representative copies of Materials will be selected by Boeing from available sources. Such advance copies will be for advance planning purposes only.

5. Customized Materials.

All customized Materials will reflect the configuration of each aircraft as delivered.

6. Revisions.

6.1 Revision Service. Boeing will provide revisions free of charge for those Materials which have a revision service. Such Materials will be identified in the planning conference conducted for a specific model of aircraft. The revision service will reflect changes developed by Boeing, as long as Customer operates an aircraft of that model.

6.2 Revisions Based on Boeing Service Bulletin Incorporation. If Boeing receives written notice that Customer intends to incorporate, or has incorporated, any Boeing service bulletin in an aircraft, Boeing will at no charge issue revisions to Materials with revision service reflecting the effects of such incorporation into such aircraft.

7. Computer Software Documentation for Boeing Manufactured Airborne Components and Equipment.

Boeing will provide to Customer a Computer Software Index containing a listing of (i) all programmed airborne avionics components and equipment manufactured by Boeing or a Boeing subsidiary, designed and developed in accordance with Radio Technical Commission for Aeronautics Document No. RTCA/DO-178 dated January 1982, No. RTCA/DO-178A dated March 1985, or later as available, and installed by Boeing in aircraft covered by the applicable purchase agreement and (ii) specific software documents (SOFTWARE DOCUMENTATION) available to Customer from Boeing for the listed components and equipment.

Two copies of the Computer Software Index will be furnished to Customer with the first aircraft of a model. Revisions to the Computer Software Index applicable to such model of aircraft will be issued to Customer as revisions are developed by Boeing for so long as Customer operates the aircraft.

Software Documentation will be provided to Customer upon written request. The charge to Customer for Software Documentation will be Boeing's price to reproduce the Software Documentation requested. Software Documentation will be prepared generally in accordance with ATA Specification No. 102 revised April 20, 1983, "Specification for Computer Software Manual" but Software Documentation will not include, and Boeing will not be obligated to provide, any code (including, but not limited to, original source code, assembled source code, or object code) on computer sensible media.

8. Supplier Technical Data.

8.1 For supplier-manufactured programmed airborne avionics components and equipment classified as Seller Furnished Equipment (SFE) or Seller Purchased Equipment (SPE) or Buyer Designated Equipment (BDE) which contain computer software designed and developed in accordance with Radio Technical Commission for Aeronautics Document No. RTCA/DO-178 dated January 1982, No. RTCA/DO-178A dated March 1985, or later as available, Boeing will request that each supplier of the components and equipment make software documentation available to Customer in a manner similar to that described in Article 7 above.

8.2 The provisions of this Article will not be applicable to items of BFE.

8.3 Boeing will furnish to Customer a document identifying the terms and conditions of the product support agreements between Boeing and its suppliers requiring the suppliers to fulfill Customer's requirements for information and services in support of the specific model of aircraft.

9. Buyer Furnished Equipment Data.

Boeing will incorporate BFE information into the customized Materials providing Customer makes the information available to Boeing at least nine months prior to the scheduled delivery month of Customer's first aircraft of a specific model. Customer agrees to furnish the information in Boeing standard digital format if Materials are to be delivered in Boeing standard digital format.

10. Materials Shipping Charges.

Boeing will pay the reasonable transportation costs of the Materials. Customer is responsible for any customs clearance charges, duties, and taxes.

11. Customer's Shipping Address.

The Materials furnished to Customer hereunder are to be sent to a single address to be specified. Customer will promptly notify Boeing of any change to the address.

CUSTOMER SUPPORT DOCUMENT

PART 4: ALLEVIATION OR CESSATION OF PERFORMANCE

Boeing will not be required to provide any Materials, services, training or other things at a facility designated by Customer if any of the following conditions exist:

1. a labor stoppage or dispute in progress involving Customer;

2. wars or warlike operations, riots or insurrections in the country where the facility is located;

3. any condition at the facility which, in the opinion of Boeing, is detrimental to the general health, welfare or safety of its personnel or their families;

4. the United States Government refuses permission to Boeing personnel or their families to enter into the country where the facility is located, or recommends that Boeing personnel or their families leave the country; or

5. the United States Government refuses permission to Boeing to deliver Materials, services, training or other things to the country where the facility is located.

After the location of Boeing personnel at the facility, Boeing further reserves the right, upon the occurrence of any of such events, to immediately and without prior notice to Customer relocate its personnel and their families.

CUSTOMER SUPPORT DOCUMENT

PART 5: PROTECTION OF PROPRIETARY INFORMATION AND PROPRIETARY MATERIALS

1. General.

All Materials provided by Boeing to Customer and not covered by a Boeing CSGTA or other agreement between Boeing and Customer defining Customer's right to use and disclose the Materials and included information will be covered by, and subject to the terms of this AGTA. Title to all Materials containing, conveying or embodying confidential, proprietary or trade secret information (Proprietary Information) belonging to Boeing or a third party (Proprietary Materials), will at all times remain with Boeing or such third party. Customer will treat all Proprietary Materials and all Proprietary Information in confidence and use and disclose the same only as specifically authorized in this AGTA.

2. License Grant.

Boeing grants to Customer a worldwide, non-exclusive, non-transferable license to use and disclose Proprietary Materials in accordance with the terms and conditions of this AGTA. Customer is authorized to make copies of Materials (except for Materials bearing the copyright legend of a third party), and all copies of Proprietary Materials will belong to Boeing and be treated as Proprietary Materials under this AGTA. Customer will preserve all proprietary legends, and all copyright notices on all Materials and insure the inclusion of those legends and notices on all copies.

3. Use of Proprietary Materials and Proprietary Information.

Customer is authorized to use Proprietary Materials and Proprietary Information for the purpose of: (a) operation, maintenance, repair, or modification of Customer's aircraft for which the Proprietary Materials and Proprietary Information have been specified by Boeing and (b) development and manufacture of training devices for use by Customer.

4. Providing of Proprietary Materials to Contractors.

Customer is authorized to provide Proprietary Materials to Customer's contractors for the sole purpose of maintenance, repair, or modification of Customer's aircraft for which the Proprietary Materials have been specified by Boeing. In addition, Customer may provide Proprietary Materials to Customer's contractors for the sole purpose of developing and manufacturing training devices for Customer's use. Before providing Proprietary Materials to its contractor, Customer will first obtain a written agreement from the contractor by which the contractor agrees (a) to use the Proprietary Materials only on behalf of Customer, (b) to be bound by all of the restrictions and limitations of this Part 5, and (c) that Boeing is a third party beneficiary under the written agreement. Customer agrees to provide copies of all such written agreements to Boeing upon request and be liable to Boeing for any breach of those agreements by a contractor. A sample agreement acceptable to Boeing is attached as Appendix VII.

5. Providing of Proprietary Materials and Proprietary Information to Regulatory Agencies.

When and to the extent required by a government regulatory agency having jurisdiction over Customer or an aircraft, Customer is authorized to provide Proprietary Materials and to disclose Proprietary Information to the agency for use in connection with Customer's operation, maintenance, repair, or modification of such aircraft. Customer agrees to take all reasonable steps to prevent the agency from making any distribution, disclosure, or additional use of the Proprietary Materials and Proprietary Information provided or disclosed. Customer further agrees to notify Boeing immediately upon learning of any (a) distribution, disclosure, or additional use by the agency, (b) request to the agency for distribution, disclosure, or additional use, or (c) intention on the part of the agency to distribute, disclose, or make additional use of Proprietary Materials or Proprietary Information.

EXHIBIT C

TO

AIRCRAFT GENERAL TERMS AGREEMENT

AGTA-COP

BETWEEN

THE BOEING COMPANY

AND

COPA HOLDINGS, S.A. PRODUCT

ASSURANCE DOCUMENT, This

document contains:

Part 1: Exhibit C Definitions

Part 2: Boeing Warranty

Part 3: Boeing Service Life Policy

Part 4: Supplier Warranty Commitment

Part 5: Boeing Interface Commitment

Part 6: Boeing Indemnities against Patent and Copyright Infringement

C

PRODUCT ASSURANCE DOCUMENT

PART 1: EXHIBIT C DEFINITIONS

AUTHORIZED AGENT - Agent appointed by Customer to perform corrections and to administer warranties (see Appendix VI to the AGTA for a form acceptable to Boeing).

AVERAGE DIRECT HOURLY LABOR RATE - the average hourly rate (excluding all fringe benefits, premium-time allowances, social charges, business taxes and the like) paid by Customer to its Direct Labor employees.

BOEING PRODUCT - any system, accessory, equipment, part or Aircraft Software that is manufactured by Boeing or manufactured to Boeing's detailed design with Boeing's authorization.

CORRECT - to repair, modify, provide modification kits or replace with a new product.

CORRECTION - a repair, a modification, a modification kit or replacement with a new product.

CORRECTED BOEING PRODUCT - a Boeing Product which is free of defect as a result of a Correction.

DIRECT LABOR - Labor spent by Customer's or its Authorized Agent's direct labor employees to remove, disassemble, modify, repair, inspect and bench test a defective Boeing Product, and to reassemble, reinstall a Corrected Boeing Product and perform final inspection.

DIRECT MATERIALS - Items such as parts, gaskets, grease, sealant and adhesives, installed or consumed in performing a Correction, excluding allowances for administration, overhead, taxes, customs duties and the like.

SOURCE CONTROL DRAWING (SCD) - a Boeing document defining specifications for certain Supplier Products.

SUPPLIER - the manufacturer of a Supplier Product.

SUPPLIER PRODUCT - any system, accessory, equipment, part or Aircraft Software that is not manufactured to Boeing's detailed design. This includes but is not limited to parts manufactured to a SCD, all standards, and other parts obtained from non-Boeing sources.

PRODUCT ASSURANCE DOCUMENT

PART 2: BOEING WARRANTY

1. Applicability.

This warranty applies to all Boeing Products. Warranties applicable to Supplier Products are in Part 4. Warranties applicable to engines will be provided by Supplemental Exhibits to individual purchase agreements.

2. Warranty.

2.1 Coverage. Boeing warrants that at the time of delivery:

(i) the aircraft will conform to the Detail Specification except for portions stated to be estimates, approximations or design objectives;

(ii) all Boeing Products will be free from defects in material, process of manufacture and workmanship, including the workmanship utilized to install Supplier Products, engines and BFE, and;

(iii) all Boeing Products will be free from defects in design, including selection of materials and the process of manufacture. in view of the state of the art at the time of design

2.2 Exceptions. The following conditions do not constitute a defect under this warranty:

(i) conditions resulting from normal wear and tear;

(ii) conditions resulting from abuse or omissions of Customer; and

(iii) conditions resulting from failure to properly service and maintain a Boeing Product.

3. Warranty Periods.

3.1 Warranty. The warranty period begins on the date of aircraft or Boeing Product delivery and ends: (i) after 48 months for Boeing aircraft models 777-200, -300 or 737-600, -700, -800, or new aircraft models designed and manufactured with similar, new technology; or, (ii) after 36 months for any other Boeing aircraft model.

3.2 Warranty on Corrected Boeing Products. The warranty period applicable to a Corrected Boeing Product, including the workmanship to Correct and install, resulting from a defect in material or workmanship is the remainder of the initial warranty period for the

defective Boeing Product it replaced. The warranty period for a Corrected Boeing Product resulting from a defect in design is 18 months or the remainder of the initial warranty period, whichever is longer. The 18 month period begins on the date of delivery of the Corrected Boeing Product or date of delivery of the kit or kits furnished to Correct the Boeing Product.

3.3 Survival of Warranties. All warranty periods are stated above. The Performance Guarantees will not survive delivery of the aircraft.

4. Remedies.

4.1 Correction Options. Customer may, at its option, either perform a Correction of a defective Boeing Product or return the Boeing Product to Boeing for Correction.

4.2 Warranty Labor Rate. If Customer or its Authorized Agent Corrects a defective Boeing Product, Boeing will reimburse Customer for Direct Labor Hours at Customer's established Warranty Labor Rate. Customer's established Warranty Labor Rate will be the greater of the standard labor rate or 150% of Customer's Average Direct Hourly Labor Rate. The standard labor rate paid by Boeing to its customers is established and published annually. Prior to or concurrently with submittal of Customer's first claim for Direct Labor reimbursement, Customer may notify Boeing of Customer's then-current Average Direct Hourly Labor Rate, and thereafter notify Boeing of any material change in such rate. Boeing will require information from Customer to substantiate such rates.

4.3 Warranty Inspections. In addition to the remedies to Correct defects in Boeing Products, Boeing will reimburse Customer for the cost of Direct Labor to perform certain inspections of the aircraft to determine the occurrence of a condition Boeing has identified as a covered defect, provided:

4.3.1 the inspections are recommended by a service bulletin or service letter issued by Boeing during the warranty period; and

4.3.2 such reimbursement will not apply to any inspections performed after a Correction is available to Customer.

4.4 Credit Memorandum Reimbursement. Boeing will make all reimbursements by credit memoranda which may be applied toward the purchase of Boeing goods and services.

4.5 Maximum Reimbursement. Unless previously agreed, the maximum reimbursement for Direct Labor and Direct Materials used to Correct a defective Boeing Product will not exceed 65% of Boeing's then-current sales price for a new replacement Boeing Product.

5. Discovery and Notice.

5.1 For a claim to be valid:

(i) the defect must be discovered during the warranty period; and

(ii) Boeing Product Assurance Contracts must receive written notice of the discovery no later than 90 days after expiration of the warranty period. The notice must include sufficient information to substantiate the claim.

5.2 Receipt of Customer's or its Authorized Agent's notice of the discovery of a defect secures Customer's rights to remedies under this Exhibit C, even though a Correction is performed after the expiration of the warranty period.

5.3 Once Customer has given valid notice of the discovery of a defect, a claim should be submitted as soon as practicable after performance of the Correction.

5.4 Boeing may release service bulletins or service letters advising Customer of the availability of certain warranty remedies. When such advice is provided, Customer will be deemed to have fulfilled the requirements for discovery of the defect and submittal of notice under this Exhibit C as of the date specified in the service bulletin or service letter.

6. Filing a Claim.

6.1 Authority to File. Claims may be filed by Customer or its Authorized Agent. Appointment of an Authorized Agent will only be effective upon Boeing's receipt of the Authorized Agent's express written agreement, in a form satisfactory to Boeing, to be bound by and to comply with all applicable terms and conditions of this Aircraft General Terms Agreement.

6.2 Claim Information.

6.2.1 Claimant is responsible for providing sufficient information to substantiate Customer's rights to remedies under this Exhibit C. Boeing may reject a claim for lack of sufficient information. At a minimum, such information must include:

(i) identity of claimant;

(ii) serial or block number of the aircraft on which the defective Boeing Product was delivered;

(iii) part number and nomenclature of the defective Boeing Product;

(iv) purchase order number and date of delivery of the defective spare part

(v) description and substantiation of the defect;

(vi) date the defect was discovered;

(vii) date the Correction was completed;

(viii) the total flight hours or cycles accrued;

(ix) an itemized account of direct labor hours expended in performing the Correction; and

(x) an itemized account of any direct materials incorporated in the Correction.

6.2.2 Additional information may be required based on the nature of the defect and the remedies requested.

6.3 Boeing Claim Processing.

6.3.1 Any claim for a Boeing Product returned by Customer or its Authorized Agent to Boeing for Correction must accompany the Boeing Product. Any claim not associated with the return of a Boeing Product must be signed and submitted in writing directly by Customer or its Authorized Agent to Boeing Product Assurance Contracts.

6.3.2 Boeing will promptly review the claim and will give notification of claim approval or rejection. If the claim is rejected, Boeing will provide a written explanation.

7. Corrections Performed by Customer or Its Authorized Agent.

7.1 Facilities Requirements. Provided Customer, its Authorized Agent or its third party contractor, as appropriate, are certified by the appropriate Civil Aviation Authority or Federal Aviation Authority, Customer or its Authorized Agent may, at its option, Correct defective Boeing Products at its facilities, or may subcontract Corrections to a third party contractor.

7.2 Technical Requirements. All Corrections done by Customer, its Authorized Agent or a third party contractor must be performed in accordance with Boeing's applicable service manuals, bulletins or other written instructions, using parts and materials furnished or approved by Boeing.

7.3 Reimbursement.

7.3.1 Boeing will reimburse Customer's reasonable costs of Direct Materials and Direct Labor (excluding time expended for overhaul) at Customer's Warranty Labor Rate to Correct a defective Boeing Product. Claims for reimbursement must contain sufficient information to substantiate Direct Labor hours expended and Direct Materials consumed. Customer or its Authorized Agent may be required to produce invoices for materials.

7.3.2 Reimbursement for Direct Labor hours to perform Corrections stated in a service bulletin will be based on the labor estimates in the service bulletin.

7.3.3 Boeing will reimburse Customer's freight charges associated with a Correction of a defect on a Boeing Product performed by its Authorized Agent or a third party contractor.

7.4 Disposition of Defective Boeing Products Beyond Economical Repair.

7.4.1 A defective Boeing Product found to be beyond economical repair (see Para. 4.5 Maximum Reimbursement) will be retained for a period of 60 days from the date Boeing receives Customer's claim. During the 60 day period, Boeing may request return of such Boeing Products for inspection and confirmation of a defect.

7.4.2 After the 60 day period, a defective Boeing Product with a value of U.S. $2000 or less may be scrapped without notification to Boeing. If such Boeing Product has a value greater than U.S. $2000, Customer must obtain confirmation of unrepairability by Boeing's on-site Customer Services Representative prior to scrapping. Confirmation may be in the form of the Representative's signature on Customer's claim or through direct communication between the Representative and Boeing Product Assurance Contracts.

8. Corrections Performed by Boeing.

8.1 Freight Charges. Customer or its Authorized Agent will pay shipping charges to return a Boeing Product to Boeing. Boeing will reimburse Customer or its Authorized Agent for the charge for any item determined to be defective under this Aircraft General Terms Agreement. Boeing will pay shipping charges to return the Corrected Boeing Product.

8.2 Customer Instructions. The documentation shipped with the returned defective Boeing Product may include specific technical instructions for additional work to be performed on the Boeing Product. The absence of such instructions will evidence Customer's authorization for Boeing to perform all necessary Corrections and work required to return the Boeing Product to a serviceable condition.

8.3 Correction Time Objectives.

8.3.1 Boeing's objective for making Corrections is 10 working days for avionics and electronic Boeing Products, 30 working days for Corrections of other Boeing Products performed at Boeing's facilities, and 40 working days for Corrections of other Boeing Products performed at a Boeing subcontractor's facilities. The objectives are measured from the date Boeing receives the defective Boeing Product and a valid claim to the date Boeing ships the Correction.

8.3.2 If Customer has a critical parts shortage because Boeing has exceeded a Correction time objective and Customer has procured spare Boeing Products for the defective Boeing Product in quantities shown in Boeing's Recommended Spare Parts List (RSPL) or Spares Planning and Requirements Evaluation Model (M-SPARE), then Boeing will either expedite the Correction or provide an interchangeable Boeing Product on a no charge loan or lease basis until the Corrected Boeing Product is returned.

8.4 Title Transfer and Risk of Loss.

8.4.1 Title to and risk of loss of any Boeing Product returned to Boeing will at all times remain with Customer or any other title holder of such Boeing Product. While Boeing has possession of the returned Boeing Product, Boeing will have only such liabilities as a bailee for mutual benefit would have, but will not be liable for loss of use.

8.4.2 If a Correction requires shipment of a new Boeing Product, then at the time Boeing ships the new Boeing Product, title to and risk of loss for the returned Boeing Product will pass to Boeing, and title to and risk of loss for the new Boeing Product will pass to Customer.

9. Returning an Aircraft.

9.1 Conditions. An aircraft may be returned to Boeing's facilities for Correction only if: (i) Boeing and Customer agree a covered defect exists;

(ii) Customer lacks access to adequate facilities, equipment or qualified personnel to perform the Correction; and

(iii) it is not practical, in Boeing's estimation, to dispatch Boeing personnel to perform the Correction at a remote site.

9.2 Correction Costs. Boeing will perform the Correction at no charge to Customer. Subject to the conditions of Paragraph 9.1 of Part 2 of Exhibit C to this AGTA, Boeing will reimburse Customer for the costs of fuel, oil and landing fees incurred in ferrying the aircraft to Boeing and back to Customer's facilities. Customer will minimize the length of both flights.

9.3 Separate Agreement. Boeing and Customer will enter into a separate agreement covering return of the aircraft and performance of the Correction. Authorization by Customer for Boeing to perform additional work that is not part of the Correction must be received within 24 hours of Boeing's request. If such authorization is not received within 24 hours, Customer will be invoiced for work performed by Boeing that is not part of the Correction.

10. Insurance.

The provisions of Article 8.2 "Insurance", of this AGTA, will apply to any work performed by Boeing in accordance with Customer's specific technical instructions, to the extent any legal liability of Boeing is based upon the content of such instructions.

11. Disclaimer and Release; Exclusion of Liabilities.

11.1 DISCLAIMER AND RELEASE. THE WARRANTIES, OBLIGATIONS AND LIABILITIES OF BOEING AND THE REMEDIES OF CUSTOMER IN THIS EXHIBIT C ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND CUSTOMER HEREBY WAIVES, RELEASES AND RENOUNCES, ALL OTHER WARRANTIES, OBLIGATIONS AND LIABILITIES OF BOEING AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF CUSTOMER AGAINST BOEING, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY NONCONFORMANCE OR DEFECT IN ANY AIRCRAFT, MATERIALS, TRAINING, SERVICES OR OTHER THING PROVIDED UNDER THIS AGTA AND THE APPLICABLE PURCHASE AGREEMENT, INCLUDING, BUT NOT LIMITED TO:

(A) ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS;

(B) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE,
COURSE OF DEALING OR USAGE OF TRADE;

(C) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY IN TORT, WHETHER OR NOT ARISING FROM THE NEGLIGENCE OF BOEING; AND

(D) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY FOR LOSS OF
OR DAMAGE TO ANY AIRCRAFT.

11.2 EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES. BOEING WILL HAVE NO OBLIGATION OR LIABILITY, WHETHER ARISING IN CONTRACT (INCLUDING WARRANTY), TORT, WHETHER OR NOT ARISING FROM THE NEGLIGENCE OF BOEING, OR OTHERWISE, FOR LOSS OF USE, REVENUE OR PROFIT, OR FOR ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES WITH RESPECT TO ANY NONCONFORMANCE OR DEFECT IN ANY AIRCRAFT, MATERIALS, TRAINING, SERVICES OR OTHER THING PROVIDED UNDER THIS AGTA AND THE APPLICABLE PURCHASE AGREEMENT.

11.3 Definitions. For the purpose of this Article, “BOEING” or “Boeing” is defined as The Boeing Company, its divisions, subsidiaries, affiliates, the assignees of each, and their respective directors, officers, employees and agents.

PART 3: BOEING SERVICE LIFE POLICY

1. Definitions.

SLP COMPONENT - any of the primary structural elements (excluding industry standard parts) of the landing gear, wing, fuselage, vertical or horizontal stabilizer listed in the applicable purchase agreement for a specific model of aircraft that is installed in the aircraft at time of delivery or is purchased from Boeing by Customer as a spare part. The detailed SLP Component listing will be in Supplemental Exhibit SLP 1 to each Purchase Agreement.

2. Service Life Policy.

2.1 SLP Commitment. If a failure or defect is discovered in a SLP Component within the time periods specified in Article 2.2 below, Boeing will, at a price calculated pursuant to Article 3 below, Correct the SLP Component.

2.2 SLP Policy Periods.

2.2.1 The policy period for SLP Components initially installed on an aircraft is 12 years after the date of delivery of the aircraft.

2.2.2 The policy period for SLP Components purchased from Boeing by Customer as spare parts is 12 years from delivery of such SLP Component or 12 years from the date of delivery of the last aircraft produced by Boeing of a specific model, whichever first expires.

3. Price.

The price that Customer will pay for the Correction of a defective or failed SLP Component will be calculated pursuant to the following formula:

$$\frac{P = CT}{144}$$

where:

P = price to Customer
C = SLP Component sales price at time of Correction T = total age in months of the defective or failed SLP Component from the date of delivery to Customer to the date of discovery of such condition.

4. Conditions.

Boeing’s obligations under this Policy are conditioned upon the following:

4.1 Customer must notify Boeing in writing of the defect or failure within three months after it is discovered.

4.2 Customer must provide reasonable evidence that the claimed defect or failure is covered by this Policy and if requested by Boeing, that such defect or failure was not the result of (i) a defect or failure in a component not covered by this Policy, (ii) an extrinsic force, (iii) an act or omission of Customer, or (iv) operation or maintenance contrary to applicable governmental regulations or Boeing's instructions.

4.3 If return of a defective or failed SLP Component is practicable and requested by Boeing, Customer will return such SLP Component to Boeing at Boeing's expense.

4.4 Customer's rights and remedies under this Policy are limited to the receipt of a Correction at prices calculated pursuant to Article 3 above.

5. Disclaimer and Release; Exclusion of Liabilities.

This Part 3 and the rights and remedies of Customer and the obligations of Boeing are subject to the DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES provisions of Article 11 of Part 2 of this Exhibit C.

PART 4: SUPPLIER WARRANTY COMMITMENT

1. Supplier Warranties and Supplier Patent and Copyright Indemnities.

Boeing will use diligent efforts to obtain warranties and indemnities against patent and copyright infringement enforceable by Customer from Suppliers of Supplier Products (except for engines) installed on the aircraft at the time of delivery that were selected and purchased by Boeing, but not manufactured to Boeing's detailed design. Boeing will furnish copies of the warranties and patent and copyright indemnities to Customer contained in Supplier Product Support and Product Assurance Agreements, prior to the scheduled delivery month of the first aircraft under the initial purchase agreement to the AGTA.

2. Boeing Assistance in Administration of Supplier Warranties.

Customer will be responsible for submitting warranty claims directly to Suppliers; however, if Customer experiences problems enforcing any Supplier warranty obtained by Boeing for Customer, Boeing will conduct an investigation of the problem and assist Customer in the resolution of those claims.

3. Boeing Support in Event of Supplier Default.

3.1 If the Supplier defaults in the performance of a material obligation under its warranty, and Customer provides evidence to Boeing that a default has occurred, then Boeing will furnish the equivalent warranty terms as provided by the defaulting Supplier.

3.2 At Boeing's request, Customer will assign to Boeing, and Boeing will be subrogated to, its rights against the Supplier provided by the Supplier warranty.

PRODUCT ASSURANCE DOCUMENT

PART 5: BOEING INTERFACE COMMITMENT

1. Interface Problems.

An INTERFACE PROBLEM is defined as a technical problem in the operation of an aircraft or its systems experienced by Customer, the cause of which is not readily identifiable by Customer but which Customer believes to be attributable to either the design characteristics of the aircraft or its systems or the workmanship used in the installation of Supplier Products. In the event Customer experiences an Interface Problem, Boeing will, without additional charge to Customer, promptly conduct an investigation and analysis to determine the cause or causes of the Interface Problem. Boeing will promptly advise Customer at the conclusion of its investigation of Boeing's opinion as to the causes of the Interface Problem and Boeing's recommendation as to corrective action.

2. Boeing Responsibility.

If Boeing determines that the Interface Problem is primarily attributable to the design or installation of any Boeing Product, Boeing will Correct the design or workmanship to the extent of any then-existing obligations of Boeing under the provisions of the applicable Boeing Warranty or Boeing Service Life Policy.

3. Supplier Responsibility.

If Boeing determines that the Interface Problem is primarily attributable to the design or installation of a Supplier Product, Boeing will assist Customer in processing a warranty claim against the Supplier.

4. Joint Responsibility.

If Boeing determines that the Interface Problem is partially attributable to the design or installation of a Boeing Product and partially to the design or installation of a Supplier Product, Boeing will seek a solution to the Interface Problem through the cooperative efforts of Boeing and the Supplier and will promptly advise Customer of the resulting corrective actions and recommendations.

5. General.

Customer will, if requested by Boeing, assign to Boeing any of its rights against any supplier as Boeing may require to fulfill its obligations hereunder.

6. Disclaimer and Release; Exclusion of Liabilities.

This Part 5 and the rights and remedies of Customer and the obligations of Boeing herein are subject to the DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES provisions of Article 11 of Part 2 of this Exhibit C.

PART 6: BOEING INDEMNITIES AGAINST PATENT AND COPYRIGHT INFRINGEMENT

1. Indemnity Against Patent Infringement.

Boeing will defend and indemnify Customer with respect to all claims, suits and liabilities arising out of any actual or alleged patent infringement through Customer's use, lease or resale of any aircraft or any Boeing Product installed on an aircraft at delivery.

2. Indemnity Against Copyright Infringement.

Boeing will defend and indemnify Customer with respect to all claims, suits and liabilities arising out of any actual or alleged copyright infringement through Customer's use, lease or resale of any Boeing created Materials and Aircraft Software installed on an aircraft at delivery.

3. Exceptions, Limitations and Conditions.

3.1 Boeing's obligation to indemnify Customer for patent infringement will extend only to infringements in countries which, at the time of the infringement, were party to and fully bound by either (a) Article 27 of the Chicago Convention on International Civil Aviation of December 7, 1944, or (b) the International Convention for the Protection of Industrial Property (Paris Convention).

3.2 Boeing's obligation to indemnify Customer for copyright infringement is limited to infringements in countries which, at the time of the infringement, are members of The Berne Union and recognize computer software as a "work" under The Berne Convention.

3.3 The indemnities provided under this Part 6 will not apply to any (i) BFE, (ii) engines, (iii) Supplier Product (iv) Boeing Product used other than for its intended purpose, or (v) Aircraft Software not created by Boeing.

3.4 Customer must deliver written notice to Boeing (i) within 10 days after Customer first receives notice of any suit or other formal action against Customer and (ii) within 20 days after Customer first receives any other allegation or written claim of infringement covered by this Part 6.

3.5 At any time, Boeing will have the right at its option and expense to:

(i) negotiate with any party claiming infringement, (ii) assume or control the defense of any infringement allegation, claim, suit or formal action, (iii) intervene in any infringement suit or formal action, and/or (iv) attempt to resolve any claim of infringement by replacing an allegedly infringing Boeing Product or Aircraft Software with a noninfringing equivalent.

3.6 Customer will promptly furnish to Boeing all information, records and assistance within Customer's possession or control which Boeing considers relevant or material to any alleged infringement covered by this Part 6.

3.7 Except as required by a final judgment entered against Customer by a court of competent jurisdiction from which no appeals can be or have been filed, Customer will obtain Boeing's written approval prior to paying, committing to pay, assuming any obligation or making any material concession relative to any infringement covered by these indemnities.

3.8 BOEING WILL HAVE NO OBLIGATION OR LIABILITY UNDER THIS PART 6 FOR LOSS OF USE, REVENUE OR PROFIT, OR FOR ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES. THE OBLIGATIONS OF BOEING AND REMEDIES OF CUSTOMER IN THIS PART 6 ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND CUSTOMER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER INDEMNITIES, OBLIGATIONS AND LIABILITIES OF BOEING AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF CUSTOMER AGAINST BOEING, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY ACTUAL OR ALLEGED PATENT, COPYRIGHT OR OTHER INTELLECTUAL PROPERTY INFRINGEMENT OR THE LIKE BY ANY AIRCRAFT, AIRCRAFT SOFTWARE, MATERIALS, TRAINING, SERVICES OR OTHER THING PROVIDED UNDER THIS AGTA AND THE APPLICABLE PURCHASE AGREEMENT.

3.9 For the purposes of this Part 6, "BOEING or Boeing" is defined as The Boeing Company, its divisions, subsidiaries, affiliates, the assignees of each and their respective directors, officers, employees and agents.

EXHIBIT D

TO

AIRCRAFT GENERAL TERMS AGREEMENT

AGTA-COP

BETWEEN

THE BOEING COMPANY

AND

COPA HOLDINGS, S.A.

ESCALATION ADJUSTMENT

AIRFRAME AND OPTIONAL FEATURES

(FOR MODEL 717-200, 737-600, 737-700, 737-800 AND 737-900,
THE AIRFRAME PRICE INCLUDES THE ENGINE PRICE AT ITS BASIC THRUST LEVEL.)

D

EXHIBIT D

ESCALATION ADJUSTMENT

1. Formula.

Airframe and Optional Features price adjustments (Airframe Price Adjustment); are used to allow prices to be stated in current year dollars at the signing of the applicable purchase agreement and to adjust the amount to be paid by Customer at delivery for the effects of economic fluctuation. The Airframe Price Adjustment will be determined at the time of aircraft delivery in accordance with the following formula:

P(a) = (P+B)(L + M) - P

Where:

P(a) = Airframe Price Adjustment. (For Model 717-200, 737-600, 737-700, 737-800 and 737-900, the Airframe Price includes the Engine Price at its basic thrust level.)

L =	.65 x	$\frac{\text{ECI}}{\text{ECI(b)}}$	where ECI(b) is the base year index (as set forth in Table 1 of the applicable purchase agreement)
M =	.35 x	$\frac{\text{ICI}}{\text{ICI(b)}}$	where ICI(b) is the base year index (as set forth in Table 1 of the applicable purchase agreement)

P = Airframe Price plus Optional Features Price (as set forth in the applicable purchase agreement).

B = 0.005 x (N/12) x (P) where N is the calendar month and year of scheduled Aircraft delivery minus the calendar month and year of the Base Price Year, both as shown in Table 1 of the applicable purchase agreement.

ECI is a value determined using the U.S. Department of Labor, Bureau of Labor Statistics “Employment Cost Index for workers in aerospace manufacturing - Wages and Salaries” (ECI code 3721W), calculated by establishing a three-month arithmetic average value (expressed as a decimal and rounded to the nearest tenth) using the values for the fifth, sixth and seventh months prior to the month of scheduled delivery of the applicable aircraft. As the Employment Cost Index values are only released on a quarterly basis, the value released for the month of March will be used for the months of January and February; the value for June used for April and May; the value for September used for July and August; and the value for December used for October and November.

ICI is a value determined using the U.S. Department of Labor, Bureau of Labor Statistics “Producer Prices and Price Index - Industrial Commodities Index “, calculated as a 3-month arithmetic average of the released monthly values (expressed as a decimal and rounded to the nearest tenth) using the values for the 5th, 6th and 7th months prior to the month of scheduled delivery of the applicable aircraft.

As an example, for an aircraft scheduled to be delivered in the month of January, the months June, July and August of the preceding year will be utilized in determining the value of ECI and ICI.

Note: i. In determining the values of L and M, all calculations and resulting values will be expressed as a decimal rounded to the nearest ten- thousandth.

ii. .65 is the numeric ratio attributed to labor in the Airframe Price Adjustment formula.

iii. .35 is the numeric ratio attributed to materials in the Airframe Price Adjustment formula.

iv. The denominators (base year indices) are the actual average values reported by the U.S. Department of Labor, Bureau of Labor Statistics (base year June 1989 = 100). The applicable base year and corresponding denominator will be provided by Boeing in the applicable purchase agreement.

v. If the calculated sum of L + M is less than 1.0000, then the value of the sum is adjusted to 1.0000.

2. Values to be Utilized in the Event of Unavailability.

2.1 If the Bureau of Labor Statistics substantially revises the methodology used for the determination of the values to be used to determine the ECI and ICI values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Airframe Price Adjustment, the parties will, prior to the delivery of any such aircraft, select a substitute from other Bureau of Labor Statistics data or similar data reported by non-governmental organizations. Such substitute will result in the same adjustment, insofar as possible, as would have been calculated utilizing the original values adjusted for fluctuation during the applicable time period. However, if within 24 months after delivery of the aircraft, the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Airframe Price Adjustment, such values will be used to determine any increase or decrease in the Airframe Price Adjustment for the aircraft from that determined at the time of delivery of the aircraft.

2.2 Notwithstanding Article 2.1 above, if prior to the scheduled delivery month of an aircraft the Bureau of Labor Statistics changes the base year for determination of the ECI and ICI values as defined above, such re-based values will be incorporated in the Airframe Price Adjustment calculation.

2.3 In the event escalation provisions are made non-enforceable or otherwise rendered void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the Purchase Price of any affected aircraft to reflect an allowance for increases or decreases in labor compensation and material costs occurring since February, 1995, which is consistent with the applicable provisions of paragraph 1 of this Exhibit D.

Note: i. The values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to the scheduled delivery month of an aircraft will be used to determine the ECI and ICI values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment for the aircraft invoice at the time of delivery. The values will be considered final and no Aircraft Price Adjustments will be made after Aircraft delivery for any subsequent changes in published Index values.

ii. The maximum number of digits utilized in any part of the Airframe Price Adjustment equation will be 4, where rounding of the fourth digit will be increased to the next highest digit when the 5th digit is equal to 5 or greater.

SAMPLE INSURANCE CERTIFICATE

BROKER'S LETTERHEAD

[date]

Certificate of Insurance

ISSUED TO: The Boeing Company Post Office Box 3707
Mail Stop 13-57
Seattle, Washington 98124
Attn: Manager - Aviation Insurance for
Vice President - Employee Benefits, Insurance and Taxes

CC: Boeing Commercial Airplane Group
P.O. Box 3707
Mail Stop 75-38
Seattle, Washington 98124-2207
U.S.A.
Attn: Vice President - Contracts

NAMED INSURED: COPA HOLDINGS, S.A.

We hereby certify that in our capacity as Brokers to the Named Insured, the following described insurance is in force on this date:

INSURER POLICY NO. PARTICIPATION

POLICY PERIOD: From [date and time of inception of the Policy(ies)] to [date and time of expiration].

GEOGRAPHICAL LIMITS: Worldwide (however, as respects "Aircraft Hull War and Allied Perils" Insurance, as agreed by Boeing).

AIRCRAFT INSURED: All Boeing manufactured aircraft owned or operated by the Named Insured which are the subject of the following purchase agreement(s), entered into between The Boeing Company and _____(hereinafter "Aircraft"):

Purchase Agreement No. _____dated _____Purchase Agreement No._____ dated _____

COVERAGES:

1. AIRCRAFT "ALL RISKS" HULL (GROUND AND FLIGHT)
2. AIRCRAFT HULL WAR AND ALLIED PERILS (AS PER LSW 555, OR ITS SUCCESSOR WORDING)
3. AIRLINE LIABILITY

Including, but not limited to, Bodily Injury, Property Damage, Aircraft Liability, Liability War Risks, Passenger Legal Liability, Premises/Operations Liability, Completed Operations/Products Liability, Baggage Legal Liability (checked and unchecked), Cargo Legal Liability, Contractual Liability and Personal Injury.

The above-referenced Airline Liability insurance coverage is subject to War and Other Perils Exclusion Clause (AV48B) but all sections, other than section (b) are reinstated as per AV52C, or their successor endorsements.

LIMITS OF LIABILITY:

To the fullest extent of the Policy limits that the Named Insured carries from the time of delivery of the first Aircraft under the first Purchase Agreement listed under "Aircraft Insured" and thereafter at the inception of each policy period, but in any event no less than the following:

Combined Single Limit Bodily Injury and Property Damage: U.S.$ any one occurrence each Aircraft (with aggregates as applicable).

(717-200)	US$300,000,000
(737-500/600)	US$350,000,000
(737-300/700)	US$400,000,000
(737-400)	US$450,000,000
(737-800)	US$500,000,000
(757-200)	US$525,000,000
(757-300)	US$550,000,000
(767-200)	US$550,000,000
(767-300)	US$700,000,000
(767-400ERX)	US$750,000,000
(777-200X)	US$750,000,000
(MD-11)	US$800,000,000

SAMPLE
INSURANCE CERTIFICATE

	SAMPLE INSURANCE CERTIFICATE
(777-200/300)	US$800,000,000
(777-300X)	US$900,000,000
(747-400)	US$900,000,000

(In regard to all other models and/or derivatives, to be specified by Boeing).

(In regard to Personal Injury coverage, limits are US$25,000,000 any one offense/aggregate.)

DEDUCTIBLES / SELF-INSURANCE

Any deductible and/or self-insurance amount (other than standard market deductibles) are to be disclosed and agreed by Boeing.

SPECIAL PROVISIONS APPLICABLE TO BOEING:

It is certified that Insurers are aware of the terms and conditions of AGTA-COP and the following purchase agreements:

PA ____ dated ____
PA ____ dated ____
PA ____ dated ____

Each Aircraft manufactured by Boeing which is delivered to the Insured pursuant to the applicable purchase agreement during the period of effectivity of the policies represented by this Certificate will be covered to the extent specified herein.

Insurers have agreed to the following:

A. In regard to Aircraft “all risks” Hull Insurance and Aircraft Hull War and Allied Perils Insurance, Insurers agree to waive all rights of subrogation or recourse against Boeing in accordance with AGTA-COP which was incorporated by reference into the applicable purchase agreement.

B. In regard to Airline Liability Insurance, Insurers agree:

(1) To include Boeing as an additional insured in accordance with Customer’s undertaking in Article 8.2.1 of AGTA-COP which was incorporated by reference into the applicable purchase agreement.

(2) To provide that such insurance will be primary and not contributory nor excess with respect to any other insurance available for the protection of Boeing;

(3) To provide that with respect to the interests of Boeing, such insurance shall not be invalidated or minimized by any action or inaction, omission or misrepresentation by the Insured or any other person or party (other than Boeing) regardless of any breach or violation of any warranty, declaration or condition contained in such policies;

(4) To provide that all provisions of the insurance coverages referenced above, except the limits of liability, will operate to give each Insured or additional insured the same protection as if there were a separate Policy issued to each.

C. In regard to all of the above referenced policies:

(1) Boeing will not be responsible for payment, set-off, or assessment of any kind or any premiums in connection with the policies, endorsements or coverages described herein;

(2) If a policy is canceled for any reason whatsoever, or any substantial change is made in the coverage which affects the interests of Boeing or if a policy is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to Boeing for thirty (30) days (in the case of war risk and allied perils coverage seven (7) days after sending, or such other period as may from time to time be customarily obtainable in the industry) after receipt by Boeing of written notice from the Insurers or the authorized representatives or Broker of such cancellation, change or lapse; and

(3) For the purposes of the Certificate, “Boeing” is defined as The Boeing Company, its divisions, subsidiaries, affiliates, the assignees of each and their respective directors, officers, employees and agents.

SUBJECT TO THE TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS OF THE RELATIVE POLICIES.

(signature)

(typed name)

(title)

SAMPLE
INSURANCE CERTIFICATE

THIS PURCHASE AGREEMENT ASSIGNMENT (Assignment) dated as of _____ 19_ between COPA HOLDINGS, S.A., a company organized under the laws of _____ (Assignor) and _____, a company organized under the laws of _____ (Assignee). Capitalized terms used herein without definition will have the same meaning as in the Boeing Purchase Agreement.

Assignor and The Boeing Company, a Delaware corporation (Boeing), are parties to the Boeing Purchase Agreement, providing, among other things, for the sale by Boeing to Assignor of certain aircraft, engines and related equipment, including the Aircraft.

Assignee wishes to acquire the Aircraft and certain rights and interests under the Boeing Purchase Agreement and Assignor, on the following terms and conditions, is willing to assign to Assignee certain of Assignor's rights and interests under the Boeing Purchase Agreement. Assignee is willing to accept such assignment.

It is agreed as follows:

1. For all purposes of this Assignment, the following terms will have the following meanings:

Aircraft - one Boeing Model _____ aircraft, bearing manufacturer's serial number _____, together with all engines and parts installed on such aircraft on the Delivery Date.

Boeing - Boeing shall include Boeing Sales Corporation (a wholly-owned subsidiary of Boeing), a Guam corporation, and its successors and — —— assigns.

Boeing Purchase Agreement — Purchase Agreement No. _____ dated as of_____ between Boeing and Assignor, as amended, but excluding _____, providing, among other things, for the sale by Boeing to Assignor of the Aircraft, as said agreement may be further amended to the extent permitted by its terms. The Purchase Agreement incorporated by reference Aircraft General Terms Agreement AGTA/ ____(AGTA).

Delivery Date - the date on which the Aircraft is delivered by Boeing to Assignee pursuant to and subject to the terms and conditions of the Boeing Purchase Agreement and this Assignment.

2. Assignor does hereby assign to Assignee all of its rights and interests in and to the Boeing Purchase Agreement, as and to the extent that the same relate to the Aircraft and the purchase and operation thereof, except as and to the extent expressly reserved below, including, without limitation, in such assignment: [TO BE COMPLETED BY THE PARTIES.]

SAMPLE
PURCHASE AGREEMENT ASSIGNMENT

{EXAMPLES

(a) the right upon valid tender to purchase the Aircraft pursuant to the Boeing Purchase Agreement subject to the terms and conditions thereof and the right to take title to the Aircraft and to be named the "Buyer" in the bill of sale for the Aircraft;

(b) the right to accept delivery of the Aircraft;

(c) all claims for damages arising as a result of any default under the Boeing Purchase Agreement in respect of the Aircraft;

(d) all warranty and indemnity provisions contained in the Boeing Purchase Agreement, and all claims arising thereunder, in respect of the Aircraft; and

(e) any and all rights of Assignor to compel performance of the terms of the Boeing Purchase Agreement in respect of the Aircraft.}

Reserving exclusively to Assignor, however:

{EXAMPLES

(i) all Assignor's rights and interests in and to the Boeing Purchase Agreement as and to the extent the same relates to aircraft other than the Aircraft, or to any other matters not directly pertaining to the Aircraft;

(ii) all Assignor's rights and interests in or arising out of any advance or other payments or deposits made by Assignor in respect of the Aircraft under the Boeing Purchase Agreement and any amounts credited or to be credited or paid or to be paid by Boeing in respect of the Aircraft;

(iii) the right to obtain services, training, information and demonstration and test flights pursuant to the Boeing Purchase Agreement; and

(iv) the right to maintain plant representatives at Boeing's plant pursuant to the Boeing Purchase Agreement.}

Assignee hereby accepts such assignment.

3. Notwithstanding the foregoing, so long as no event of default or termination under [specify document] has occurred and is continuing, Assignee hereby authorizes Assignor, to the exclusion of Assignee, to exercise in Assignor's name all rights and powers of Customer under the Boeing Purchase Agreement in respect of the Aircraft.

4. For all purposes of this Assignment, Boeing will not be deemed to have knowledge of or need recognize the occurrence, continuance or the discontinuance of any event of default or termination under [specify document] unless and until Boeing receives from Assignee written notice thereof, addressed to its Vice President - Contracts, Boeing Commercial Airplane Group at P.O. Box 3707, Seattle, Washington 98124, if by mail, or to 32-9430 Answerback BOEINGREN RNTN, if by telex. Until such notice has been given, Boeing will be entitled to deal solely and exclusively with Assignor. Thereafter, until Assignee has provided Boeing written notice that any such events no longer continue, Boeing will be entitled to deal solely and exclusively with Assignee. Boeing may act with acquittance and conclusively rely on any such notice.

5. It is expressly agreed that, anything herein contained to the contrary notwithstanding: (a) prior to the Delivery Date Assignor will perform its obligations with respect to the Aircraft to be performed by it on or before such delivery, (b) Assignor will at all times remain liable to Boeing under the Boeing Purchase Agreement to perform all obligations of Customer thereunder to the same extent as if this Assignment had not been executed, and (c) the exercise by Assignee of any of the assigned rights will not release Assignor from any of its obligations to Boeing under the Boeing Purchase Agreement, except to the extent that such exercise constitutes performance of such obligations.

6. Notwithstanding anything contained in this Assignment to the contrary (but without in any way releasing Assignor from any of its obligations under the Boeing Purchase Agreement), Assignee confirms for the benefit of Boeing that, insofar as the provisions of the Boeing Purchase Agreement relate to the Aircraft, in exercising any rights under the Boeing Purchase Agreement, or in making any claim with respect to the Aircraft or other things (including, without limitation, Material, training and services) delivered or to be delivered pursuant to the Boeing Purchase Agreement, the terms and conditions of the Boeing Purchase Agreement, including, without limitation, the DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES in Article 11 of Part 2 of Exhibit C to the Aircraft General Terms Agreement which was incorporated by reference into the Boeing Purchase Agreement and the insurance provisions in Article 8.2 of the Aircraft General Terms Agreement which was incorporated by reference into the Boeing Purchase Agreement therein, will apply to and be binding on Assignee to the same extent as if Assignee had been the original “Customer” thereunder. Assignee further agrees, expressly for the benefit of Boeing, upon the written request of Boeing, Assignee will promptly execute and deliver such further assurances and documents and take such further action as Boeing may reasonably request in order to obtain the full benefits of Assignee’s agreements in this paragraph.

7. Nothing contained herein will subject Boeing to any liability to which it would not otherwise be subject under the Boeing Purchase Agreement or modify in any respect the contract rights of Boeing thereunder, or require Boeing to divest itself of title to or possession of the Aircraft or other things until delivery thereof and payment therefor as provided therein.

8. Notwithstanding anything in this Assignment to the contrary, after receipt of notice of any event of default or termination under [specify document], Boeing will continue to owe to Assignor moneys in payment of claims made or obligations arising before such notice, which moneys may be subject to rights of set-off available to Boeing under applicable law. Similarly, after receipt of notice that such event of default or termination no longer continues, Boeing will continue to owe to Assignee moneys in payment of claims made or obligations arising before such notice, which moneys may be subject to rights of set-off available to Boeing under applicable law.

9. Effective at any time after an event of default has occurred, and for so long as such event of default is continuing, Assignor does hereby constitute Assignee, Assignor's true and lawful attorney, irrevocably, with full power (in the name of Assignor or otherwise) to ask, require, demand, receive, and give acquittance for any and all moneys and claims for moneys due and to become due under or arising out of the Boeing Purchase Agreement in respect of the Aircraft, to the extent assigned by this Assignment.

10. Assignee agrees, expressly for the benefit of Boeing and Assignor that it will not disclose, directly or indirectly, any terms of the Boeing Purchase Agreement; provided, that Assignee may disclose any such information
(a) to its special counsel and public accountants, (b) as required by applicable law to be disclosed or to the extent that Assignee may have received a subpoena or other written demand under color of legal right for such information, but it will first, as soon as practicable upon receipt of such requirement or demand, furnish an explanation of the basis thereof to Boeing, and will afford Boeing reasonable opportunity, to obtain a protective order or other reasonably satisfactory assurance of confidential treatment for the information required to be disclosed, and (c) to any bona fide potential purchaser or lessee of the Aircraft. Any disclosure pursuant to (a) and (c) above will be subject to execution of a confidentiality agreement substantially similar to this paragraph 10.

11. This Assignment may be executed by the parties in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

12. This Assignment will be governed by, and construed in accordance with, the laws of [_____].

as Assignor	as Assignee
By _____	By _____

SAMPLE
PURCHASE AGREEMENT ASSIGNMENT

Name: Name:

Title: Title:

[If the Assignment is further assigned by Assignee in connection with a financing, the following language needs to be included.]

Attest:

The undersigned, as [Indenture Trustee/Agent for the benefit of the Loan Participants/Mortgagee] and as assignee of, and holder of a security interest in, the estate, right, and interest of the Assignee in and to the foregoing Purchase Agreement Assignment and the Purchase Agreement pursuant to the terms of a certain [Trust Indenture/Mortgage] dated as of _____, agrees to the terms of the foregoing Purchase Agreement Assignment and agrees that its rights and remedies under such [Trust Indenture/Mortgage] shall be subject to the terms and conditions of the foregoing Purchase Agreement Assignment, including, without limitation, paragraph 6.

[Name of Entity],

as Indenture Trustee/Agent

By

Name:

Title:

SAMPLE
PURCHASE AGREEMENT ASSIGNMENT

CONSENT AND AGREEMENT OF
THE BOEING COMPANY

THE BOEING COMPANY, a Delaware corporation (Boeing), hereby acknowledges notice of and consents to the foregoing Purchase Agreement Assignment (Assignment). Boeing confirms to Assignee that: all representations, warranties, indemnities and agreements of Boeing under the Boeing Purchase Agreement with respect to the Aircraft will, subject to the terms and conditions thereof and of the Assignment, inure to the benefit of Assignee to the same extent as if Assignee were originally named "Customer" therein.

This Consent and Agreement will be governed by, and construed in accordance with, the law of the State of Washington, excluding the conflict of laws principles thereof.

Dated as of _____, 199__

THE BOEING COMPANY

By
Name:
Title: Attorney-in-Fact

Aircraft Manufacturer's Serial Number(s)_____

SAMPLE

In connection with the sale by COPA HOLDINGS, S.A. (Seller) to_____ (Purchaser) of the aircraft identified below, reference is made to Purchase Agreement No._____ dated as of _____ , 19__, between The Boeing Company (Boeing) and Seller (the Purchase Agreement) under which Seller purchased certain Boeing Model_____ aircraft, including the aircraft bearing Manufacturer's Serial No.(s) _____ (the Aircraft). The Purchase Agreement incorporated by reference Aircraft General Terms Agreement AGTA-COP (AGTA).

Capitalized terms used herein without definition will have the same meaning as in the Purchase Agreement.

Seller has sold the Aircraft, including in that sale the transfer to Purchaser of all remaining rights related to the Aircraft under the Purchase Agreement. To accomplish this transfer of rights, as authorized by the provisions of the Purchase Agreement:

(1) Purchaser acknowledges it has reviewed the Purchase Agreement and agrees to be bound by and comply with all applicable terms and conditions of the Purchase Agreement, including, without limitation, the DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES in Article 11 of Part 2 of Exhibit C to the AGTA and the insurance provisions in Article 8.2 of the AGTA. Purchaser further agrees upon the written request of Boeing, to promptly execute and deliver such further assurances and documents and take such further action as Boeing may reasonably request in order to obtain the full benefits of Purchaser's agreements in this paragraph; and

(2) Seller will remain responsible for any payments due Boeing as a result of obligations relating to the Aircraft incurred by Seller to Boeing prior to the effective date of this letter.

SAMPLE
POST-DELIVERY SALE NOTICE

We request that Boeing acknowledge receipt of this letter and confirm the transfer of rights set forth above by signing the acknowledgment and forwarding one copy of this letter to each of the undersigned.

Very truly yours,

COPA HOLDINGS, S.A.	Purchaser
By _____	By _____
Its _____	Its _____
Dated _____	Dated _____

Receipt of the above letter is acknowledged and transfer of rights under the Purchase Agreement with respect to the Aircraft is confirmed, effective as of this date.

THE BOEING COMPANY

By

Its Attorney-in-Fact
Dated

Aircraft Manufacturer's Serial Number _____

SAMPLE

In connection with the lease by COPA HOLDINGS, S.A. (Lessor) to _____ (Lessee) of the aircraft identified below, reference is made to Purchase Agreement No. _____ dated as of _____, 19__, between The Boeing Company (Boeing) and Lessor (the Purchase Agreement) under which Lessor purchased certain Boeing Model _____ aircraft, including the aircraft bearing Manufacturer's Serial No.(s)_____ (the Aircraft). The Purchase Agreement incorporated by reference Aircraft General Terms Agreement AGTA-COP (AGTA).

Capitalized terms used herein without definition will have the same meaning as in the Purchase Agreement.

Lessor has leased the Aircraft, including in that lease the transfer to Lessee of all remaining rights related to the Aircraft under the Purchase Agreement. To accomplish this transfer of rights, as authorized by the provisions of the Purchase Agreement:

(1) Lessor authorizes Lessee to exercise, to the exclusion of Lessor, all rights and powers of Lessor with respect to the remaining rights related to the Aircraft under the Purchase Agreement. This authorization will continue until Boeing receives written notice from Lessor to the contrary, addressed to Vice President - Contracts, Mail Stop 75-38, Boeing Commercial Airplane Group, P.O. Box 3707, Seattle, Washington 98124-2207. Until Boeing receives such notice, Boeing is entitled to deal exclusively with Lessee with respect to the Aircraft under the Purchase Agreement. With respect to the rights and obligations of Lessor under the Purchase Agreement, all actions taken or agreements entered into by Lessee during the period prior to Boeing's receipt of this notice are final and binding on Lessor. Further, any payments made by Boeing as a result of claims made by Lessee will be made to the credit of Lessee.

(2) Lessee accepts the authorization above, acknowledges it has reviewed the Purchase Agreement and agrees to be bound by and comply with all applicable terms and conditions of the Purchase Agreement including, without limitation, the DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES in Article 11 of Part 2 of Exhibit C AGTA and the insurance provisions in Article 8.2 of the AGTA. Lessee further agrees, upon the written request of Boeing, to promptly execute and deliver such further assurances and documents and take such further action as Boeing may reasonably request in order to obtain the full benefits of Lessee's agreements in this paragraph.

App. IV

(3) Lessor will remain responsible for any payments due Boeing as a result of obligations relating to the Aircraft incurred by Lessor to Boeing prior to the effective date of this Notice.

We request that Boeing acknowledges receipt of this letter and confirm the transfer of rights set forth above by signing the acknowledgment and forwarding one copy of this letter to each of the undersigned.

Very truly yours,

COPA HOLDINGS, S.A.	Lessee
By _____	By _____
Its _____	Its _____
Dated _____	Dated _____

Receipt of the above letter is acknowledged and transfer of rights under the Purchase Agreement with respect to the Aircraft is confirmed, effective as of this date.

THE BOEING COMPANY

By

Its

Dated

Aircraft Manufacturer's Serial Number _____

SAMPLE

In connection with the sale/lease by COPA HOLDINGS, S.A. (Seller/Lessor) to _____ (Purchaser/Lessee) of the aircraft identified below, reference is made to the following documents:

(i) Purchase Agreement No. _____ dated as of _____, 19__, between The Boeing Company (Boeing) and Seller/Lessor (the Purchase Agreement) under which Seller/Lessor purchased certain Boeing _____ Model aircraft, including the aircraft bearing Manufacturer's Serial No.(s)_____ (the Aircraft); and

(ii) Aircraft Sale/Lease Agreement dated as of _____, 19__, between Seller/Lessor and Purchaser/Lessee (the Aircraft Agreement) under which Seller/Lessor is selling/leasing the Aircraft.

Capitalized terms used herein without definition will have the same meaning as in the Aircraft Agreement.

1. Seller/Lessor has sold/leased the Aircraft under the Aircraft Agreement, including therein a form of exculpatory clause protecting Seller/Lessor from liability for loss of or damage to the aircraft, and/or related incidental or consequential damages, including without limitation loss of use, revenue or profit.

2. Disclaimer and Release; Exclusion of Liabilities

2.1 In accordance with Seller/Lessor's obligation under Article 9.5 of AGTA-COP which was incorporated by reference into the Purchase Agreement, Purchaser/Lessee hereby agrees that:

2.2 DISCLAIMER AND RELEASE. IN CONSIDERATION OF THE SALE/LEASE OF THE AIRCRAFT, PURCHASER/LESSEE HEREBY WAIVES, RELEASES AND RENOUNCES ALL WARRANTIES, OBLIGATIONS AND LIABILITIES OF BOEING AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF PURCHASER/LESSEE AGAINST BOEING, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY NONCONFORMANCE OR DEFECT IN ANY AIRCRAFT, BOEING

SAMPLE
PURCHASER'S/LESSEE'S AGREEMENT

PRODUCT, MATERIALS, TRAINING, SERVICES OR OTHER THING PROVIDED UNDER THE AIRCRAFT AGREEMENT, INCLUDING, BUT NOT LIMITED TO:

(A) ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS;

(B) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF

DEALING OR USAGE OF TRADE;

(C) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY IN TORT, WHETHER OR NOT ARISING FROM THE NEGLIGENCE OF BOEING; AND

(D) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY FOR LOSS OF OR
DAMAGE TO ANY AIRCRAFT.

2.3 EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES. BOEING WILL HAVE NO OBLIGATION OR LIABILITY, WHETHER ARISING IN CONTRACT (INCLUDING WARRANTY), TORT, WHETHER OR NOT ARISING FROM THE NEGLIGENCE OF BOEING, OR OTHERWISE, FOR LOSS OF USE, REVENUE OR PROFIT, OR FOR ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES WITH RESPECT TO ANY NONCONFORMANCE OR DEFECT IN ANY AIRCRAFT, MATERIALS, TRAINING, SERVICES OR OTHER THING PROVIDED UNDER THE AIRCRAFT AGREEMENT.

2.4 Definitions. For the purpose of this paragraph 2, "BOEING" or "Boeing" is defined as The Boeing Company, its divisions, subsidiaries, affiliates, the assignees of each, and their respective directors, officers, employees and agents.

COPA HOLDINGS, S.A. (Seller/Lessor)	Purchaser/Lessee
By _____	By _____
Its _____	Its _____
Dated _____	Dated _____

SAMPLE

Boeing Commercial Airplane Group
P.O. Box 3707
Seattle, Washington 98124-2207

Attention: Vice President - Contracts
Mail Stop 75-38

Ladies and Gentlemen:

1. Reference is made to Purchase Agreement No. _____ dated as of _____, 19__, between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) (the Purchase Agreement), under which Customer purchased certain Boeing Model _____ aircraft including the aircraft bearing Manufacturer's Serial No.(s) _____ (the Aircraft). The Purchase Agreement incorporated by reference Aircraft General Terms Agreement AGTA-COP (AGTA).

Capitalized terms used herein without definition will have the same meaning as in the Purchase Agreement.

To accomplish the appointment of an agent, Customer confirms:

A. Customer has appointed _____ as agent (Agent) to act directly with Boeing with respect to the remaining warranties under the Purchase Agreement and requests Boeing to treat Agent as Customer for the administration of claims with respect to such warranties; provided however, Customer remains liable to Boeing to perform the obligations of Customer under the Purchase Agreement.

B. Boeing may continue to deal exclusively with Agent concerning the matters described herein unless and until Boeing receives written notice from Customer to the contrary, addressed to Vice President - Contracts, Mail Stop 75-38, Boeing Commercial Airplane Group, P.O. Box 3707, Seattle, Washington 98124-2207, U.S.A. With respect to the rights and obligations of Customer under the Purchase Agreement, all actions taken by Agent or agreements entered into by Agent during the period prior to Boeing's receipt of such notice are final and binding on Customer. Further, any payments made by Boeing as a result of claims made by Agent will be made to the credit of Agent unless otherwise specified when each claim is submitted.

C. Customer will remain responsible for any payments due Boeing as a result of obligations relating to the Aircraft incurred by Customer to Boeing prior to the effective date of this Notice.

SAMPLE
OWNER APPOINTMENT OF AGENT - WARRANTIES

We request that Boeing acknowledge receipt of this letter and confirm the appointment of Agent as stated above by signing the acknowledgment and forwarding one copy of this letter to each of the undersigned.

Very truly yours,

COPA HOLDINGS, S.A.

By

SAMPLE
AGENT'S AGREEMENT

Agent accepts the appointment as stated above, acknowledges it has reviewed the Purchase Agreement and agrees that, in exercising any rights or making any claims thereunder, Agent will be bound by and comply with all applicable terms and conditions of the Purchase Agreement including, without limitation, the DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES in Article 11 of Part 2 of Exhibit C to the AGTA. Agent further agrees, upon the written request of Boeing, to promptly execute and deliver such further assurances and documents and take such further action as Boeing may reasonably request in order to obtain the full benefits of the warranties under the Purchase Agreement.

Very truly yours,

Agent

By

Its

Dated

Receipt of the above letter is acknowledged and the appointment of Agent with respect to the above-described rights under the Purchase Agreement is confirmed, effective as of this date.

THE BOEING COMPANY

By

Its

Dated

Aircraft Manufacturer's Serial Number _____

SAMPLE

Boeing Commercial Airplane Group
P.O. Box 3707
Seattle, Washington 98124-2207

Attention: Vice President - Contracts
Mail Stop 75-38

Ladies and Gentlemen:

This Agreement is entered into between _____ (Contractor) and COPA HOLDINGS, S.A. (Customer) and will be effective as of the date stated below.

In connection with Customer's provision to Contractor of certain Materials, Proprietary Materials and Proprietary Information, reference is made to Purchase Agreement No. _____ dated as of _____, 19__ between The Boeing Company (Boeing) and Customer.

Capitalized terms used herein without definition will have the same meaning as in the Purchase Agreement.

Boeing has agreed to permit Customer to make certain Materials, Proprietary Materials and Proprietary Information relating to Customer's Boeing Model _____ aircraft, Manufacturer's Serial Number _____, Registration No. ____ (the Aircraft) available to Contractor in connection with Customer's contract with Contractor (the Contract) to maintain/repair/modify the Aircraft. As a condition of receiving the Proprietary Materials and Proprietary Information, Contractor agrees as follows:

1. For purposes of this Agreement:

"AIRCRAFT SOFTWARE" means software that is installed and used in the operation of an Aircraft.

"MATERIALS" are defined as any and all items that are created by Boeing or a third party, which are provided directly or indirectly from Boeing and serve primarily to contain, convey or embody information. Materials may include either tangible embodiments (for example, documents or drawings), or intangible embodiments (for example, software and other electronic forms) of information but excludes Aircraft Software.

"PROPRIETARY INFORMATION" means any and all proprietary, confidential and/or trade secret information owned by Boeing or a Third Party which is contained, conveyed or embodied in Proprietary Materials.

"PROPRIETARY MATERIALS" means Materials that contain, convey, or embody Proprietary Information.

SAMPLE
CONTRACTOR CONFIDENTIALITY AGREEMENT

"THIRD PARTY" means anyone other than Boeing, Customer and Contractor.

2. Boeing has authorized Customer to grant to Contractor a worldwide, non-exclusive, personal and nontransferable license to use Proprietary Materials and Proprietary Information, owned by Boeing, internally in connection with performance of the Contract or as may otherwise be authorized by Boeing in writing. Contractor will keep confidential and protect from disclosure to any person, entity or government agency, including any person or entity affiliated with Contractor, all Proprietary Materials and Proprietary Information. Individual copies of all Materials are provided to Contractor subject to copyrights therein, and all such copyrights are retained by Boeing or, in some cases, by Third Parties. Contractor is authorized to make copies of Materials (except for Materials bearing the copyright legend of a Third Party) provided, however, Contractor preserves the restrictive legends and proprietary notices on all copies. All copies of Proprietary Materials will belong to Boeing and be treated as Proprietary Materials under this Agreement.

3. Contractor specifically agrees not to use Proprietary Materials or Proprietary Information in connection with the manufacture or sale of any part or design. Unless otherwise agreed with Boeing in writing, Proprietary Materials and Proprietary Information may be used by Contractor only for work on the Aircraft for which such Proprietary Materials have been specified by Boeing. Customer and Contractor recognize and agree that they are responsible for ascertaining and ensuring that all Materials are appropriate for the use to which they are put.

4. Contractor will not attempt to gain access to information by reverse engineering, decompiling, or disassembling any portion of any software provided to Contractor pursuant to this Agreement.

5. Upon Boeing's request at any time, Contractor will promptly return to Boeing (or, at Boeing's option, destroy) all Proprietary Materials, together with all copies thereof and will certify to Boeing that all such Proprietary Materials and copies have been so returned or destroyed.

6. To the extent required by a government regulatory agency having jurisdiction over Contractor, Customer or the Aircraft, Contractor is authorized to provide Proprietary Materials and disclose Proprietary Information to the agency for the agency's use in connection with Contractor's, authorized use of such Proprietary Materials and/or Proprietary Information in connection with Contractor's maintenance, repair, or modification of the Aircraft. Contractor agrees to take reasonable steps to prevent such agency from making any distribution or disclosure, or additional use of the Proprietary Materials and Proprietary Information so provided or disclosed. Contractor further agrees to promptly notify Boeing upon learning of any (i) distribution, disclosure, or additional use by such agency, (ii) request to such agency for distribution, disclosure, or additional use, or (iii) intention on the part of such agency to distribute, disclose, or make additional use of the Proprietary Materials or Proprietary Information.

SAMPLE

7. Boeing is a third-party beneficiary under this Agreement, and Boeing may enforce any and all of the provisions of the Agreement directly against Contractor. Contractor hereby submits to the jurisdiction of the Washington state courts and the United States District Court for the Western District of Washington with regard to any claims Boeing may make under this Agreement. It is agreed that Washington law (excluding Washington's conflict-of-law principles) governs this Agreement.

8. No disclosure or physical transfer by Boeing or Customer to Contractor, of any Proprietary Materials or Proprietary Information covered by this Agreement will be construed as granting a license, other than as expressly set forth in this Agreement or any ownership right in any patent, patent application, copyright or proprietary information.

9. The provisions of this Agreement will apply notwithstanding any markings or legends, or the absence thereof, on any Proprietary Materials.

10. This Agreement is the entire agreement of the parties regarding the ownership and treatment of Proprietary Materials and Proprietary Information, and no modification of this Agreement will be effective as against Boeing unless in writing signed by authorized representatives of Contractor, Customer and Boeing.

11. Failure by either party to enforce any of the provisions of this Agreement will not be construed as a waiver of such provisions. If any of the provision of this Agreement is held unlawful or otherwise ineffective by a court of competent jurisdiction, the remainder of the Agreement will remain in full force.

ACCEPTED AND AGREED TO this

Date: _____ , 19____

COPA HOLDINGS, S.A.	Contractor
By _____	By _____
Its _____	Its _____

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Exhibit 4.4

GE ENGINE SERVICES

CFM56-7
MAINTENANCE COST PER HOUR(SM)
ENGINE SERVICE AGREEMENT
("MCPH" (SM))

BETWEEN

COMPANIA PANAMENA DE AVIACION, S.A.

AND

GE ENGINE SERVICES, INC.

REFERENCE NUMBER ESI-01-0417M

DATED MARCH 5, 2003

THIS PROPOSAL SHALL REMAIN VALID THROUGH MARCH 15, 2003

PROPRIETARY INFORMATION NOTICE

TABLE OF CONTENTS

CFM56-7 MAINTENANCE COST PER HOUR(SM) (“MCPH” (SM))
ENGINE SERVICE AGREEMENT

THIS ENGINE SERVICE AGREEMENT is made as of the 1st day of January, 2003 (“Effective Date”), by and between Compania Panamena De Aviacion, S.A., a corporation organized under the law of Panama, whose principal address is Aeropuerto Int. De Tocumen, Apdo. 1572 Panama 1, Panama (“Copa”) and GE Engine Services, Inc., a corporation organized under the law of the State of Delaware, whose principal address is 1 Neumann Way, Cincinnati, Ohio 45215 (“GE”), (both of which may be hereinafter collectively referred to as the “Parties”).

RECITALS

WHEREAS, GE maintains and operates Repair Stations for the servicing, repair, maintenance, and functional testing of aircraft engines, and engine modules, assemblies, subassemblies, controls and accessories, and parts thereof;

WHEREAS, Copa requires repair, overhaul or servicing of CFM56-7 aircraft Engines, and engine modules, assemblies, subassemblies, controls and accessories, and parts thereof on a cost per hour basis; and

WHEREAS, GE agrees to provide certain Services on Copa’s equipment, as defined below, subject to the terms of this Agreement.

NOW, THEREFORE, and in consideration of the mutual promises and covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1 - DEFINITIONS

Definitions. Capitalized terms used in the recitals and elsewhere in the Agreement but not otherwise defined in this Agreement shall have the following meanings:

“Agreement” shall mean this Engine Service Agreement, as the same may be amended or supplemented from time to time.

“Airworthiness Directive” or “AD” shall mean a document issued by the Approved Aviation Authority having jurisdiction over the Engine, identifying an unsafe condition relating to such Engine and, as appropriate, prescribing inspections and the conditions and limitations, if any, under which the Engine may continue to operate.

“Approved Aviation Authority” shall mean, as applicable, the Federal Aviation Administration of the United States (“FAA”), or, as identified by Copa and agreed in writing by GE, the European Joint Aviation Authority (“JAA”), Panamanian DAC or such other equivalent foreign aviation authority having jurisdiction over the performance of Services provided hereunder.

“Base Price” shall mean the applicable MCPH Rate stated in Base Year (2003) Dollars.

“Base Year” shall mean the contract year in which the Base Price is applicable and is the baseline from which adjustment for fluctuation in the economy is made.

“Bench Stock” shall mean those expendable or consumable items routinely replaced during the inspection, repair or maintenance of Engine, whether or not such items have been damaged, and other items that are customarily replaced at each inspection or maintenance period.

“Catastrophic Failure” shall mean an Engine shop visit caused by failure of an internal Engine part **Material Redacted**.

“CLP” shall mean the manufacturer’s current catalog or manufacturer’s current list price pertaining to a new part or new item of equipment. The term “current” as used in this definition means as of the time of the applicable Service.

“Copa’s Fleet” shall mean all B737-700 and B737-800 aircraft, operated by Copa and powered by CFM56-7B Engines. The currently fleet is list on Exhibit B which exhibit shall be amended by the Parties from time to time in accordance.

“Delivery” shall, subject to the terms of Section 3.4.7 below, mean, in respect of any item of equipment, the occurrence of the arrival of the Engine, together with all applicable records and required data (as described in Paragraph 5.1.8 below), Delivered Duty Paid (“DDP”) to the Designated Repair Station pursuant to the International Chamber of Commerce “Incoterms” (2000 Edition), whereby Copa shall fulfill the obligations of seller and GE of buyer. “Deliver” shall mean the act by which Copa accomplishes Delivery.

“Designated Repair Station” shall mean the GE affiliate Repair Station specified for each shop visit.

“Dollars” and “$” shall mean the lawful currency of the United States of America.

“Engine” shall mean, each bare CFM56-7B22, CFM56-7B24, and CFM56-7B26 engine assembly, identified by serial number in Exhibit B including its essential controls, accessories, and parts as described in Exhibit E. Exhibit B shall be amended by mutual agreement of the Parties from time to time as set forth herein, to reflect changes in the Copa fleet.

“Engine Year” shall mean the year of Engine operation measured in twelve (12) consecutive month periods, with the first Engine year measured from the date of aircraft acceptance by Copa for installed Engines or the date of first installation of Spare Engines. For purposes of invoicing MCPH payments, the date of aircraft acceptance, or the date of the first installation for Spare Engines, will be deemed to have occurred on the first day of the month following the actual acceptance or installation if the date of the actual acceptance or installation falls on or before the 15th day of that month. The date of aircraft acceptance, or the date of first installation for Spare Engines, will be deemed to have occurred on the first of the month following the actual acceptance or installation if the date of actual acceptance or installation falls after the 15th day of that month.

“Foreign Object Damage” or “FOD” shall mean damage to any portion of the Engine caused by impact or ingestion of an outside object such as birds, vehicles, stones, hail, or debris. FOD shall be further defined as follows:

> “Major FOD” shall mean impact damage to an Engine or Engine part caused by the a foreign object which requires the Engine to be immediately removed from service, or subsequently removed due to an out of limit condition per Copa’s Aircraft Maintenance Manual as reviewed and accepted by mutual agreement between the parties.
>
> “Other FOD” shall mean foreign object damage to an Engine or Engine Part detected during routine maintenance which is determined to be FOD other than Major FOD.

“Life Limited Part” or “LLP” shall mean a part with an approved limitation on use in cumulative hours or cycles, established by the OEM or the Approved Aviation Authority.

“Line Replaceable Unit” or “LRU” shall mean one or more major accessories of the external portion of an Engine which can be changed on wing and is identified as an LRU in Exhibit E.

“MCPH” shall mean maintenance cost per hour.

“MCPH Program” shall mean the program consisting of the repair, maintenance, and management of the Engines provided to Copa by GE on an MCPH fixed rate basis, pursuant to the terms hereof.

“MCPH Rate” shall have the meaning set forth in Exhibit A.

“MCPH Shop Visit(s)” shall mean a Repair Station visit (scheduled or unscheduled) during which off-wing repair and maintenance covered under the MCPH fixed rate pricing is performed on equipment that meets the MCPH eligibility requirements of Clause 3.2.2 below.

“Original Equipment Manufacturer” or “OEM” shall mean the original manufacturer of any item of equipment.

“Performance Restoration” shall mean the Services performed during an Engine shop visit in which, at a minimum, the compressor, combuster and high pressure turbine are exposed and subsequently refurbished, consistent with the workscope utilized for MCPH.

“Procedure Manual” shall mean the document, prepared by GE and approved by Copa, based upon the requirements of this Agreement which provides detailed procedures and guidance for the administration of the MCPH Program. In case of conflict between the Procedure Manual and the Agreement, the Agreement will prevail.

“Qualifying Shop Visit” shall mean the Repair Station visit during which the initial Performance Restoration required for any Engine that does not meet the MCPH eligibility requirements, as set forth in Clause 3.1, is performed on the Engine. The Qualifying Shop Visit shall be performed at Copa’s expense in accordance with the Supplemental Work pricing set forth in Exhibit A.

“Redelivery” shall, subject to the terms of Section 3.4.7 below, mean the occurrence of the return of the Engine for Copa’s acceptance Ex Works, GE’s Designated Repair Station, pursuant to the International Chamber of Commerce “Incoterms” (2000 Edition), whereby Copa shall fulfill the obligations of buyer and GE of seller. “Redeliver” shall mean the act by which GE accomplishes Redelivery.

“Removal Schedule” or “RS” shall mean the schedule for Engine removal from the aircraft for maintenance as jointly developed by GE and Copa.

“Repair Specification” shall mean the Copa repair specification number , dated as may be amended by Copa (upon written agreement by GE, such agreement not to be unreasonably withheld, conditioned or delayed) from time to time, which shall identify the minimum baseline to which Copa’s equipment will be inspected, repaired, modified, reassembled and tested hereunder. Unless otherwise agreed by the Parties, such Repair Specification shall meet or exceed the recommendations of the OEM’s operational specifications and applicable Engine maintenance or overhaul manuals and Copa’s maintenance plan as agreed to by Copa and GE and approved by the Approved Aviation Authority.

“Repair Station” shall mean one or more of the repair facilities owned by GE or its affiliates, now or in the future, which are certified by the Approved Aviation Authority to perform the applicable Service hereunder.

“Repairable” shall mean capable of being made Serviceable.

“Rotable Part” shall mean a new or used Serviceable part drawn from a common pool of parts used to support multiple customers, which replaces a like part requiring repair.

"Scrapped Parts" shall mean those parts determined by GE (or Copa if in connection with a Supplemental Work Shop Visit) to be unserviceable and beyond economic repair for reliability, performance or economic reasons. **Material Redacted**

"Service" or "Services" shall mean, with respect to any Engine, all or anypart of those services requested by Copa which GE agrees to perform under this Agreement, as more particularly described in the Workscope for such Engine, including, without limitation, the furnishing of parts and materials, labor, facilities, tooling, painting, plating, and testing devices required in the performance of repair and maintenance in connection with the Engine. "Serviced" shall be construed accordingly.

"Service Bulletin" or "SB" shall mean the document issued by an OEM to notify the operator of modifications, substitution of parts, special inspections, special checks, amendment of existing life limits or establishment of first time life limits, or conversion of Engine from one model to another.

"Serviceable" means an item of equipment that meets all OEM and Approved Aviation Authority specified standards for airworthiness, and has no known defects which would render it unfit for service in accordance with the Repair Specification.

"Serviceable Condition" shall mean, with respect to an item, a repaired, calibrated, or inspected item in an airworthy condition which can be used for the same purpose as a newly manufactured item.

"Supplemental Work" shall mean any Service provided hereunder which is not covered under the MCPH Program. All Supplemental Work shall be at Copa's expense, in accordance with the pricing set forth in Exhibit A.

"Straight Time" shall mean the first eight (8) hours charged per person each day, Monday through Friday (except local holidays observed by the Designated Repair Station), provided that a minimum of eight (8) hours break has occurred since the last time charged.

"Turn Time" shall mean the number of calendar days between Delivery and Redelivery of an Engine, exclusive of public holidays observed by the Designated Repair Station.

"Workscope" shall mean the document written and approved by GE's engineering staff and approved in writing by Copa, which approval shall not be unreasonably delayed, conditioned or denied, describing the prescribed repair or approach to repair of identified equipment to meet the requirements of the Repair Specification for the Engine.

ARTICLE 2 - TERM

2.1 Term of Agreement. This Agreement shall commence upon the Effective Date and, unless sooner terminated pursuant to Article 16 herein, shall remain in effect through December 31, 2014 (the "Initial Term").

2.2 Exclusive Agreement. This Agreement, insofar as it relates to the maintenance, repair or overhaul of the Engines, including, without limitation, Supplemental Work, shall be exclusive, and Copa shall not enter into any other arrangement with a third party for such services with respect to the Engines during the term hereof, except to the extent provided in Article 12 herein and subject to provisions of Article 16 hereof

2.3 Renewal Beyond Initial Term. If Copa desires to extend the term of this Agreement beyond the Initial Term, Copa shall give GE written notice of its desire to extend at least one hundred twenty (120) days prior to the expiration date of the Initial Term. Upon GE's proposal for pricing for such extended term and mutual agreement of the parties, the term of the Agreement shall be extended for a period of sixty (60) months. Should the term be extended as described herein, Copa shall have an option for an additional extension of sixty (60) month term on the same basis.

ARTICLE 3 MAINTENANCE COST PER HOUR PROGRAM PROCEDURES

3.1 MCPH Eligibility. Commencing on the Effective Date, GE shall provide Services, as further described in this Article 3, and Copa shall pay the MCPH Rate, for all of Copa's Engines listed by Engine serial number in Exhibit B on a MCPH basis upon eligibility of each Engine as follows:

3.1.1 Engines listed on Exhibit B as of the Effective Date shall be eligible for the MCPH Program as of the Effective Date and shall be charged at the applicable Base Price per Engine Flying Hour ("EFH") as set forth in Exhibit A.

3.1.2 New Engines (Serviceable Engines with less than one hundred (100) operating hours since manufacture), or as otherwise agreed by the Parties, shall be eligible for MCPH coverage as of the date of aircraft or spare Engine acceptance and shall be charged the Base Price Per Engine Flying Hour ("EFH") for the applicable Engine Year as set forth in Exhibit A.

3.1.3 After the Effective Date and with GE's written consent, Copa may add additional used CFM56-7 engines (which may be eligible or ineligible at the time of such addition) to this Agreement for the remaining term hereunder as specified in Exhibit A hereto. As a condition to GE's consent to add such an Engine, Customer shall disclose whether or not such additional Engine has had any non-OEM approved part or repair installed or performed. All non-OEM parts or repairs shall be removed by GE or Customer at Customer's expense prior to eligibility of such additional Engine. On the date of such addition, Copa shall begin paying the applicable, adjusted and escalated MCPH Rate for each such Engine based upon its Engine Year. Upon meeting the eligibility requirements, which may require completing a Qualifying Shop Visit, the added Engine shall be eligible for MCPH Shop Visits and all other MCPH Services, subject to then-current terms and conditions. Any such addition shall be documented by amending Exhibit B accordingly. All MCPH charges paid by Copa for such an Engine, to the point such Engine meets the MCPH Program's eligibility requirements, shall be credited up to the amount of the Supplemental Work invoice for the Qualifying Shop Visit.

3.2 Scope of MCPH

3.2.1 Qualifying Shop Visits. Copa will Deliver all used Engines that are inducted into Copa's Fleet after execution of this Agreement and which are to be covered under this Agreement to GE for an initial Performance Restoration Shop Visit on a Supplemental Work basis. All non-OEM parts or repairs shall be removed by GE as Supplemental Work prior to eligibility of such additional Engine. Following such Performance Restoration Shop Visit, a used Engine will enter the MCPH Program in accordance with Paragraph 3.1.3 above.

3.2.2 **Material Redacted**

3.3 Workscope and Repair Specification. Upon input of Engines for Service, GE shall prepare a Workscope which specifies inspections, upgrades, improvements, and repairs required to return the Engine to Serviceable Condition and provide a copy of such Workscope to Copa for approval, such approval not to be unreasonably delayed, conditioned, or denied. Should Copa fail to provide approval of the Workscope within two (2) business days of receipt, the calendar days beyond that time shall be an excusable delay. Such Workscope may include reliability and performance enhancements and Approved Aviation Authority approved repairs. GE shall repair the Engines and, as defined in Exhibit E, LRU's in accordance with the Repair Specification and Approved Aviation Authority regulations. GE may request that Copa amend the Repair Specification during the term hereof to improve reliability, enhance Engine operating

characteristics, and incorporate Designated Engineering Representative approved repairs or repairs not contained in the OEM manual, subject to Copa's written approval, which approval shall not be unreasonably delayed, conditioned or denied. Any changes or amendments requested by Copa or requested or made by any regulatory agency to the Workscope or Repair Specification shall be mutually agreed by the Parties hereto and may be subject to an adjustment in the pricing described in Exhibit A. The Procedures Manual will delineate the procedures to be followed when processing Engines in the Repair Station.

3.4 MCPH Program Services Provided. Services to be provided by GE under the MCPH Program are:

3.4.1 Provide, either at a Repair Station, a subcontractor (if an entire Engine is subcontracted, Copa's prior written approval is required), or such other location as agreed by Copa and GE, all labor, materials, and parts (new or used Serviceable, including use of GE Rotable Parts) necessary to return the Engine to a Serviceable Condition.

3.4.2 Repair or replace LLP.

3.4.3 Repair LRUs, as specified in Exhibit E, received with an Engine for a MCPH Shop Visit and which were installed on the Engine when it was removed from the aircraft for the shop visit, as evidenced by records provided in accordance with Paragraph 5.1.8 of this Agreement.

3.4.4 Notwithstanding Section 3.4.1.above, comply with Airworthiness Directives ("AD"), issued by the Approved Aviation Authority, and Service Bulletins designated by the OEM as mandatory (Categories 3-6) and which are performed during an MCPH Shop Visit, **Material Redacted**.

3.4.5 With Copa's written approval, perform repairs at a location other than that of GE or a GE affiliate, which may otherwise require a shop visit, without unduly disrupting Copa's operation.

3.4.6 Test Engine in accordance with the Repair Specification and provide all associated labor and material, including fuel and oil, for MCPH Shop Visits, including slave test equipment.

3.4.7 **Material Redacted**

3.4.8 Assign a Program Manager who will be the point of contact for Copa with respect to Services specified in this Agreement and support this Agreement as set forth in Paragraphs 3.4.8.1 through 3.4.8.6 below.

3.4.8.1 Coordinating the work to be accomplished for each MCPH Shop Visit or Qualifying Shop Visit, consistent with the Procedure Manual.

3.4.8.2 Assist Copa with Supplemental Work requirements to be performed in accordance with Article 4 below.

3.4.8.3 Maintain the necessary liaison between GE and Copa.

3.4.8.4 Provide Copa's authorized personnel with immediate access to Copa's maintenance records. If immediate access would create an undue burden for GE, GE shall provide access as soon as reasonably possible.

3.4.8.5 Develop with Copa, on a monthly basis, an RS for the Engines forecast for Delivery. The RS shall identify by serial number the Engine(s) to be Delivered during the following six (6) month period and the anticipated reason for removal of each.

3.4.8.6 Ensure that all routine correspondence from GE to Copa relative to the administration of the Agreement, except for formal notices issued under Article 13 of this Agreement, shall be directed to the attention of the appropriate person at Copa's facility as designated by Copa.

3.4.9 Engineering Support. GE will provide engineering support services for Engines as follows:

3.4.9.1 Develop a plan for removal and shop input of Engines at the Designated Repair Station as outlined in the Procedure Manual.

3.4.9.2 Maintain current files on published CFM56-7 Service Bulletins, engineering specifications, and applicable repair documents as well as their application and introduction to Copa's equipment. The parties will meet quarterly to determine the incorporation of Service Bulletins and the economic impact thereof.

3.4.9.3 Notify Copa of any deviations from the configuration specification, provided by Copa pursuant to Paragraph 5.1.8, on equipment Delivered for Service and request disposition of same.

3.4.9.4 Provide Engine test logs and Service Bulletin introduction status for each Engine Redelivered to Copa.

3.4.9.5 Provide a findings report identifying any damage detected and repair(s) accomplished, including any photographs of same.

3.4.10 Documentation. GE shall provide Copa with a records package in connection with Services performed on each Engine, at Redelivery and shall retain a copy of such records.

3.4.10.1 Major Repair/Alteration Certification FAA No. 337 (or equivalent foreign agency equivalent) including AD compliance;

3.4.10.2 FAA Form 8130-3 (or Approved Aviation Authority equivalent) for accessories;

3.4.10.3 Cycle limited parts log;

3.4.10.4 Serviceable tag for Serviceable equipment;

3.4.10.5 Original records and related documentation furnished by Copa;

3.4.10.6 Incoming inspection report;

3.4.10.7 Off/On log; and,

3.4.10.8 Service Bulletin status report.

3.4.10.9 Findings Report.

3.4.11 Spare Engines. **Material Redacted**:

3.4.11.1 The parties have established a mutually agreeable Removal Schedule; and

3.4.11.2 Customer has shipped Engines for MCPH Shop Visits within forty-eight (48) hours following removal from the aircraft unless prevented by any circumstance directed by GE; and

3.4.11.3 Customer is in compliance with the requirements of Paragraphs 5.1.8 and 5.1.11 below; and

3.4.11.4 Customer, concurrent with execution of this Agreement, has executed a General Equipment Lease Agreement ("GELA") with GE, or a GE affiliate for the benefit of

and enforceable by GE, the terms of which shall govern the lease and operation of any Lease Engine(s) required to support this Agreement.

3.4.11.5 Customer shall redeliver DDP (Incoterms 2000) the Lease Engine to GE at the Housekeeping facility or other mutually agreed location as soon as practicable but in no case later than ten (10) calendar days following Redelivery of an MCPH Engine provided that such Redelivery corrects the zero (0) spare Engine condition. Daily rental fees and hourly restoration charges shall be waived during such ten (10) day period. Customer shall commence paying the applicable daily rental fees and hourly restoration charges on the eleventh (11th) day following correction of the zero (0) spare engine condition. In addition, Customer shall continue to pay the applicable MCPH Rate for EFH incurred by the Lease Engine., plus LLP fees per flight cycle.

3.4.11.6 In the event a Copa operated aircraft is in an AOG situation as a sole and direct result of GE's failure to provide spare engine in accordance with the provisions above, then GE shall be obligated to credit Copa an amount equal to 2.5 times the then current daily lease rates for such spare engine for each AOG, commencing in the first day of such AOG situation, for each day the AOG situation continues thru the 10th day of such AOG situation. Should the AOG situation continues past the 10th day of such AOG situation, senior executives of each party, so designated by each party, shall meet within 5 calendar days to negotiate an equitable solution.

3.4.11.7 the foregoing shall constitute the sole remedy of Copa and the sole liability of GE for Spare Engine availability under this Agreement.

3.4.12 Implement remote diagnostics services known as "Tier One" to identify and diagnose trend shifts in accordance with the following requirements ("Remote Diagnostics") as follows:

3.4.12.1 Twenty-four (24) hours a day, seven (7) days a week ("24 X 7") automated processing of Engine performance and other data using Remote Diagnostics expanded tool set when received at the Designated Repair Station.

3.4.12.2 Customer Notification Reports ("CNR"), for Engine condition monitoring trend shift observation, including engineering review, analysis, and recommendations based on trend shift observations and other available information. CNRs will be provided to Customer as required on a 24 X 7 basis.

3.4.12.3 Monthly Performance Summary Report.

3.4.12.4 GE shall review that portion of data and messages delivered to GE by Customer that are relative to GE's implementation of Remote Diagnostics.

3.4.12.5 The parties understand that any information provided to Customer by GE for use in troubleshooting and managing operations is advisory only. GE is not responsible for Line Maintenance or other actions resulting from such advice. GE will use commercially reasonable efforts to identify and notify Customer of Engine and aircraft fault data. Customer is responsible to conclusively identify and resolve any aircraft or Engine faults or adverse trend

3.4.13 If Copa's spare Engine availability reaches zero (0) as a sole and direct result of SV for Supplemental Work per Article 4, GE shall deliver a Lease Engine to Copa at Copa's expense as provided in the GELA agreement. If not possible to provide an engine, GE will endeavor, using its diligent commercial efforts, to locate and deliver a spare engine from other resources.

ARTICLE 4 SUPPLEMENTAL WORK

4.1 Supplemental Work At Shop Visits. Any and all Services not specifically included in the MCPH Program pursuant to Paragraph 3.4, above shall be performed by GE in accordance with the Supplemental Work pricing provisions of Exhibit A. Supplemental Work shall include, but not be limited to:

4.1.1 Any shop visit not described in Paragraph 3.2.2 of this Agreement.

4.1.2 Further, Services described in Paragraph 3.4 of this Agreement, shall be identified as Supplemental Work if it has been determined to GE's reasonable satisfaction, based on reasonable technical substantiation provided to Copa including, without limitation, engineering reports and metallurgical analysis, that such Engine or module requires Service for, or as a result of the following while the equipment was in Copa's care, custody, or control:

4.1.2.1 An accident.

4.1.2.2. FOD that is not covered under 3.2.2.5 above. GE will provide reasonable assistance, which may include independent metallurgical analysis as required, to Copa, in substantiation of FOD events in support of processing insurance claims for same.

4.1.2.3 The incorporation, at Copa's request, of Service Bulletins other than those described in Paragraph 3.4.4 of this Agreement.

4.1.2.4 Military action or terrorist activity.

4.1.2.5 An act of God.

4.1.2.6 Improper or negligent installation, operation or maintenance of Copa's equipment not in conformance with OEM manuals, unless performed by GE.

4.1.2.7 Experimental test applied to the equipment, unless performed by GE.

4.1.2.8 Use of non-conforming parts, components or modules, except those installed by GE.

4.1.2.9 Repairs resulting from failure of a PMA part not installed by GE (for GE or CFMI Engine lines).

4.1.2.10 Engine upgrade programs or conversion to another thrust rating.

4.1.2.11 Operation beyond OEM removal guidelines.

4.1.2.12 Service required to comply with or resulting from lease return conditions.

4.1.2.13 Catastrophic Failure, unless due to defects in material or GE workmanship.

4.1.2.14 Repair or replacement of buyer furnished equipment and LRU's not defined in Exhibit E.

4.1.2.15 Replacement of scrapped LRU's or QEC items.

4.2 Work Accomplished at Copa's Facility. Copa shall be responsible for all repairs that may be accomplished without a MCPH Shop Visit, consistent with Copa's historical maintenance practices, except for Services that GE decides to perform on-wing that would otherwise be performed under the MCPH Program.

4.3 On-Wing Support. GE shall provide, at Copa's request, twenty-four (24) hour field service support for on-wing Services at rates specified in Schedule 3 of Exhibit A.

4.4 Additional/Changed Engine Removals. Should Copa elect to remove an Engine notwithstanding advice to the contrary from GE's onsite Service Representative (Reference Paragraph 3.2.2.4 above) such shop visit shall be deemed Supplemental Work, unless, during that shop visit, it is demonstrated that the removal meets the requirements to be considered a MCPH Shop Visit.

4.5 Pre-Existing Warranty. Copa agrees that any requested Engine repairs that are covered under a warranty from an entity other than GE shall be performed directly by that entity at no expense to GE or, at GE's option, such warranties shall be, for the duration of the term hereof, assigned to GE to the extent assignable. A list of such equipment under pre-existing warranties shall be developed by Copa and GE within thirty (30) calendar days of execution of this Agreement. Copa agrees to execute the warranty assignment letter, attached hereto as Exhibit D, as required by paragraph 5.1.7 below.

4.6 Transportation Stands and Containers. Maintenance services, as required, for Copa's Engine transportation stands and containers while at GE's facility in connection with Supplemental Work shall be charged as Supplemental Work.

4.7 **Material Redacted**

4.8 **Material Redacted**

ARTICLE 5 - COPA OBLIGATIONS

5.1 During the term of this Agreement, Copa shall:

5.1.1 Provide to GE's authorized personnel immediate, reasonable, access to the Engines when such Engines are in Copa's possession, as well as to all operating and maintenance records related to the Engines which are maintained by Copa, in a manner which does not cause undue interruption to Copa's operations.

5.1.2 Make every reasonable effort to provide incoming transportation information in writing to GE (A) within forty-eight (48) hours prior to the availability of an Engine for Delivery, (B) within twenty-four (24) hours following commencement of an unscheduled removal, when either occurs within or outside the forty-eight (48) contiguous United States.

5.1.3 Designate in writing one (1) or more of its employees as a representative during the term of this Agreement. Such representative(s) shall be Copa's point of contact for matters hereunder.

5.1.4 Develop with GE, on a monthly basis, an RS of Engines forecast for Delivery to GE for Service hereunder. The RS shall identify by serial number the Engine(s) to be Delivered during the following six (6) month period and the anticipated reason for removal of each. However, actual removals shall occur as specified in the Procedures Manual.

5.1.5 Provide all line maintenance and line station support.

5.1.6 Copa shall use commercially reasonable efforts to troubleshoot in accordance with the Engine's OEM or aircraft maintenance manuals, as applicable. Copa shall, with GE's concurrence, to the extent that it is practicable to obtain GE's concurrence, determine prior to removal from the aircraft whether any Engine requires off-wing repairs considering the impact the off-wing maintenance may have on Copa flight operations.

5.1.7 Execute the Warranty Assignment Letter, attached hereto as Exhibit D stating that Copa agrees to assign to GE the benefits of all off-wing maintenance related guarantees (but, excluding the CFMI Shop Visit Rate Guarantee), warranties or other remedies (including campaign service bulletin benefits) Copa is entitled to assign, and which directly relate to Services covered by MCPH charges. If these guarantees, warranties or other remedies cannot be assigned, Copa will raise claims under said non-assigned guarantees, warranties or other remedies. Copa agrees to support GE in the enforcement of any assigned rights as described in this Paragraph 5.1.7. It is agreed that any remaining benefits of such warranties and guarantees shall be re-assigned to Copa by GE upon expiration or termination of this Agreement.

5.1.8 No later than the time of Delivery of the equipment, provide GE all information and records necessary for GE to establish the nature and extent of the Services required to be performed on the equipment and to perform such Services. Such information and records include, but are not limited to:

5.1.8.1 The cause of Engine removal (reason for this shop visit);

5.1.8.2 Applicable information as typically received in Engine log books detailing work performed at last shop visit, any reported defects or incidents during operation since last shop visit, with description of action taken, and significant operational characteristics experienced during last flight prior to shop visit;

5.1.8.3 SB and AD status/requirements;

5.1.8.4 Total engine operating time since new ("TSN") for each Engine;

5.1.8.5 Time since last shop visit ("TSLV") for each Engine, module, component and accessory;

5.1.8.6 Flight cycles since new ("CSN");

5.1.8.7 Flight cycles since last visit ("CSLV");

5.1.8.8 Record of change of parts during operating period prior to this shop visit (these records are limited to the previous ninety (90) days);

5.1.8.9 TSN, CSN, TSLV, CSLV time since overhaul ("TSO") and cycles since overhaul ("CSO") for each thrust rating utilized on all LLP;

5.1.8.10 Back to birth history certificate indicating history from zero TSN/CSN on all LLPs;

5.1.8.11 Copa inventory of equipment "as shipped", including (when applicable) a description of the external Engine configuration;

5.1.8.12 Engine oil used (for Engines);

5.1.8.13 Historical log (for parts and accessories);

5.1.8.14 Module log cards (if applicable); and

5.1.8.15 Engine on-wing performance trend data generated utilizing trend monitoring programs such as ADEPT or SAGE (if available). Copa's failure to furnish necessary information and records shall result in an excusable delay in induction of the Engine for Service, and GE's obligation to provide a lease Engine, as specified in Paragraph 3.4.12, shall be suspended on a day for day basis for that shop visit delay, and may necessitate premature LLP replacement as described in Paragraph 7.2.2, below, at Copa's expense. However, prior to replacing such LLP, and if data remains unavailable for three (3) calendar days, GE will first advise Copa that certain records are missing and allow Copa five (5) working days to acknowledge and forward such records to GE.

5.1.8.16 Non-OEM approved parts or repairs installed by other than GE in such Engine.

5.1.8.17 Standard Form ATA-106 (non-incident statement) or equivalent for the Engine since its last certification as airworthy.

5.1.9 Provide to GE an external equipment configuration specification for any Engine to be Delivered for Service.

5.1.10 Ensure that adequate non-exclusive workspace, parking, and local telephone and facsimile access are available for the GE technical representative assigned to the Copa facility, as applicable. Costs incurred by such GE technical representative, including without limitation, long distance telephone charges, fax, or computer charges, shall be the responsibility of GE.

5.1.11 Provide a minimum quantity of spare Engines, as required in Exhibit B, for the term of the Agreement.

5.1.12 Provide automated transfer of Engine trend and maintenance data from in-flight data acquisition systems and/or ground based computer systems via electronic medium.

5.1.13 **Material Redacted**

ARTICLE 6 - DELIVERY, REDELIVERY, AND GOVERNMENTAL AUTHORIZATION

6.1 DELIVERY. ALL ENGINES FROM COPA'S FLEET, AS SPECIFIED IN EXHIBIT B, TO BE SERVICED SHALL BE DELIVERED BY COPA TO GE. SUCH ENGINES SHALL BE READY FOR SHIPMENT WITHIN FORTY-EIGHT (48) HOURS, FROM LOCATIONS WITHIN THE FORTY-EIGHT (48) CONTIGUOUS UNITED STATES, AND WITHIN ONE HUNDRED TWENTY (120) HOURS FROM LOCATIONS OUTSIDE OF THE FORTY-EIGHT (48) CONTIGUOUS UNITED STATES, FOLLOWING REMOVAL FROM THE AIRCRAFT. HOWEVER, GE SHALL HAVE THE OPTION TO PERFORM REPAIRS WITH A FIELD TEAM AT LOCATIONS OTHER THAN ITS FACILITIES.

6.2 Redelivery. After completion of Services, GE shall Redeliver the Engine to Copa. In the event Redelivery of the Engine cannot occur due to any cause referred to in Article 12, "Excusable Delay" below, or at Copa request, GE may place such Engine into storage (which may be at a Repair Station). In such event, GE shall notify Copa of such storage, GE's Redelivery obligations shall be deemed fulfilled, except that GE shall retain all risk of loss or damage to the Engine until they are in Copa's care, custody and control, and any amounts payable to GE upon Redelivery shall be payable Upon presentation of GE's invoice. Such Engines in storage shall be considered available spare Engines for purposes of Paragraph 5.1.11 above. Upon payment of all amounts due hereunder, GE shall assist and cooperate with Copa in the removal of Engines placed in storage.

6.3 Governmental Authorization. Copa shall be the importer and/or exporter of record outside of the U.S. and shall be responsible for timely obtaining any import license, export license, exchange permit, or other required governmental authorization relating to the Engines. GE shall be importer and/or exporter of record in the U.S. GE will not be liable if any authorization is not renewed or is delayed, denied, revoked, or restricted, and Copa shall not thereby be relieved of its obligation to pay for Services performed by GE. All items and equipment delivered hereunder shall at all times be subject to the U.S. Export Administration Regulations and/or International Traffic in Arms Regulations of the U.S.A. and any amendments thereto. Copa agrees not to dispose of U.S. origin items provided by GE other than in and to the country of ultimate destination specified in Copa's purchase order and/or approved government license or authorization, except as said laws and regulations may permit.

ARTICLE 7 - PARTS REPLACEMENT PROCEDURES

7.1 Missing or Damaged Parts. GE shall, within one hundred twenty (120) hours of Delivery, notify Copa in writing, or by alternate mutually agreed electronic communication, of any components or LRUs damaged or missing from an Engine when received at the Designated Repair Station. GE shall replace such missing or damaged items at Copa's expense unless Copa notifies GE in writing within two (2) business days of receiving GE's notice that Copa wishes to furnish such missing or damaged items within a period of time specified by GE. If such damage or loss occurred after Delivery, GE shall be responsible for repairing or replacing such item.

7.2 Parts Replacement. GE shall determine which parts are required to accomplish the Services associated with a MCPH Shop Visit and shall provide all parts and materials required to accomplish the Services.

7.2.1 Rotable Parts. GE may issue compatible parts from GE's Rotable Parts inventory to replace Copa's parts requiring repair. Copa agrees to accept compatible Rotable Parts that are updated to the then-current Service Bulletin baseline used by the majority of GE's customers. Repairable parts removed from the Engine and replaced by GE's Rotable Parts inventory will be repaired by GE or a third party, at GE's option. Any Rotable Part which replaces a Copa part shall meet or exceed the modification standard of the Copa part.

7.2.2 Life Limited Parts. LLP received by GE without the necessary records required in Paragraph 5.1.8 above that relate to LLP, shall be replaced by GE at Copa's expense as stated therein, following the time period allowed for Copa to provide such records, as stated herein.

7.3 Title to Parts. GE furnished parts and material incorporated into an Engine shall be deemed to have been sold to Copa and title to such GE furnished parts and material shall pass to Copa upon incorporation into such Engine. Risk of loss or damage to such parts and material shall pass to Copa upon Redelivery of the Engine. Title to any parts removed from the Engine, which are replaced by other parts, shall pass to GE upon incorporation into the Engine of the replacement part, unless such removed parts are scrapped.

7.4 Title to Scrapped Parts. Title to Scrapped Parts shall pass to GE upon review and disposition by Copa, only to the extent required to comply with FAA requirements. Title to Scrapped Parts as result of a Supplemental Shop Visit shall pass to GE only upon confirmation of scrap status by Copa.

7.5 Scrapped Parts. GE shall, at its sole expense and without any further adjustment to Copa, dispose of all Scrapped Parts, except for Supplemental Work Scrap Parts which shall be subject to Copa's disposition instructions (delays in such disposition instruction shall not prevent GE from continuing performance on the Engine, including replacement of the Scrapped Part). Copa shall prior to the end of each calendar quarter elect, at its option, either to witness destruction of Scrapped Parts or receive a certificate of destruction, in a format to be set forth in the Procedures Manual, during the subsequent quarter.

ARTICLE 8 - REPAIR STATIONS AND SUBCONTRACTED SERVICES

8.1 GE Repair Stations. GE may have any of the Services within the scope of this Agreement performed at any facility of GE or any GE affiliated repair station, with prior Copa written approval, such approval not to be unreasonably withheld, delayed or denied.

8.2 Subcontracted Services. GE may subcontract any portion of the Services to be performed on the Engines. Any subcontracted Services shall be performed in accordance with the requirements of this Agreement. Copa shall, at its sole expense, have the right to review GE's audit report(s) for such subcontractor(s). Subcontracting of any Services hereunder shall not relieve GE of its performance obligations set forth in this Agreement.

ARTICLE 9 - PRICING

In consideration of Services provided under this Agreement, Copa agrees to pay GE for labor, material, subcontractor Services, testing, and all other services furnished hereunder in accordance with the prices set forth in Exhibit A. All prices are stated in 2003 United States Dollars, and are subject to adjustment as described in Exhibit A.

ARTICLE 10 -INVOICES AND PAYMENT

10.1 MCPH Payments. Copa shall remit to GE, on the fifteenth (15th) day of each month of performance under this Agreement, an amount equal to the actual EFH incurred by all of the Engines for that preceding month multiplied by the applicable adjusted and escalated MCPH Rate.

10.2 Supplemental Work Payments.

10.2.1 Supplemental Work invoices shall be net of any warranty applicable to the equipment which GE receives.

10.2.2 Application of Payments

Payments by Copa for Supplemental Work shall be applied to the oldest outstanding invoices, less any disputed amounts, in order of succession.

10.2.3 Invoice(s)

10.2.3.1 Interim Invoices. GE shall issue an interim invoice at terms of net thirty (30) days, following incoming inspection of Engines into GE's Designated Repair Station, for GE's cost estimate for that shop visit.

10.2.3.2 Final Invoice. GE shall issue a final invoice for Services as soon as practicable, not later than 6 months following Redelivery of the Engine. The final invoice shall reflect the total charges owed by Copa and credits due Copa and shall reflect any additional charges and/or credits to the interim invoice(s) incurred, based on actual charges to complete the Services. Such invoice shall be reconciled with any interim invoice(s).

10.2.3.3 Payment Terms. Copa shall pay, in full, the unpaid balance of any final invoice for Services within thirty (30) days after Redelivery of the Engine. If any payment date falls on a day that is not a business day, the payment that is otherwise due shall instead be due the next business day. Subject to GE's then current credit and collection status for Copa, or in the event Copa's account becomes delinquent, GE reserves the right to require different terms of payment or other commercially acceptable assurances of payment until such delinquency has been cured.

10.2.3.4 All Invoices shall include the following information:

- Cover sheet to include general transaction data.
- Labor summary.
- Material listing by source. (Includes PN, IIN, Noun, reason for replacement, price, quantity and total price.)
- Subcontractor charges, including supporting documentation.
- Any other applicable charges.

10.2.4 Invoice Dispute Resolution Process

In the event Copa has a legitimate, substantiated reason(s) to believe that an error(s) has been made in a GE invoice for Supplemental Work, the following resolution process shall apply:

10.2.4.1 Copa shall provide written notice to GE which states both the amount and nature of the alleged error(s) within thirty (30) working days of the applicable invoice date;

10.2.4.2 Copa shall deduct the amount(s) being disputed from the invoice total, without penalty, pending an investigation by GE of the alleged error(s); however, Copa shall pay all non-disputed charges in accordance with Paragraph 10.2.1, above;

10.2.4.3 GE shall conduct an investigation of the disputed amount(s) and notify Copa of the findings of such investigation within ten (10) working days of receipt of notification. Upon mutual agreement of such resolution, Copa shall pay any and all amounts still owed to GE or GE shall credit Copa, as applicable and as promptly as possible, but in no event later than thirty (30) days following such resolution.

10.2.5 All MCPH charges paid by Copa for an ineligible Engine, to the point such Engine qualifies under the MCPH Program's eligibility requirements in 3.1.3 above, shall be credited up to the Supplemental Work charges for the Qualifying Shop Visit.

10.2.6 In the event that Copa requires a Supplemental Work shop visit which includes a Full Performance Restoration Workscope, GE shall invoice all of the Services performed during that shop visit as Supplemental Work and credit Copa's Supplemental Work invoice for ninety percent (90%) of Copa's MCPH payments actually paid to GE for EFH incurred by the applicable Engine since its last shop visit or since new, whichever occurred last.

10.3 Late Payment. Should Copa fail to make payment for non-disputed charges within the specified time, then it is agreed that GE may charge interest for late payment at a rate equal to the then current one (1) year London InterBank Offered Rate ("LIBOR") for U.S. Dollar deposits, as published in the Wall Street Journal, plus two hundred (200) basis points, compounded daily on any unpaid balance commencing on the next calendar day after the payment due date until such time as the payment plus the late payment charges are received by GE. Payments by Copa shall be applied to the oldest outstanding amounts owing to GE in order of succession. GE's obligation to provide a lease Engine as specified in Paragraph 3.4.11 will be suspended during any period Copa fails to make payment within the specified time, except for amounts disputed pursuant to 10.2.4.

10.4 Payment Instruction. All payments under this Agreement shall be made in United States Dollars, immediately available for use, without any right of set-off or deduction, except as permitted by this Agreement, via wire transfer by Copa to the bank account and address designated below:

GE Engine Services, Inc.
Account No. 1010933861
ABA # 043000096
Pittsburgh National Bank
Pittsburgh PA 15265

10.5 Mechanic's Lien/Security Interest. To the extent permissible under any applicable Lease of Copa aircraft and Copa's rights under applicable law in the respective Engine operated by Copa, Copa shall properly execute and deliver all documentation as reasonably requested by GE to effect GE's rights to a mechanic's, material man's, FAA or other statutory or common law lien under applicable state, federal or foreign laws.

ARTICLE 11 - LIMITATION OF LIABILITY, INDEMNIFICATION AND INSURANCE

11.1 Total Liability. The total liability of GE or Copa for any and all claims, whether in contract, warranty, tort (including negligence but excluding willful misconduct or gross negligence), product liability, patent infringement, or otherwise for any damages arising out of, connected with, or resulting from the performance or non-performance of any Service or Services provided hereunder or from the manufacture, sale, Redelivery, resale, repair, overhaul, replacement or use of any Engine shall not exceed the then current fair market value of that certain Engine which gives rise to the claim, on a per occurrence basis.

11.2 Damages. Except for indemnification obligations for third party claims under Paragraph 11.3 or as otherwise provided herein, in no event, whether as a result of breach of contract, warranty, tort (including negligence but excluding willful misconduct or recklessness), product liability, patent infringement, or otherwise, shall GE be liable for any special, consequential, incidental, resultant (except resultant physical damage to any Engine), indirect, punitive or exemplary damages (including, without limitation, loss of use, loss of profit or loss of revenue in connection with the Engine).

11.3 GE and Copa shall each release the other party from, and shall indemnify, defend and hold the other party harmless from and against any and all claims, liabilities and losses whatsoever of any nature or kind on account of or by any reason of injury to or death of any employee or representative of that other party or any third party or damage to or loss of property, including infringement of intellectual property rights, of that other party or any third party, arising out of, in connection with or resulting from performance hereunder or operation of the Aircraft on which an Engine is installed, whether in contract, warranty, tort, product liability, patent infringement or otherwise, except to the extent such injury, death or damage arose directly out of the gross negligence or willful misconduct of an indemnified party.

11.4 Definition. For the purpose of this Article 11, the term "GE" or "Copa" is deemed to include such party and its affiliated companies, the subcontractors and suppliers of any Services furnished hereunder, and the directors, officers, employees, servants, and representatives of each.

11.5 Insurance. GE shall maintain, at its own cost and expense, during the term of this Agreement, policies of insurance of the types and in the amounts not less than those stipulated in the terms of this Agreement:

11.5.1 Comprehensive General Liability with combined single limits not less than $2,500,000.00 per occurrence.

11.5.2 Aircraft Products and Completed Operations liability, for bodily injury and property damage with limits of not less than $500,000,000.00 combined single limit per occurrence and in the aggregate where applicable.

11.5.3 Workers' Compensation to statutory limits and Employer's Liability with limits of not less than $1,000,000.00 per occurrence and including occupational disease coverage.

11.5.4 GE shall cause the aforesaid liability insurance policies to be duly and properly endorsed by GE's insurance underwriters to:

11.5.4.1 Contain a standard cross liability/severability of interest clause.

11.5.4.2 Provide that said insurance shall be primary in all instances with respect to Copa's insurance which shall be secondary or excess at all times.

11.5.4.3 Provide blanket contractual liability coverage for the liability, indemnity and hold harmless obligations assumed under the terms of this Agreement.

11.5.4.4 Provide a waiver of subrogation rights in favor of Copa.

11.5.4.5 Provide thirty (30) days prior written notice of cancellation or adverse material change in coverage.

11.5.4.6 Provide that Copa is endorsed as an additional insured.

11.5.5 Within ten (10) days after the execution of this Agreement, GE shall supply Copa with certificates of insurance evidencing the coverages and endorsements referenced above with Copa listed as an additional insured.

ARTICLE 12 - EXCUSABLE DELAY

12.1 Excusable Delays. GE and Copa shall be excused from, and shall not be liable for, any delays in its performance or failure to perform hereunder, and shall not be deemed to be in default for any delay in or failure of performance hereunder due to causes beyond its reasonable control. Such causes shall be conclusively deemed to include, but not be limited to, acts of God, acts (or failure to act) of the other party, acts (or failure to act) of civil or military authority, government priorities, fires, strikes, labor disputes, work stoppage, floods and other natural catastrophe(s), epidemics, war (declared or undeclared), riot, or delays in transportation. In the event of any such delay, the time of performance shall be extended for a period equal to the time lost by reason of the delay.

12.2 Continuing Obligations. Paragraph 12.1 shall not, however, relieve either party from using its best commercial efforts to avoid or remove such causes of delay and continue performance with reasonable dispatch when such causes are removed. If, within fourteen (14) calendar days of the event causing the excusable delay, GE has not provided Copa evidence of GE's ability to continue providing Services under the Agreement or providing such Services through a third party, Copa shall have the right to have any of the Services performed by a mutually agreeable third party. In such event, GE shall, with respect to any Engine sent to a third party, reimburse Copa the MCPH Rates paid since the last MCPH Shop Visit.

12.3 Extended Delay - Termination. If delay resulting from any of the foregoing causes extends for more than six (6) months and the parties have not agreed upon a revised basis for continuing the Services, including any adjustment of the price, then either party, upon thirty (30) calendar days written notice to the other, may terminate the performance of Services with respect to any Engine for which Services were delayed, whereupon Copa shall pay GE amounts due upon receipt of GE's invoice(s).

ARTICLE 13 - NOTICES

13.1 Acknowledgment. All notices required or permitted under this Agreement shall be in writing and shall be delivered personally, or sent via first class mail, return receipt requested, facsimile, courier service, or express mail, addressed as follows or such other address as either party may designate in writing to the other party from time to time:

GE:
GE Engine Services, Inc.
1 Neumann Way
M/D F-103
Cincinnati, OH 45215-6301
Attn: President & CEO
Copy to: GE Engine Services, Inc
1 Neumann Way
M/D F-120
Cincinnati, OH 45215-6301
Attn: Manager, Fleet Management Operation

COPA:
Compania Panamena De Aviacion, S.A
Tocumen Int'l Airport
P.O. Box 1572
Panama 1, Panama
Attn: VP Purchasing & Material Services
Tel.: (507) 238-4449
Fax: (507) 238-4810

Copy to: Chief Financial Officer

13.2 Effect of Notices. Notices shall be effective and shall be deemed to have been given when received by the recipient (A) if sent by courier, express mail, or delivered personally, upon delivery; (B) if sent by facsimile, upon receipt; and (C) in the case of a letter sent prepaid first class mail, on the fifth (5th) day after posting (or on actual receipt, if earlier).

ARTICLE 14 - TAXES AND OTHER CHARGES

14.1 Taxes, Duties or Charges. In addition to the price for the Services, Copa shall pay to GE, upon demand, any taxes (including without limitation, sales, use, ad valorem, excise, turnover or value added taxes), duties, fees, charges, imposts, tariffs, or assessments of any nature (but excluding income taxes) ("Taxes"), assessed or levied in connection with GE's performance under this Agreement.

14.2 Right To Protest/Refund. If claim is made against GE for any such Taxes, GE shall immediately notify Copa and, if requested by Copa, GE shall not pay except under protest, and if payment be made, GE shall use all reasonable efforts to obtain a refund thereof. If all or any part of any such Taxes be refunded, GE shall repay to Copa such part thereof as Copa shall have paid. Copa shall pay to GE, upon demand, all expenses (including penalties, interest and attorney's fees) incurred by GE in protesting payment and in endeavoring to obtain such refund at Copa's request.

ARTICLE 15 - DISPUTE RESOLUTION, ARBITRATION

15.1 Resolution by Senior Management. If a dispute arises relating to this Agreement and related damages, if any, (the "Dispute") either party shall give written notice to the other party requesting that senior management attempt to resolve the Dispute. Within fifteen (15) days after receipt of such notice, the receiving party shall submit a written response. The notice and the response shall include a statement of the applicable party's position and a summary of reasons supporting that position. The parties shall cause senior management to meet within thirty (30) days after delivery of the notice, at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to use commercially reasonable efforts to resolve the Dispute.

15.2 Arbitration. If the parties' senior management do not resolve the Dispute by means of the process described above within one hundred twenty (120) calendar days after delivery of the disputing party's notice, then either party may request that the Dispute be settled and finally determined by binding arbitration in New York, New York, USA, or any other location the parties may agree, in accordance with the Commercial Arbitration Rules of the American Arbitration Association (then in effect) ("AAA").

15.3 Arbitration Procedure. The arbitration will be conducted by a single arbitrator chosen by agreement of the parties. In the event that they are unable to reach agreement within thirty (30) calendar days of the demand for arbitration, the parties may request the AAA to appoint the neutral arbitrator. The arbitrator may hold pre-hearing conferences or adopt other procedures. The Agreement shall be interpreted and applied in accordance with the substantive laws of the State of New York, without giving effect to its conflict of law provisions, rules or procedures (except to the extent that the validity, perfection, or creation of any lien or security interest hereunder and the exercise of rights or remedies with respect of such lien or security interest for a particular item of equipment are governed by the laws of a jurisdiction other than New York).

Reasonable examination of opposing witnesses in oral hearing will be permitted. Each party will bear its own cost of presenting or defending its position in the arbitration. The award of the arbitrator shall be final, binding and non-appealable and judgment may be entered thereon in any court having jurisdiction

thereof. If a party is found to be in default hereunder, the non-defaulting party's reasonably incurred costs associated with the arbitration, including reasonable attorneys' fees, shall be paid by the defaulting party.

15.4 **Material Redacted**

15.5 Exception. Either party may at any time, without inconsistency with this Article 15, seek from a court of competent jurisdiction any equitable, interim, or provisional relief to avoid irreparable harm or injury. This Article 15 shall not be construed to modify or displace the ability of the parties to effectuate any termination contemplated in Article 16 below.

ARTICLE 16 - TERMINATION

16.1 Failure to Pay/Insolvency. Either party may, at its option, immediately cancel all or any portion of this Agreement if the other party: (A) fails to make any of the required payments or credits when due, unless cured within ten (10) calendar days of such payment due date; (B) makes any agreement with creditors due to its inability to make timely payments of its debts; (C) enters into bankruptcy or liquidation whether involuntary or voluntary (provided, in the event of an involuntary proceeding, the same shall not have been dismissed within 60 days); (D) becomes insolvent; or (E) becomes subject to the appointment of a receiver of the whole or material part of its assets. If such cancellation should occur, Copa shall not be relieved of its payment obligation for Services rendered hereunder prior to such cancellation.

16.2 Material Provisions. Without limiting the provisions of Paragraph 16.1 above and excluding any other remedies provided elsewhere in this Agreement, either party may cancel this Agreement upon sixty (60) calendar days written notice to the other for failure to comply with any material provision of this Agreement, unless the failure shall have been cured or the party in breach has substantially effected all acts required to cure the failure prior to such ninety (690) calendar days.

16.3 Work in Process. Upon the expiration or cancellation of this Agreement, GE shall complete all work in process in a diligent manner under the terms of this Agreement provided that Copa has deposited sufficient monies with GE to pay the estimated charges for all such work, in accordance with the prices set forth in Exhibit A.

16.4 GE shall, upon receipt of Copa's written request, promptly deliver all Copa's Engines, parts and related documentation to Copa.

16.5 Reconciliation of MCPH Payments. In the event this Agreement is terminated, GE will calculate reconciliation for each Engine covered by this Agreement as set forth in Paragraph 1.3.1.2 of Exhibit A to this Agreement. Based on this calculation and at its option, GE shall invoice Copa an amount to be paid by Copa within thirty (30) days of the date of invoice.

16.6 **Material Redacted**

16.7 Survival. Termination of this Agreement shall not terminate the rights and obligations of the parties accruing prior to such termination. The provisions of Articles 11, 17 and 18 shall survive termination of this Agreement.

ARTICLE 17 - NONDISCLOSURE OF PROPRIETARY DATA

17.1 Non-Disclosure. The existence of this Agreement and its general purpose may be stated to others by either of the parties without approval from the other, except, that the terms of this Agreement and any knowledge or information which either party may disclose to the other party with respect to pricing,

design, manufacture, sale, use, repair, overhaul or Service of Engines, shall be deemed to be proprietary information, and shall be held in confidence by the receiving party. Such information shall not be reproduced, used or disclosed to others by receiving party without the disclosing party's prior written consent, except to the extent required by government agencies and courts for official purposes. Disclosure to such government agencies and courts shall be made only (A) upon thirty (30) calendar days advance written notice by the receiving party to the other party of such disclosure, so as to provide that other party the ability to obtain appropriate protective orders, and (B) with a suitable restrictive legend limiting further disclosure.

17.2 Exceptions. The preceding Paragraph 17.1 shall not apply to information which (A) is or becomes part of the general public knowledge or literature otherwise than as a result of breach of the receiving party's obligations hereunder, or (B) was, as shown by written records, known to the receiving party prior to receipt from other party, or (C) is disclosed without restriction to the receiving party by a third party having the right to do so.

17.3 Trademarks. Nothing contained in this Agreement shall convey to either party the right to use the trademarks of the other, or convey or grant to either Party any license under any patent owned or controlled by the other party.

ARTICLE 18 - WARRANTY

18.1 **Material Redacted**

18.2 **Material Redacted**

18.3 **Material Redacted**

18.4 **Material Redacted**

18.5 **Material Redacted**

18.6 **Material Redacted**

18.7 **Material Redacted**

ARTICLE 19 - GENERAL PROVISIONS

19.1 Assignment. The assignment of all or any portion of this Agreement or any purchase order or any right or obligation hereunder, by either party, without the prior written consent of the other party, shall be void; except that Copa's consent shall not be required for the substitution of an affiliated company of GE in place of GE as the contracting party and/or the recipient of payments pertaining to all or any portion of this Agreement or any purchase order in connection with this Agreement. In the event of any such substitution, Copa shall be so advised in writing.

19.2 Governing Law, Waiver of Immunity. The Agreement shall be interpreted and applied in accordance with the substantive laws of the State of New York, without giving effect to its conflicts or choice of law provisions, rules or procedures. To the extent that Copa or any of its property becomes entitled at any time to any immunity on the grounds of sovereignty or otherwise from any legal action, suit, or proceeding of any nature, Copa hereby irrevocably waives the application of such immunity and particularly, the U.S. Foreign Sovereign Immunities Act, 28 U.S.C. 1602, et. seq. insofar as such immunity relates to Copa's rights and obligations in connection with this Agreement.

19.3 Savings Clause. If any portion of this Agreement shall be determined to be a violation of or contrary to any controlling law, rule or regulation issued by a court of competent jurisdiction, then that portion shall be unenforceable and deleted from this Agreement. However, the balance of this Agreement shall remain in full force and effect.

19.4 Beneficiaries. Except as herein expressly provided to the contrary, the provisions of the document are for the benefit of the parties hereto and not for the benefit of any third party.

19.5 Controlling Language. The English language shall be used in the interpretation and performance of this Agreement. All correspondence and documentation arising out of or connected with this Agreement and any related purchase order(s), including but not limited to Engine records and Engine logs shall be in the English language.

19.6 Non-Waiver of Rights and Remedies. Any failure or delay in the exercise of rights or remedies hereunder shall not operate to waive or impair such rights or remedies. Any waiver given shall not be construed to require future or further waivers.

19.7 Titles/Subtitles. The titles and subtitles given to the sections of the Agreement are for convenience only and shall not in any manner be deemed to limit or restrict the context of the article or section to which they relate. The words “herein”, “hereof”, “hereunder”, “herewith”, and similar terms are not to be deemed restrictive and refer to the entire Agreement, including all Exhibits.

19.8 Currency Judgment. This is an international transaction in which the specification of United States Dollars is of the essence. No payments required to be made under this Agreement shall be discharged by payments in any currency other than United States Dollars, whether pursuant to a judgment, arbitration award, or otherwise.

19.9 No Agency Fees. Copa represents and warrants that no officer, employee, representative, or agent of Copa has been or will be paid a fee or otherwise has received or will receive any personal compensation or consideration by or from GE in connection with the obtaining, arranging or negotiation of this Agreement or other documents entered into or executed in connection herewith. GE represents that, unless otherwise disclosed in writing prior to the execution of this Agreement and approved by Copa’s duly authorized representative, GE has not and will not enter into any agreement with any third party for the purpose of facilitating, assisting, or coordinating, in any way, shape or form, any aspect of this Agreement (except in the case of attorneys or other counselors whose function is to review and advise GE on the terms of this Agreement), including but not limited to the initial meetings which led to the negotiation of this Agreement.

19.10 On-Site Representative. Subject to the following conditions, GE agrees to ensure that adequate non-exclusive workspace, parking, and local telephone and facsimile access are available for Copa’s on-site representative assigned to the Designated Repair Station. Costs incurred by such on-site representative, including without limitation, long distance telephone charges, fax, or computer charges, shall be the responsibility of Copa, and if charged to GE in the first instance, shall be invoiced to Copa.

19.11 No Agency. Nothing in this Agreement shall be interpreted or construed to create a partnership, agency, or joint venture between GE and Copa.

19.12 Entire Agreement. This Agreement, together with Exhibits A through E, contains and constitutes the entire understanding and agreement between the Parties hereto respecting the subject matter hereof, and supersedes and cancels all previous negotiations, agreements, commitments, and writings in connection herewith. This Agreement may not be released, discharged, abandoned, supplemented, changed, or modified in any manner, orally or otherwise, except by a writing of concurrent or subsequent date signed

and delivered by a duly authorized officer or representative of each of the parties hereto making specific reference to this Agreement and the provisions hereof being released, discharged, abandoned, supplemented, changed, or modified.

19.13 Counterparts. This Agreement may be executed in one or more counterparts, all of which counterparts shall be treated as the same binding agreement, which shall be effective as of the date set forth on the first page hereof, upon execution and delivery by each party hereto to the other party of one or more such counterparts.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officer or representatives who represent to each other and both parties that each is employed in the capacity indicated below and has the unequivocal authority to execute and deliver this Agreement, which shall be effective as of the date first above written.

GE ENGINE SERVICES, INC.

BY: /s/ Gilberto Peralta

PRINTED NAME: Gilberto Peralta

TITLE: GM, Sales, Latin America

DATE: 3/6/03

COMPANIA PANAMENA DE AVIACION, S.A

BY: /s/ Pedro Heilbron

PRINTED NAME: Pedro Heilbron

TITLE: CEO

DATE: 3/6/03

EXHIBIT A

Material Redacted

5 pages

25

SCHEDULE 1
TO
EXHIBIT A

Material Redacted

2 pages

SCHEDULE 2
TO
EXHIBIT A

Material Redacted

2 pages

SCHEDULE 3
TO
EXHIBIT A

Material Redacted

EXHIBIT B

Material Redacted

EXHIBIT C

Material Redacted

2 pages

EXHIBIT D

Material Redacted

EXHIBIT E

Material Redacted

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT
BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT
TREATS AS PRIVATE OR CONFIDENTIAL

Exhibit 4.5

FORM OF AMENDED AND RESTATED ALLIANCE AGREEMENT

This Amended and Restated Alliance Agreement (the "Agreement") is made this ____ day of _____, 2005, by and between CONTINENTAL AIRLINES, INC. (together with its Affiliates, "Continental"), a corporation duly organized and validly existing under the laws of the State of Delaware, U.S.A. with its principal office at 1600 Smith Street, Houston, Texas, U.S.A. 77002, and COMPANIA PANAMENA DE AVIACION, S.A. (together with its Affiliates, "COPA"), a corporation of the Republic of Panama, with its principal office at Ave. Justo Arosemena y Calle 39, Apartado 1572, Panama 1, Panama. 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 and maintaining a cooperative relationship that will include the codesharing 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.

Continental and COPA are each a party to the "Alliance Agreement" made the 22nd day of May, 1998 and each agree to enter into this Agreement as an amended and restated version of the Alliance Agreement.

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) During the term of this Agreement, Continental and Compania Panamena de Aviacion, S.A. shall use their commercially reasonable efforts to maintain unconditional exemption and immunization pursuant to 49 U.S.C. Sections 41308 and 41309 and 41309 from the application of all United States antitrust laws, as defined therein, for all transactions and activities contemplated in this Agreement with respect to such Carriers, 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 maintain Antitrust

Immunity but Antitrust Immunity is terminated, 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 by any applicable law, rule, regulation, ordinance, certificate, governmental permit or license, judgment, injunction, order or decree or a governmental or regulatory authority, agency, commission, court or other entity, domestic or foreign.

(b) To the extent that Antitrust Immunity is terminated, a new application for Antitrust Immunity shall be filed by the applicable Carriers with the Department of Transportation (the "DOT") as soon as reasonably and commercially possible after such termination.

(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. Codesharing Approval. Within 45 days after the commencement date 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 and maintain 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 effort 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. CODESHARING

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 B.1(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 be operated with full reciprocity 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 routes as applicable and on head-to-head and non-overlapping markets). Each Carrier will use its commercially reasonable efforts to commence codeshare 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 codeshare 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 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 made on a commercially reasonably 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 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 circumstances 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, Codeshare Commission and Proration on Shared Code Segments.

(a) 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 between the Carriers, a copy of which is attached hereto as Exhibit A (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.

(b) The Special Prorate Agreement shall be based primarily on **Material Redacted**. In such selected short-haul markets, the operating Carrier will provide **Material 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.

(c) The Carriers agree that for tickets sold by the marketing Carrier on Shared Code Segments, the operating Carrier shall be responsible for booking fees with respect to segments operated by the operating Carrier assessed by any CRS vendors, including CRSs operated by third parties and CRSs providing hosting services to any of the Carriers. The Carriers will request the CRS vendors to directly bill the operating Carrier for such booking fees if feasible. If such direct billing is not feasible, the Carriers shall bill each other monthly and shall provide documentation that is reasonably acceptable to the other Carrier of such fees from each CRS vendor.

(d) 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 codesharing 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 passengers' 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 request that COPA install and use interline sampling, Continental shall pay the reasonablecost 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 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) Employee Pass Travel Agreement. During the term of this Agreement, the Carriers will maintain a mutually agreeable employee pass travel agreement which includes benefits for Officers of both Carriers and members of board of directors of Copa Holdings, S.A. substantially similar to the terms of the pass travel agreement in place as of the date hereof.

5. Pricing and Yield Management of Shared Code Segments.

(a) Pricing. Each Carrier shall, subject to the following sentences, independently and at it 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 retaining 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.

(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.

To the extent permitted by law, the Carriers shall work to develop and implement mutually agreeable joint marketing programs to help promote the codeshare 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.

7. Codesharing 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 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 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 codesharing license from the other Carrier and that it obtains certain services from, or provides certain services to, as the case may be, 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 codeshare 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.9, 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 be 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 Panama', in the same way as if these coupons were specifying COPA Through Flights or connecting flights between Panama', on the one hand, and (i) other points served by COPA beyond Panama', 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) Panama', 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 , 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 or 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 maintain a standard of service in all classes of service that is at least substantially similar to the quality that Continental provides on its flights of similar stage length.

18. Frequent Flyer Program Participation. Cooperation between the Carriers with respect to frequent flyer program participation is governed by the "Amended and Restated Frequent Flyer Program Participation Agreement", dated as of the date hereof. During the term of this Agreement, Copa will be a participant in Continental's OnePass program on a co-branded basis as contemplated in the Amended and Restated Frequent Flyer Program Participation Agreement or pursuant to a reciprocal frequent flyer program participation arrangement as contemplated in the Amended and Restated Frequent Flyer Program Participation Agreement if COPA ceases to participate in OnePass on a co-branded basis.

C JOINT COOPERATION

To the extent applicable, the initiatives covered by this Section C 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.

(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 Panama. Compensation for such service shall be the "Incremental Cost" (as defined in the Amended and Restated Services Agreement entered into by and between the Carriers on the date hereof (the "Services Agreement")), 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 Panama, 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.(b). 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. Employees 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 on booking (including marketing information data tape), revenue, traffic, yield, cost and other data with the other Carrier 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 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) If a Carrier withdraws its sales personnel from a country where the other Carrier has a significant presence, the Carrier that has a significant presence in such country will offer to serve as the other Carrier's general sales agent ("GSA") in such country in consideration of receiving its Incremental Costs of providing the services of a GSA for the withdrawing Carrier, plus a reasonable profit acceptable to both Carriers. If the withdrawing Carrier chooses, at its option, to employ the other Carrier as its GSA in such country, the other Carrier will represent the withdrawing Carrier in a non-discriminatory manner.

D 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 Panama. 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 Carriers shall render such assistance as a 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 of 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 D.13.

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 of take any action which may give rise to the existence of, any employment, agent, partnership, of 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 they 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 they 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 D.3, shall continue 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 May 22, 2012. The terms and conditions of this Amended and Restated Alliance Agreement are effective as of the date first written above.

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

(i) By a Carrier, if the other Carrier has materially breached any material provision of this Agreement and such breach shall remain unremedied for more than 180 days after delivery of written notice by the non-defaulting Carrier. 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 a Carrier immediately on notice, if the other Carrier (i) shall be dissolved or shall fail to maintain its corporate existence, or (ii) shall have its authority to operate as a scheduled airline suspended or revoked, or shall cease operations as a scheduled airline, in each case for a period of 30 or more days;

(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 a Carrier immediately on notice if the other Carrier shall (A) commence any case, proceeding or other action (1) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief

entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (2) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or shall make a general assignment for the benefit of its creditors; or (B) there shall be commenced against the other Carrier any case, proceeding or other action of a nature referred to in clause (A) above that (1) results in the entry of an order for relief or any such adjudication or appointment or (2) remains undismissed or undischarged for a period of 60 days; or (C) there shall be commenced against the other Carrier any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (D) the other Carrier shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (A), (B), or (C) above; or (E) the other Carrier shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(v) By a Carrier immediately on notice if the other Carrier fails to maintain the insurance coverage that is required to be maintained pursuant to Section D.4(b) and such failure remains unremedied for 60 days after the breaching Carrier's receipt of written notice of such failure from the other Carrier, provided that the marketing Carrier may cease displaying its code on the breaching Carrier's Shared Code Segments during the period such failure continues;

(vi) 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);

(vii) 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);

(viii) By either Carrier immediately on notice if the other Carrier fails to maintain its membership in the Airline Clearing House (ACH) or the International Air Transport Association Clearing House for a period of ten (10) consecutive days; and

(ix) By a Carrier on thirty (30) days' prior written notice if it shall have duly terminated the Amended and Restated Services Agreement pursuant to Section 6(b)(i) thereof as a result of an unremedied breach of the terms and conditions of such agreement by the other Carrier;

(x) By a Carrier on sixty (60) days' prior written notice if the other Carrier materially breaches (or, in the case of Continental's right to terminate, Corporacion de Inversiones Aereas, S.A. materially breaches) the terms and/or conditions of the Amended and Restated Shareholders Agreement or the Registration Rights Agreement, each entered into on the date hereof, and fails to cure such breach within such sixty (60)-day notice period; provided that during such 60-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;

(xi) By either Carrier immediately on notice if the Amended and Restated Frequent Flyer Program Participation Agreement is terminated and the Carriers do not enter into a new reciprocal frequent flyer participation arrangement within three months after such termination as contemplated by the Amended and Restated Frequent Flyer Program Participation Agreement;

(xii) **Material Redacted**; (xiii) **Material Redacted**;

(xiv) By either Carrier, with respect to any Affiliate of the other Carrier, immediately on notice, if such Affiliate is no longer an Affiliate of the other Carrier; and

(xv) By either Carrier on thirty (30) days' prior written notice if the other Carrier rejects the Services Agreement and/or Frequent Flyer Program Participation Agreement in a bankruptcy proceeding.

(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, [terrorism], 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 D.3, the Carriers will cooperate with each other to achieve an orderly termination and wind-down of the codeshare 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.

(f) Termination for Change of Control. Notwithstanding any other provision of this Agreement in the event of a Change of Control involving a Carrier, the Carrier not involved in the Change of Control shall have the right to terminate this Agreement on six (6) months' prior written notice without liability or penalty to the Carrier involved in the Change of Control; provided, however, the right of a Carrier to give notice to terminate with respect to a Change of Control involving the other Carrier shall expire on the six month anniversary of the later to occur of (i) the date the terminating Carrier receives notice of such Change of Control from the other Carrier or (ii) the date of the consummation of such Change of Control transaction. The following definitions apply to the following terms used in this Section D.3(f):

"AIRLINE ASSETS" means those assets used, as of the date of determination, in the relevant Person's operation as an air carrier.

“BENEFICIAL OWNERSHIP” has the meaning given such term in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended.

“CAPITAL STOCK” of any Person means any and all shares, interests, rights to purchase, options, warrants, participation or other equivalents of or interests in (however designated) the equity of such Person, including any preferred stock.

“CARRIER AFFECTED COMPANY” means as to the applicable Carrier (a) such Carrier and its successor, (b) any Holding Company of such Carrier or its successor, or (c) any Subsidiary of such Carrier or its successor or of any Holding Company of such Carrier or its successor, that in any such case owns, directly or indirectly, all or substantially all of the Airline Assets of such Carrier or its successor, such Holding Companies of such Carrier and such Subsidiaries, taken as a whole.

“CHANGE OF CONTROL” shall mean, with respect to a Carrier, the consummation of:

(1) a merger, reorganization, share exchange, consolidation, tender or exchange offer, private purchase, business combination, recapitalization or other transaction as a result of which (A) a Competing Carrier or a Holding Company of a Competing Carrier and a Carrier Affected Company are legally combined, (B) a Competing Carrier, any of its Affiliates or any combination thereof acquires, directly or indirectly, Beneficial Ownership of 50% or more of the Capital Stock or Voting Power of a Carrier Affected Company, or (C) a Carrier Affected Company acquires, directly or indirectly, Beneficial Ownership of 50% or more of the Capital Stock or Voting Power of a Competing Carrier;

(2) the sale, transfer or other disposition of all or substantially all of the Airline Assets of a Carrier (or its successor) and its Subsidiaries on a consolidated basis directly or indirectly to a Competing Carrier, any Affiliate of a Competing Carrier or any combination thereof, whether in a single transaction or a series of related transactions;

(3) the execution by a Carrier Affected Company of bona fide definitive agreements, the consummation of the transactions contemplated by which would result in a transaction described in the immediately preceding clauses (1) or (2).

“COMPETING CARRIER” means an air carrier that competes (internationally and/or domestically) on a significant and material basis with the Carrier that is not involved in the Change of Control.

"HOLDING COMPANY" means, as applied to a Person, any other Person of whom such Person is, directly or indirectly, a Subsidiary.

"SUBSIDIARY" of any Person means any corporation, association, partnership, joint venture, limited liability company or other business entity of which more than 40% of the total Voting Power thereof or the Capital Stock thereof is at the time owned or controlled, directly or indirectly, by (1) such person, (2) such person and one or more Subsidiaries of such Person, or (3) one or more Subsidiaries of such Person.

"VOTING POWER" means, as of the date of determination, the voting power in the general election of directors, managers or trustees, as applicable.

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 Carriers' 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 C hereof and the Services Agreement (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 D.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 **Material Redacted** for B737 aircraft; provided that if the number of U.S. origin passengers increases in a material manner, the carriers will reevaluate the coverage levels. In respect of Personal Injury (per clause AVN 60 or its equivalent) the maximum limit is **Material Redacted** per offense and in the aggregate.

B. Workmen's Compensation or Government Social Insurance

Insurance	Per Accident
(Company Employee)	Statutory

C. Employers' Liability (**Material Redacted** combined single limit)

(ii) Subject to Section D.4(b)(i), the Operating Carrier shall, as applicable, cause the policies of insurance described in such Section D.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 D.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) From time to time, 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.

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 b 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 D.4(b)(i) and (ii).

v) Notwithstanding the above provisions, it shall not be a breach of the Agreement to maintain the insurance described in subsection (i) above to the extent the failure to maintain such insurance is caused by a change or condition generally affecting the availability of insurance in the aviation industry in a material manner in the countries or regions in which such Carrier operates.

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

5. Trademarks.

(a) COPA shall have 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 codeshare 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 pubic ("Advertising Material") shall reflect that Continental and COPA are operated separately and shall comply with any DOT policy on airline designator codesharing. COPA is specifically prohibited from using any of the Continental Service Marks and agrees that it shall not do anything that would infringe, abridge, and 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 that is not a Shared Code Segment.

(b) Continental shall have 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 codeshare relationship between Continental and COPA, and advertise that schedules are coordinated to provide convenient connections. Any Advertising Material shall reflect hat Continental and COPA are operated separately and shall comply with any DOT policy on airlines designator codesharing. 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 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, "Business First" 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 applicable law, regulation or stock exchange rule, 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. 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 of 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 D.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 codeshare 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 the dispute, it shall be finally settled by arbitration in accordance with Section D.8.

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 Panama Chamber of Commerce in accordance with the International Arbitration Rules of the International Chamber of Commerce Court of International Arbitration. Judgment on the awarded rendered by the arbitrator 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. Certain Definitions:

(a) 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 contracts terms, to limits its operations, to impair any right with respect to the use of its assets, or to otherwise adversely affect the Carrier.

(b) Affiliate. As used in this Agreement, the term "Affiliate" means, as applied to a Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For purposes of this definition "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise.

(c) Person. As used in this Agreement, the term "Person" means an individual, partnership, corporation, business trust, joint stock company, limited liability company, unincorporated association, joint venture or other entity of whatever nature.

10. Alliance Development. COPA and Continental 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, subject to the proviso at the end of this Section:

a) **Material Redacted**

b) **Material Redacted**

c) **Material Redacted**

d) Continental shall use its commercially reasonable efforts to cause COPA, at COPA's election, to be included as a commercial partner (e.g. an airline with whom Continental has a Commercial Agreement) with each of Continental's commercial partners and to be invited to join the SkyTeam global alliance or any other branded global alliance group which Continental is a member.

e) **Material Redacted**

f) **Material Redacted**

g) **Material Redacted**

h) **Material Redacted**

Provided, however, nothing in this Section shall preclude COPA and Continental from fully performing their obligations, participating in, maintaining and renewing the code-share or alliance agreements that either of them may have entered into prior to the date hereof or from complying with their obligations pursuant to SkyTeam membership. Provided, further, nothing in this Section shall preclude either Carrier from performing obligations arising under, participating in, maintaining or renewing any Commercial Agreement to which such Carrier may become a party or to which it may otherwise succeed after the date hereof by virtue of any merger, reorganization, consolidation, business combination or similar transaction involving such Carrier.

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

12. 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 all and all claims based on such assessments.

13. Entire Agreement, Waivers and Amendments. This Agreement, together with the Services Agreement and the Amended and Restated Frequent Flyer Program Participation Agreement to the extent such agreements concern the matters covered in this Agreement, constitutes the entire understanding of the carriers with respect to the subject matter hereof superseding all prior discussions and agreements, written and oral. This Agreement may not be amended, nor may any of its provision be waived, except by writing signed by both carriers. No delay on the part of either shall any waiver operate as a continuing waiver of any right, power of privilege.

14. 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.
1600 Smith Street — Telecopier No.: (713) 324-3099
Houston, Texas 77002
Attention: Senior Vice President– Asia/Pacific and Corporate Development

With copy to:

Continental Airlines, Inc.
1600 Smith Street — Telecopier No.: (713) 324-5161
Houston, Texas 77002
Attention: Senior Vice President
And General Counsel

If COPA:

Compania Panamena de Aviacion, S.A.
Ave. Justo Arosemena y Calle 39
Apdo. 1572
Panama 1, Panama
Attention: Pedro Heilbron
Facsimile No.: 507-227-1952

With copy to:

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

15. 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.

16. 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.

17. 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.

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

19. Equal Opportunity. To the extent applicable, EEO clauses contained at 41 C.F.R. Sections 60-1.4,60-250.4 and 60-741.4 are herby 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.

20. Nondiscrimination on the Basis of Disability. COPA shall make all reasonable efforts not to discriminate against Continental's customers on the basis of disability in activities performed on behalf of Continental in connection with Shared Code Segments, consistent with 14 CFR Part 382, Nondiscrimination on the Basis of Disability in Air Travel. In connection therewith, COPA shall make all reasonable efforts to comply with directives issued by Continental's complaints resolution officials (CROs).

21. Privacy Obligations. If a Carrier ("Accessing Party") processes and/or has access to personally identifiable information obtained by the other Carrier ("Collecting Party") from the data subject ("Personal Data") that is provided to it by the Collecting Party, it agrees that the Collecting Party owns all such Personal Data provided to it pursuant to this Agreement. The Accessing Party will at all times comply with all applicable laws and regulations, including but not limited to data privacy laws, in its use of Personal Data provided by the Collecting Party that will be processed under this Agreement that relates to, or is about, an identified or identifiable person. Without limiting the foregoing, the Accessing Party represents and warrants that it has appropriate security measures in place to protect any Personal Data provided by the Collecting Party pursuant to this Agreement. The Accessing Party will indemnify, defend and protect the Collecting Party from any claims arising out of the Accessing Party's failure to comply with the foregoing.

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: _____

COMPANIA PANAMENA DE AVIACION,S.A.

By: _____

Name: _____

Title: _____

Schedule B.1(a)

SHARED CODE SEGMENTS

Shared Code Segments shall be operated on the following routes:

Subject to the terms and conditions of the Agreement, Shared Code Segments will be operated on the following routes:

CO* Flights

Flights operated by COPA between the Republic of Panama or the Republic of Colombia and cities located in the United States (except New York/Newark, Houston or Cleveland) and, to the extent legally permissible, (i) between cities within the Republic of Panama or the Republic of Colombia and (ii) between the Republic of Panama or the Republic of Colombia and cities located beyond the Republic of Panama or the Republic of Colombia will operate as CO* Flights.

CM*/P5* Flights

Flights operated by Continental between the United States and cities located in the Republic of Panama or the Republic of Colombia, between the Republic of Panama and the Republic of Colombia and, to the extent mutually agreed and legally permissible, (i) between cities within the United States and (ii) between the United States and cities located beyond the United States will operate as CM* or P5* Flights.

Exhibit 4.6

FORM OF AMENDED AND RESTATED
SERVICES AGREEMENT

This Amended and Restated Services Agreement (the "Agreement") is made this day of , 2005, by and between CONTINENTAL AIRLINES, INC. (together with its Affiliates, "Continental"), a corporation duly organized and validly existing under the laws of the State of Delaware, U.S.A., with its principal office at 1600 Smith St., Houston, Texas, U.S.A. 77002, and COMPANIA PANAMENA DE AVIACION, S.A. (together with its Affiliates, "COPA"), a corporation (sociedad anonima) duly organized and validly existing under the laws of the Republic of Panama, with its principal office at Ave. Justo Arosemena y Calle 39, Apartado 1572, Panama 1, Panama. 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 Holdings, S.A. a Panamanian corporation (sociedad anonima) have, as of the date hereof entered into an Amended and Restated Alliance Agreement ("Alliance Agreement") a Registration Rights Agreement ("Registration Rights Agreement") and an Amended and Restated Shareholders Agreement ("Shareholders Agreement"). In connection with such agreements, COPA desires that Continental make available to COPA certain services that are necessary or advisable for the operation of a commercial air carrier and services that are necessary or advisable for the operation of a commercial air carrier and Continental is willing to provide COPA such services in accordance with the terms and conditions of this Agreement.

Continental and COPA are each a party to the "Services Agreement" made the 22nd of May, 1998 and each agree to enter into this Agreement as an amended and restated version of the Services Agreement.

Continental and COPA are each a party to the Amended and Restated Alliance Agreement (as amended, the "Alliance Agreement") entered into on the date hereof.

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

1. Cost Reduction Initiatives. Subject to the terms and conditions set forth in this Agreement, Continental will provide services as set forth below in Section 2(a) through (m) of this Agreement pursuant to separate agreements. Current agreements between the Carriers with respect to the services identified in Section 2(a) through (m) are listed on Schedule 1 hereto. Any agreements to be negotiated in the future will be

negotiated at arms-length, will contain mutually acceptable provisions typically applicable to such agreements, will not necessarily be coterminous with this Agreement, will not contain any cross-default clauses with respect to this Agreement or the Shareholders Agreement, will not permit COPA to transfer services and equipment to third parties and will adequately address COPA's concern that it have notice of termination of the agreements sufficient enough to allow COPA to transition to alternative service providers. Unless otherwise stated, services will be provided as follows:

(a) Services provided directly by Continental to COPA. Upon reasonable request by COPA, Continental will provide the services specified in Section 2 below to COPA, as permitted by Continental's applicable contracts. Except as otherwise provided herein, services provided to COPA directly by Continental will be priced at Continental's Incremental Cost as defined below.

(b) Services provided by a third party. Wherever contractually permitted (except as otherwise provided herein), Continental will provide COPA access to the same third party vendor arrangements as are available to Continental at the cost charged to Continental, plus any additional costs incurred by Continental, provided that such access will not adversely impact Continental with respect to pricing or availability. For current contracts under which COPA does not have access, and for future contracts as appropriate, Continental will use commercially reasonable efforts to permit COPA to obtain the same benefits as Continental under such contracts, provided doing so will not adversely impact Continental.

(c) Incremental Cost. As used in this Agreement "Incremental Cost" shall mean the additional direct cost incurred by a Carrier to provide a good or service to the other Carrier, plus a pro-rata allocation of the providing Carrier's cost for fixed capital and intangibles (including depreciation, amortization and interest), overhead (including labor burden and facilities) associated with the activity providing the good or service and a percentage of the providing Carrier's corporate overhead equal to the percentage that the charges to the receiving Carrier for the good or service are of the providing Carrier's total expenses for the preceding fiscal year, but excluding any profit or mark-up. The intention of this Agreement is that those goods and services charged at Incremental Cost shall be provided by a Carrier to the other Carrier without the providing Carrier's incurring a profit or loss with respect thereto.

(d) Services Contractually Permitted. For purposes of this Agreement, "contractually permitted" means either that the providing Carrier has the contractual ability to require its counterparty to offer the relevant goods or services to the other Carrier on the relevant terms, or that the relevant contract does not prohibit the provision of such services on such terms, and the providing Carrier's counterparty is willing to provide such services on such terms. The obligation of Continental to provide services or access to the benefits of its contracts to COPA shall be subject to contractual limitations to which Continental is subject; provided, however, that Continental will use its

commercially reasonable efforts to obtain a waiver of any such contractual limitations which prevent Continental from passing along any material benefit to COPA.

(e) Financing Limitations. To the extent that any of the services provided pursuant to Section 2 hereof require a capital expenditure or the financing of materials, services or equipment, Continental shall not be required to participate in any financing structure that (i) causes the materials, services or equipment, or any financial obligation with respect thereto, to be included on Continental's balance sheet, (ii) may, based on Continental's reasonable judgment, adversely affect Continental's future financing costs, or (iii) imposes any uncompensated financial obligation on Continental, including following the transfer of the materials, services or equipment (whether by purchase, assignment or lease) to COPA; provided that nothing in this Section shall be construed to relieve Continental of any obligations to provide services under this Agreement if such capital expenditure or financing of materials, services or equipment is undertaken by COPA.

(f) Reciprocity by COPA. To the extent that COPA is able to provide services or access to the benefits of its contracts to Continental of a similar nature as is set forth in Section 2 hereof, it shall, upon the request of Continental, provide such benefits to Continental on comparable terms (including Section 1(c)) as are set forth herein.

2. Services To Be Provided. Subject to Section 1, Continental will offer and, subject to COPA's request, provide the following services:

(a) Purchase of Equipment. Continental will advise COPA of intended future large acquisitions of flight and ground equipment and will use its commercially reasonable efforts to have the capacity requirements of COPA included in the procurement by Continental, so long as such inclusion would not have a material adverse affect on Continental's transaction (e.g. because of unwillingness of vendors to disclose Continental pricing to any other airline). COPA understands that most of Continental's current major equipment purchase agreements have non-disclosure requirements. In addition, the calculation of Continental's cost for a particular piece of equipment will depend on its delivery date, the source (from manufacturer or lessor) and type of financing. Pursuant and subject to Section 1, COPA shall be free to seek such equipment from other sources, and, if requested by COPA, Continental will provide assistance in evaluating such alternative procurement. In addition, Continental will assist in the execution of COPA's fleet growth and replacement plan as follows:

A. Continental will use its commercially reasonable efforts to ensure no increase in the discrepancy between COPA's and Continental's pricing on Boeing 737 NG flight equipment.

B. In the event that the sale of any unused and expiring Continental Options to COPA would yield a lower net purchase price to COPA, Continental agrees to offer such option aircraft for sale to COPA on commercially reasonable terms.

C. In the event that Continental agrees to acquire Embraer 190 Family flight equipment, Continental will use its commercially reasonable efforts to ensure that COPA benefits from the economy of scale that a combined order would afford on any undelivered EMB 170/175/190/195 aircraft.

(b) Ground Equipment. Where contractually permitted, COPA shall have access to the prices and delivery available to Continental for ground equipment, provided that such access will not adversely impact Continental. Continental will use commercially reasonable efforts to assist COPA in obtaining financing terms with respect to purchases of ground equipment by or on behalf of COPA that are comparable to Continental's.

(c) Insurance. At the request of COPA, COPA shall be included in Continental's insurance coverage of all types to the extent commercially reasonable. Continental shall permit COPA to continue to obtain the insurance benefits associated with Continental's superior size and expertise, unless and until it is no longer commercially reasonable to do so.

(d) Fuel. The Carriers shall provide each other with the benefits of each other's fuel-purchase arrangements.

(e) Management Information and Related Systems and Data. The Carriers shall provide each other with their respective applicable capabilities and information relating to management information and related systems to the extent contractually permitted. This applies to pricing, yield management, distribution planning, reservations, departure control, E-ticketing, flight scheduling, crew scheduling, personnel management and evaluation, passenger and cargo revenue accounting, general accounting, computer reservation system analysis, quality monitoring, maintenance support, fleet planning, flight profitability, treasury support, group management, sales planning, U.S. GSA Support, marketing planning information, DOT database analysis, frequent flyer program, technical support and other systems.

(f) Reservations, Departure Control, and Operational Control. At the request of COPA, assistance with reservations, departure control and operational control functions shall be provided by Continental to COPA.

(g) Training. At the request of COPA, training shall be provided to COPA by Continental that involves both technical areas (e.g., maintenance, crew resource management, simulator access, and crew training) and other areas (e.g., salesmanship, negotiating skills, personnel evaluation).

(h) Catering. At the request of COPA, COPA shall receive access to Continental's catering and on-board supply contracts.

(i) Employee Exchanges. At the request of COPA, Continental shall provide COPA a reasonable number of qualified staff in key areas to facilitate implementation and knowledge and capability transfer. Included in the resources provided by Continental will be a reasonable number of qualified management personnel who will, unless otherwise agreed, be assigned to COPA for a period of not less than two years and will collectively be knowledgeable in the areas of yield management, maintenance and engineering, marketing and sales, flight operations and passenger services.

(j) Accounting and Administrative. At the request of COPA, Continental shall provide COPA with accounting and administrative support services. This also includes access to credit card processing arrangements, commission levels, bank settlement plan participation, surety bonds and other items.

(k) Maintenance of Aircraft, Engines, and Components. Upon COPA's request, Continental shall integrate COPA's fleet into Continental's maintenance program. Maintenance, quality assurance, planning, and engineering services performed substantially by Continental will be charged to COPA at Continental's Incremental Cost.

(l) General Purchasing of Goods and Services. Continental shall undertake to include COPA in access to rates, terms, and availability of other applicable goods and services reasonably requested by COPA. Continental will use commercially reasonable efforts to assist COPA to obtain financing terms with respect to purchases by or on behalf of COPA that are comparable to Continental's.

(m) Other (telecommunications, etc.). Upon COPA's request, Continental shall provide COPA access to its rates, terms, networks, and other telecommunications services and facilities.

3. Most-favored nations. Except as otherwise expressly set forth in this Agreement, all services, supplies, training, products and any other assistance covered by this Agreement, including, but not limited to, technical, personnel, aviation services and supply assistance (the "Assistance"), which Continental or its Affiliates shall provide to COPA shall be provided at Continental's or its Affiliates' Incremental Cost of providing such Assistance, but in no case will COPA be required to pay more than the price that Continental or its Affiliates is at the time providing such Assistance to any other non-majority owned airline after giving effect to the existence, if any, of cross-subsidy arrangements involving multiple service provided to and received from such other airline. In the event that COPA can obtain similar or more favorable Assistance from a third party at a lower price or with more favorable terms, COPA shall be permitted to purchase such Assistance from such third party, subject to the provisions of any agreements between Continental and COPA with respect thereto. Also, Continental and its Affiliates

shall use their commercially reasonable efforts to assure that COPA is the beneficiary of the most favorable prices and terms that Continental or its Affiliates can obtain for themselves via their externally provided resources. Continental shall have no obligation to extend the benefits of this Agreement to COPA's Affiliate, Aerorepublica, S.A., or any Affiliate acquired or created after the date hereof, unless COPA is, and only for so long as they remain, the record and beneficial owner of at least eighty-five percent (85%) of the capital stock of such Affiliate, calculated on a fully diluted basis. If COPA has an Affiliate that no longer qualifies for the benefits of this Agreement, Continental and COPA shall, upon COPA's request, discuss the possibility of such Affiliate being included under this Agreement.

4. Sharing of resources during the term of the Agreement. Within a reasonable time after the date of this Agreement and subject to Continental's contractual obligations, and subject to the negotiation of satisfactory confidentiality and use agreements, Continental shall share with COPA its expertise and know-how reasonably requested by COPA in the form of, but not limited to, manuals, procedures, automation, training and systems, necessary or desirable for COPA to provide the same options and services with the same quality that Continental provides; provided, however, that such expertise and know-how shall be provided to COPA at Continental's Incremental Cost.

5. 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, of 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.

(d) Standard of Care; Disclaimer of Warranties; Limitation of Liabilities. A providing Carrier's standard of care with respect to the provision of services pursuant to this Agreement shall be limited to providing services of the same general quality as such Carrier provides for its own internal operations. Except for the previous sentence, neither Carrier makes any representations or warranties of any kind, whether express or implied (i) as to the quality or timeliness or fitness for a particular purpose of services it provides or any services provided hereunder by third-party vendors or subcontractors, or (ii) with respect to any supplies or other material purchased on behalf of the receiving Carrier pursuant to this Agreement, the merchantability or fitness for any purpose of any such supplies or other materials. Under no circumstances shall the providing Carrier have any liability hereunder for damages in excess of amounts paid by the receiving Carrier under the applicable agreement or for consequential or punitive damages, including, without limitation, lost profits.

6. Term and Termination.

(a) Term. The term of the Services Agreement, unless earlier terminated as provided in this Section 6, shall continue until either Carrier gives the other Carrier three (3) years' written notice of termination: provided, however, that either Carrier may only give such notice on or after May 22, 2012. The terms and conditions of this Amended and Restated Services Agreement are effective as of the date first written above.

(b) Other Termination Rights. In addition to the termination provisions of paragraph (a) of this Section 6, this Agreement, but not the individual services agreements (which shall be terminated in accordance with their respective terms), may be terminated as follows:

(i) By a Carrier, if the other Carrier has materially breached any material provision of this Agreement and such breach shall remain unremedied for more than 180 days after delivery of written notice by the non-defaulting Carrier. During such 180day 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 a Carrier immediately on notice, if the other Carrier (i) shall be dissolved or shall fail to maintain its corporate existence, or (ii) shall have its authority to operate as a scheduled airline suspended or revoked, or shall cease operations as a scheduled airline, in each case for a period of 30 or more days;

(iii) By a Carrier immediately on notice if the other Carrier shall (A) commence any case, proceeding or other action (1) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (2) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or shall make a general assignment for the benefit of its creditors; or (B) there shall be commenced against the other Carrier any case, proceeding or other action of a nature referred to in clause (A) above that (1) results in the entry of an order for relief or any such adjudication or appointment or (2) remains undismissed or undischarged for a period of 60 days; or (C) there shall be commenced against the other Carrier any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (D) the other Carrier shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (A), (B), or (C) above; or (E) the other Carrier shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(iv) By either Carrier on thirty (30) days' prior written notice if the Alliance Agreement is terminated;

(v) By either Carrier immediately on notice if the other Carrier fails to maintain its membership in the Airline Clearing House (ACH) or the International Air Transport Association Clearing House for a period of ten (10) consecutive days;

(vi) By a Carrier on sixty (60) days' prior written notice if the other Carrier materially breaches (or, in the case of Continental's right to terminate, Corporacion de Inversiones Aereas, S.A. materially breaches)

the terms and/or conditions of the Shareholders Agreement or the Registration Rights Agreement and fails to cure such breach within such sixty (60)-day notice period; provided that during such 60-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; and

(vii) By a Carrier on thirty (30) days' prior written notice if the other Carrier rejects the Alliance Agreement and/or Frequent Flyer Program Participation Agreement in a bankruptcy proceeding.

(c) 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, terrorism, 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.

(d) Duties upon termination. 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.

(e) Termination for Change of Control. . Notwithstanding any other provision of this Agreement in the event of a Change of Control involving a Carrier, the Carrier not involved in the Change of Control shall have the right to terminate this Agreement on six (6) months' prior written notice without liability or penalty to the Carrier involved in the Change of Control; provided, however, the right of a Carrier to give notice to terminate with respect to a Change of Control involving the other Carrier shall expire on the six month anniversary of the later to occur of (i) the date the terminating Carrier receives notice of such Change of Control from the other Carrier or (ii) the date of the consummation of such Change of Control transaction. The following definitions apply to the terms used in this Section 6:

"AIRLINE ASSETS" means those assets used, as of the date of determination, in the relevant Person's operation as an air carrier.

"BENEFICIAL OWNERSHIP" has the meaning given such term in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended.

“CAPITAL STOCK” of any Person means any and all shares, interests, rights to purchase, options, warrants, participation or other equivalents of or interests in (however designated) the equity of such Person, including any preferred stock.

“CARRIER AFFECTED COMPANY” means as to a Carrier (a) such Carrier and its successor, (b) any Holding Company of such Carrier or its successor, or (c) any Subsidiary of such Carrier or its successor or of any Holding Company of such Carrier or its successor, that in any such case owns, directly or indirectly, all or substantially all of the Airline Assets of such Carrier or its successor, such Holding Companies of such Carrier and such Subsidiaries, taken as a whole. “CHANGE OF CONTROL” shall mean, with respect to a Carrier, the consummation of:

(1) a merger, reorganization, share exchange, consolidation, tender or exchange offer, private purchase, business combination, recapitalization or other transaction as a result of which (A) a Competing Carrier or a Holding Company of a Competing Carrier and a Carrier Affected Company are legally combined, (B) a Competing Carrier, any of its Affiliates or any combination thereof acquires, directly or indirectly, Beneficial Ownership of 50% or more of the Capital Stock or Voting Power of a Carrier Affected Company, or (C) such Carrier (or its successor), any Holding Company of such Carrier (or its successor), or any of their respective Subsidiaries acquires, directly or indirectly, Beneficial Ownership of 50% or more of the Capital Stock or Voting Power of a Competing Carrier;

(2) the sale, transfer or other disposition of all or substantially all of the Airline Assets of such Carrier (or its successor) and its Subsidiaries on a consolidated basis directly or indirectly to a Competing Carrier, any Affiliate of a Competing Carrier or any combination thereof, whether in a single transaction or a series of related transactions; or

(3) the execution by a Carrier Affected Company of bona fide definitive agreements, the consummation of the transactions contemplated by which would result in a transaction described in the immediately preceding clauses (1) or (2).

“COMPETING CARRIER” means an air carrier that competes (internationally and/or domestically) on a significant and material basis with the Carrier that is not involved in the Change of Control.

“HOLDING COMPANY” means, as applied to a Person, any other Person of whom such Person is, directly or indirectly, a Subsidiary.

"SUBSIDIARY" of any Person means any corporation, association, partnership, joint venture, limited liability company or other business entity of which more than 40% of the total Voting Power thereof or the Capital Stock thereof is at the time owned or controlled, directly or indirectly, by (1) such person, (2) such person and one or more Subsidiaries of such Person, or (3) one or more Subsidiaries of such Person.

"VOTING POWER" means, as of the date of determination, the voting power in the general election of directors, managers or trustees, as applicable.

7. Confidential Information. 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 applicable law, regulation or stock exchange rule, 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 7 shall survive two years after the termination or expiration of this Agreement.

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 Panama 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. Certain Definitions.

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

(b) Affiliate. As used in this Agreement, "Affiliate" means, as applied to a Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For purposes of this definition "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise.

(c) Person. As used in this Agreement, "Person" means an individual, partnership, corporation, business trust, joint stock company, limited liability company, unincorporated association, joint venture or other entity of whatever nature.

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. Entire Agreement, Waivers and Amendments. This Agreement and the Alliance Agreement to the extent such agreement concerns the matters covered in this Agreement constitute 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.

12. 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.
1600 Smith St., HQSCD Telecopier No.: (713) 324-3099
Houston, Texas 77002
Attention: Senior Vice President-
Asia/Pacific and Corporate Development

With copy to:

Continental Airlines, Inc.
1600 Smith St., HQSLG Telecopier No.: (713) 324-5161
Houston, Texas 77002
Attention: Senior Vice President
and General Counsel

If to COPA: Corporacion de Inversiones Aereas, S.A.
Ave. Justo Arosemena y Calle 39
Apdo. 1572
Panama 1, Panama
Attention: Pedro Heilbron
Facsimile No: 507-227-1952

With a copy to: Galindo, Arias y Lopez
Edif. Omanco
Apartado 8629
Panama 5, Panama
Attention: Jaime A. Areas C.
Facsimile No.: 507-263-5335

12. Successors, Assigns. Except as otherwise provided in this Agreement, 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.

13. 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.

14. 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.

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

16. Equal Opportunity. To the extent applicable, EEO clauses contained at 41 C.F.R. Sections 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: _____
Name: _____
Title: _____

COMPANIA PANAMENA DE AVIACION, S.A.

By: _____
Name: _____
Title: _____

Schedule 1
to the
Amended and Restated Services Agreement

Below is a list of agreements between Continental and Copa that have been negotiated to implement the Services Agreement:

Agreement	Dated
COPA's Use of Continental's Manuals Agreement	August 13, 1998
Agreement (with respect to CO Sales Support in Miami)	October 31, 1998
Frequent Flyer Program Participation Agreement	January 27, 1999
Trademark License Agreement	May 24, 1999
Agreement (with respect to CO's P-Club in Panama)	July 13, 1999
Equipment Sales Agreement	December 1, 1999
Information Technology Services Agreement	September 27, 2000
Parts Pool Agreement	October 12, 2000
Agreement (with respect to CO SalesInsight software)	November 11, 2000
COPA Corporate Program Inclusion Agreement	November 16, 2000
Agreement (with respect to distribution services)	November 28, 2000
737-700 Maintenance Management, Material Management and Maintenance Services Agreement	May 3, 2001
Agreement (with respect to CO Sales Support in Los Angeles)	June 2, 2001
Agreement (with respect to CO's CTO in Cuenca, Ecuador)	December 14, 2001
General Passenger Sales Agency Agreement (Chile)	January 1, 2002
Airline Forecasting Services Agreement	January 14, 2002
City Ticket Office Representation Agreement	February 11, 2002
Agreement (with respect to CO General US Sales Support)	May 30, 2002
General Passenger Sales Agency Agreement (Argentina)	November 29, 2002
In-Flight Entertainment Agreement	February 19, 2004
Agreement (with respect to CO's RewardOne system)	March 15, 2004
Agreement (with respect to CO Sales Support in New York)	June 1, 2004
Standard Ground Handling Agreement (LAX)	June 1, 2004
Marketing Insight for Copa Airlines Agreement	October 7, 2004

Exhibit 4.7

AMENDED AND RESTATED

SHAREHOLDERS AGREEMENT

among

CORPORACION DE INVERSIONES AEREAS, S.A.,

CONTINENTAL AIRLINES, INC.

and

COPA HOLDINGS, S.A.

November 23, 2005

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AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

This Amended and Restated Shareholders Agreement (this "Agreement") of Copa Holdings, S.A., a corporation (sociedad anonima) duly organized and validly existing under the laws of Panama (the "Company"), is made and entered into as of November 23, 2005, by and among the Company, Corporacion de Inversiones Aereas, S.A., a corporation (sociedad anonima) duly organized and validly existing under the laws of Panama ("CIASA"), and Continental Airlines, Inc., a corporation duly organized and validly existing under the laws of the State of Delaware ("Continental" and, together with CIASA, the "Shareholders").

RECITALS

WHEREAS, the Company owns, directly or indirectly, substantially all of the issued and outstanding capital stock of Compania Panamena de Aviacion, S.A., a corporation (sociedad anonima) duly organized and validly existing under the laws of Panama ("COPA"), Oval Financial Leasing, Ltd., a corporation duly organized and validly existing under the laws of the British Virgin Islands ("Oval"), AeroRepublica S.A., a corporation (sociedad anonima) duly organized and validly existing under the laws of Colombia ("AeroRepublica"), and OPAC, S.A., a corporation (sociedad anonima) duly organized and validly existing under the laws of Panama ("OPAC" and, together with COPA, AeroRepublica, Oval and the Company's other subsidiaries, the "Operating Companies");

WHEREAS, the Company and the Shareholders entered into a shareholders agreement, dated May 12, 1998 (the "Old Shareholders Agreement"), in connection with a Stock Purchase Agreement, dated as of May 8, 1998 (the "Stock Purchase Agreement"), pursuant to which CIASA owned 76,500 shares of Class A common stock, without par value (the "Old Class A Shares"), of the Company, and Continental owned 73,500 shares of Class B common stock, without par value (the "Old Class B Shares" and, together with the Class A Shares, the "Old Shares"), of the Company;

WHEREAS, COPA and Continental have entered into an Amended and Restated Services Agreement (the "Services Agreement") and an Amended and Restated Alliance Agreement (the "Alliance Agreement"), each dated as of the date hereof, pursuant to which COPA and Continental will cooperate with each other in connection with certain aspects of COPA's and Continental's air transportation business;

WHEREAS, in order to facilitate a public offering (the "Initial Public Offering") of a portion of their Shares (hereinafter defined), the Shareholders are recapitalizing the Company to, among other things, replace the Old Shares with a new series of Class A shares, without par value (the "Class A Shares"), which will not have voting rights except in certain circumstances described in the Company's Pacto Social, as amended, and a new series of Class B shares, without par value (the "Class B Shares" and, together with the Class A Shares, the "Shares"), entitled to one vote per share;

WHEREAS, the Shareholders believe it to be in the best interests of themselves and the Company to enter into this Agreement to modify certain provisions of the Old Shareholders Agreement and to reflect the Company's new capital structure;

WHEREAS, on the date hereof the Shareholders are entering into a registration rights agreement, substantially in the form attached as Exhibit A hereto (the "Registration Rights Agreement"), with respect to the Class A Shares held by Continental and the Class B Shares held by CIASA; and

WHEREAS, the Shareholders believe it to be in the best interests of themselves and the Company that the agreements contained herein be adopted in order to promote the harmonious management of the Company;

NOW, THEREFORE, in consideration of the foregoing and of the mutual agreements and covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

MANAGEMENT OF THE COMPANY; BOARD OF DIRECTORS

Section 1.1. Board of Directors. The business and affairs of the Company shall be managed and controlled by the Board of Directors of the Company in a manner consistent with this Agreement and the Company's Pacto Social.

Section 1.2. Composition of Board of Directors.

(a) The Shareholders agree that, effective as of the date hereof, the Board of Directors of the Company (the "Board of Directors") shall consist of eleven (11) members (each, a "Director") and shall have the following composition: six (6) Directors elected from candidates nominated by CIASA ("CIASA Directors"); two (2) Directors elected from candidates nominated by Continental ("Continental Directors"); and three (3) Directors who shall be "independent" (the "Independent Directors") under the rules of the New York Stock Exchange (the "NYSE"); provided that the number of Continental Directors shall be automatically decreased to (i) one (1) at such time as Continental, together with its Permitted Transferees, owns less than 19.0% of the total outstanding Shares (the "Continental Ownership Event") and (ii) zero at such time as the Continental Ownership Event has occurred and the Alliance Agreement has expired or been terminated. Each of the Shareholders agrees to vote, or act by written consent with respect to, any Shares beneficially owned by it that are entitled to vote, at each annual or special meeting of stockholders of the Company at which Directors are to be elected or to take all actions by written consent in lieu of any such meeting as are necessary, to cause the CIASA Directors, the Continental Directors and the Independent Directors to be elected to the Board of Directors as provided in this Section 1.2. Each of the Shareholders agrees to use its best efforts to cause the election of each such designee to the Board of Directors, including nominating such individuals to be elected as members of the Board of Directors. Further, the Company agrees that, if at any time there is a vacancy on the Board of Directors and as a result thereof the Board of Directors includes fewer CIASA Directors or Continental Directors than CIASA or Continental are entitled to nominate at such time, then the Company shall nominate or appoint, as the case may be, the person designated by CIASA or Continental, as the case may be, to fill such vacancy and, in the event of a shareholders vote, shall recommend to shareholders such individual's election to the Board. In addition, at any time

when there are no Continental Directors on the Board of Directors and Continental is entitled to appoint a member of the Board of Directors, at Continental's request, the Company shall invite an individual designated by Continental at such time to attend all board meetings (including telephonic meetings) as a non-voting observer and review all actions taken by the Board of Directors without a meeting, and shall provide such individual, at the same time as provided to Directors, all materials provided to Directors in connection with such meetings or actions taken without a meeting.

(b) The Shareholders shall, at CIASA's option, adjust the size of the Board of Directors and/or replace one or more CIASA Directors with new Independent Directors to the extent hereafter required to comply with applicable law or the rules of the NYSE; provided that any such adjustments shall not impair Continental's rights pursuant to Section 1.2(a) (it being understood that the mere adjustment of the size of the board shall not be deemed an impairment of Continental's rights).

Section 1.3. Meetings; Quorum; Required Vote.

(a) Meetings of the Board of Directors shall be held at least quarterly. Unless a majority of Directors otherwise agrees, meetings of the Board of Directors shall be held in Panama.

(b) Unless every Director otherwise agrees or waives such requirement or unless a fixed date is established for regular meetings, notice in writing of any meeting of the Board of Directors must be received by each Director no less than fourteen (14) days prior to the date on which such meeting is scheduled to occur.

(c) Attendance in person or by telephone of at least a majority of the Directors or their respective alternate Directors shall be required to constitute a quorum at a meeting of the Board of Directors, except where the Pacto Social of the Company may require a greater number.

(d) Unless otherwise specified in this Agreement, all matters shall require a simple majority vote of all Directors present at the meeting.

Section 1.4. Removal; Vacancies.

(a) Either Shareholder may dismiss its nominated directors with or without cause, and, upon the occurrence of any such dismissal, the other Shareholders shall vote accordingly in favor of, and shall use all reasonable efforts to implement promptly, such dismissal. In addition, any Director may resign at any time by giving written notice to the Shareholder that nominated such Director and to the Secretary of the Board of Directors and filing such notice with the Public Registry in Panama. The Secretary of the Board of Directors shall provide notice of any such resignation to the other Shareholders and the other Directors within two days of receiving such resignation. Such resignation shall take effect on the date shown on or specified in such notice or, if such notice is not dated, at the date of the receipt of such notice by the Secretary of the Board of Directors. No acceptance of such resignation shall be necessary to make it effective.

(b) If the position of a CIASA Director or a Continental Director becomes vacant for any reason (including dismissal by the Shareholder nominating such Director), the remaining Directors shall vote (and if necessary the Shareholders shall cause their Shares to be voted) to elect as Director a person nominated by the Shareholder entitled to fill such vacant position and to replace the departed Director on any Committees on which he served. Notwithstanding the foregoing, if the position of any Continental Director becomes vacant as a result of the provisions of Section 1.2(a) of this Agreement, the remaining Directors shall vote (and if necessary the Shareholders shall cause their Shares to be voted) to elect as Director a person nominated by a majority of the remaining Directors to fill such vacant position and to replace the departed Director on any Committees on which he or she served.

ARTICLE II

DISPOSITIONS, SALES AND TRANSFERS OF SHARES; RIGHT OF FIRST OFFER; TAG-ALONG RIGHTS

Section 2.1. Transfers. No Shareholder shall directly or indirectly sell, assign, transfer or otherwise dispose of, or pledge, mortgage, hypothecate, give, create a security interest in or lien on, place in trust (voting or otherwise), transfer by operation of law or in any way subject to any claims, options, charges, whether or not voluntarily, any Shares (or any beneficial interest in such Shares) to or with any other person or entity (including, without limitation, by operation of law) (collectively, a "Transfer") without complying with this Article II; provided that the restrictions of this Article II shall not apply to any "Permitted Transfer" which shall be defined as any sale, assignment or transfer (i) by a Shareholder to any wholly-owned subsidiary of that Shareholder (provided the selling, assigning or transferring Shareholder agrees in writing to remain bound by the terms of this Agreement and such wholly-owned subsidiary agrees in writing to be bound by the terms of this Agreement), (ii) to an Affiliate of CIASA (provided CIASA agrees in writing to remain bound by the terms of this Agreement and such Affiliate agrees in writing to be bound by the terms of this Agreement), (iii) to the shareholders of CIASA as of the date hereof or any Affiliate or Family Member thereof (provided that CIASA agrees in writing to remain bound by the terms of this Agreement and such transferee agrees in writing to be bound by the terms of this Agreement) or (iv) by Continental to a person owning a majority of the voting power of Continental's capital stock (a "Controlling Continental Shareholder") (provided Continental agrees in writing to remain bound by the terms of this Agreement and such person agrees in writing to be bound by the terms of this Agreement). Each person or entity referred to in sections (i) through (iv) of this Section 2.1 shall be a "Permitted Transferee"; provided that, for the avoidance of doubt, any trust subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and established to fund retirement or pension benefits for employees of corporations, trades, or business that are under common control with Continental pursuant to sections 414(b) and 414(c) of the Internal Revenue Code of 1986, as amended and/or the ERISA benefit plan associated with such trust (any such trust or plan, a "Continental Plan") shall not be considered a Permitted Transferee, and a Transfer to such Continental Plan shall not be considered a Permitted Transfer. For purposes of this Agreement, an "Affiliate" of a person means an entity controlled by such person where control means ownership of a majority of both the economic interest in and voting power for such entity.

For purposes of this Agreement, a "Family Member" of a person is the spouse of such person or a parent, sibling or descendent of such person (or a spouse thereof) or a trust established for the benefit of any of the foregoing. Any Shareholder making a Permitted Transfer must notify the other Shareholder in writing prior to completing such Permitted Transfer.

Section 2.2. Prohibited Transfers. For so long as CIASA and its Affiliates own, directly or indirectly, more than 50% of the Company's voting stock, neither Shareholder shall effect or agree to effect a Transfer (other than pursuant to (i) a Widely Distributed Public Offering, (ii) a Transfer to a Continental Plan, or (iii) a Permitted Block Trade (A) to the knowledge of the Transferring Shareholder, has not been entered into directly or indirectly with any airline or any subsidiary of an airline, (B) that has not otherwise been structured for the purpose of avoiding this Section 2.2 and (C) in which any underwriter or broker acknowledges that such underwriter or broker is familiar with the restrictions of this Section 2.2) without the prior written consent of the other Shareholder, which shall not be unreasonably withheld, if such Transfer would result in any airline or an Affiliate of an airline that is not as of the date of this Agreement a direct holder of Shares holding Shares. As used in this Agreement, "Widely Distributed Public Offering" means any public offering of Shares to five (5) or more purchasers, none of which are, to the knowledge of Continental or any underwriters, directly or indirectly affiliated with each other or any Shareholder and none of which are acting as a "group" (as defined in Section 13(d) of the U.S. Securities Exchange Act of 1934, as amended), in which no one purchaser acquires more than 20% of the total number of Shares sold in such offering.

Section 2.3. Right of First Offer.

(a) In the event that Continental or a Permitted Transferee of Continental (together, for purposes of this Section 2.3, the "Continental Seller") intends to Transfer any Shares (other than pursuant to (i) a Permitted Transfer, (ii) a public offering of shares registered with the U.S. Securities and Exchange Commission pursuant to the Registration Rights Agreement or (iii) a Transfer pursuant to Section 2.4), it shall first give written notice to CIASA stating its intention to make such Transfer and the number of Shares proposed to be Transferred (the "Offered Securities"). Notwithstanding the foregoing, the Continental Seller shall not be required to give CIASA any such notice, and the provisions of this Section 2.3 shall not be applicable, on any date on which CIASA, together with its Permitted Transferees, owns less than 10.0% of the total outstanding Shares.

(b) Unless the proposed Transfer is a Permitted Block Trade in accordance with the terms of Section 2.3(d), upon receipt of the notice described in Section 2.3(a), CIASA may elect to, and if CIASA so elects the Continental Seller shall, negotiate in good faith, for a period of up to thirty (30) days (such 30-day period, the "Offer Period") from the date of the receipt by CIASA of such notice, the terms of a transaction in which CIASA will acquire all of the Offered Securities. The Continental Seller shall be under no obligation to accept any offer made by CIASA during the Offer Period. An offer made by CIASA shall not be considered to be an offer for purposes of the remainder of this Section 2.3 unless it is a bona fide offer made in good faith and subject only to such conditions as are customary for offers of such type and, in the good faith judgment of the Continental Seller, reasonably capable of being satisfied and consummated within sixty (60) days of the date of such offer.

(c) If CIASA offers to purchase all of the Offered Securities and does not reach a definitive agreement with the Continental Seller during the Offer Period to purchase all of the Offered Securities, the Continental Seller shall have the right, for a period of 180 days from the earlier of (i) the expiration of the Offer Period and (ii) the date on which the Continental Seller shall have received written notice from CIASA stating that CIASA does not intend to exercise its right to offer to purchase all of the Offered Securities, to enter into an agreement to transfer all (but not less than all) of the Offered Securities to any third person at a price that is at least 10% greater than the price offered by CIASA in its last offer. For purposes of this Section 2.3, in any Transfer to a Continental Plan, including any contribution of Shares or any beneficial interest in Shares, the purchase price per Share shall be deemed to be the value set forth in a valuation report issued to an independent fiduciary of the Continental Plan by an independent third party appraiser that includes a reasonable level of detail regarding the valuation method used by such appraiser to value such Shares or interests therein. If the Continental Seller intends to accept during such period an offer to Transfer all of the Offered Securities to any third person at a price that is not at least 10% greater than the price offered by CIASA in its last offer, then the Continental Seller shall give notice (the "Second Notice") in writing to CIASA specifying the number of Offered Securities proposed to be Transferred, the proposed sale price, the name and address of the proposed transferee as well as all other terms and conditions in connection with the proposed Transfer and shall enclose a copy of the offer received with respect thereto. During the three business days (such three-business-day period, the "Second Offer Period") following receipt of the Second Notice, CIASA shall have an irrevocable and exclusive option, but in no way an obligation, to agree to purchase all (but not less than all) of such Offered Securities on the same terms and subject to the same conditions as specified in the Second Notice, except that the closing date of any such agreement by CIASA to purchase shall occur no later than thirty (30) days after the expiration of the Second Offer Period. In the event that CIASA elects to exercise such option, the Continental Seller and CIASA shall promptly consummate the purchase and sale of such Offered Securities. In the event that the Second Offer Period has elapsed without CIASA having exercised such option, the Continental Seller shall have the right to consummate the proposed Transfer on the terms and conditions set forth in the Second Notice within thirty (30) days from the earlier of (i) the expiration of the Second Offer Period and (ii) the date on which the Continental Seller shall have received written notice from CIASA stating that CIASA does not intend to exercise its option to purchase all of such Offered Securities. If CIASA does not make an offer to purchase all of the Offered Securities during the Offer Period, the Continental Seller shall have the right, for a period of 180 days from the earlier of (i) the expiration of the Offer Period and (ii) the date on which the Continental Seller shall have received written notice from CIASA stating that CIASA does not intend to exercise its right to offer to purchase all of the Offered Securities, to enter into an agreement to transfer all (but not less than all) of the Offered Securities to any third person.

(d) Notwithstanding Sections 2.3(b) and (c) above, if (i) immediately after giving effect to any proposed Transfer by a Continental Seller described in Section 2.3(a), Continental and its Permitted Transferees would continue to own Registrable Securities (as defined in the Registration Rights Agreement) and (ii) the proposed Transfer will be a Permitted Block Trade (as defined below) in accordance with this Section 2.3(d), the Continental Seller shall provide the written notice referred to in Section 2.3(a) no fewer than fourteen (14) days prior to the date on which the Continental Seller desires to sell the Offered Securities (the "Proposed Sale Date") and this Section 2.3(d) shall apply to the proposed Transfer of the Offered

Securities in lieu of Sections 2.3(b) and (c). In such event, at least four days but not more than seven days prior to the Proposed Sale Date, the Continental Seller shall invite CIASA in writing to make a written offer to purchase all of the Offered Securities (the "CIASA Bid"). The Continental Seller must receive the written CIASA Bid by 6:00 p.m., Central Standard Time, on the second full business day following the date of CIASA's receipt of Continental's written invitation to make an offer. If the Continental Seller accepts the CIASA Bid, CIASA shall purchase the Offered Securities pursuant to the CIASA Bid no more than thirty (30) days following the Continental Seller's acceptance of the CIASA Bid or on such other date as the Continental Seller and CIASA may agree. If the Continental Seller wishes to reject the CIASA Bid it shall do so in writing and, if it does so by 6:00 p.m., Central Standard Time, on the second full business day following its receipt of the CIASA Bid, the Continental Seller may sell no less than 70% of the Offered Securities in a block trade or similar transaction (a "Permitted Block Trade"); provided that (i) the Permitted Block Trade is consummated within seven (7) days of the Continental Seller's rejection of the CIASA Bid, (ii) the Offered Securities are purchased by at least four (4) purchasers that are not, to the knowledge of Continental or any underwriters, directly or indirectly affiliated with one another or with Continental or the Continental Seller and none of which are acting as a "group" (as defined in Section 13(d) of the U.S. Securities Exchange Act of 1934, as amended) ("Unaffiliated Purchasers"), (iii) no single Unaffiliated Purchaser directly or indirectly acquires or will beneficially own as a result of the Permitted Block Trade more than the lesser of 50% of the Offered Securities and 5% of the total outstanding Shares, (iv) the purchase price paid by each of the Unaffiliated Purchasers for the Offered Securities is at least 95% of the price offered by CIASA pursuant to the CIASA Bid and (v) the other terms and conditions relating to the timing or value of consideration of the Permitted Block Trade are not more favorable in any material respect to any of the Unaffiliated Purchasers than the terms and conditions relating to the timing or value of consideration offered by CIASA in the written CIASA bid. Any Transfer that does not satisfy each of the requirements described in (i) through (v) of this Section 2.3(d) shall not constitute a Permitted Block Trade and shall remain subject to the offer procedures set forth in Sections 2.3(b) and (c).

(e) If any portion of a price offered by CIASA or another purchaser for the Offered Securities is proposed to be paid in a form other than cash, such portion shall be deemed to consist of the amount of cash equal to the fair market value of such non-cash consideration as reasonably determined by the Continental Seller, in the case of non-cash consideration offered by CIASA, and by CIASA, in the case of non-cash consideration offered by another person; provided that the Continental Seller may specify in any notice described in Section 2.3(a) that the Offered Securities shall only be available to CIASA or another purchaser for cash. Any transfer to a Continental Plan shall be deemed to be a Transfer for cash.

(f) If CIASA and the Continental Seller do not reach an agreement to transfer the Offered Securities to CIASA in accordance with the provisions of this Section 2.3 and the Continental Seller shall not have transferred the Offered Securities to a third person in accordance with the provisions of this Section 2.3, the provisions of this Article II shall again apply in connection with any subsequent Transfer of all or any portion of such Offered Securities.

Section 2.4. Tag Along Rights. (a) Continental shall have the rights set out in Sections 2.4(b) and 2.4(c) only with respect to a sale of Shares by CIASA or a Permitted

Transferee of CIASA (other than (i) Permitted Transfers, (ii) Transfers in a public offering of shares registered with the U.S. Securities and Exchange Commission pursuant to the Registration Rights Agreement or (iii) Transfers of Class B Shares to a Panamanian (as defined in the Registration Rights Agreement) (a "Triggering Sale") pursuant to a bona fide offer (the "Bona Fide Offer") to acquire such Shares made by one or more third-parties (the "Offeror") that would result in CIASA, together with its Permitted Transferees, beneficially owning less than 19.0% of the total outstanding Shares.

(b) In the event of a Triggering Sale by CIASA or a Permitted Transferee of CIASA (together, for purposes of this Section 2.4, the "CIASA Seller"), the CIASA Seller shall provide Continental with written notice of its election to accept the Bona Fide Offer, which notice shall set forth the name and address of the Offeror and the principal terms of the Bona Fide Offer. Upon receipt of such notice, Continental shall have thirty (30) days to irrevocably elect to sell a certain number of its Class A Shares to the Offeror on the terms and subject to the conditions set forth in Section 2.4(c) hereof; provided that the sale contemplated by the Bona Fide Offer closes. The number of Class A Shares that Continental shall have the right to sell to the Offeror shall be equal to the number of Shares being sold by the CIASA Seller; provided, that if CIASA, together with its Permitted Transferees, beneficially owns more than 19.0% of the total outstanding Shares immediately prior to the Triggering Sale, Continental shall have the right to sell the number of Shares being sold by the CIASA Seller minus the number of Shares held by CIASA and Permitted Transferees of CIASA in excess of 19.0% of the total outstanding Shares. If the sale contemplated by the Bona Fide Offer does not close, or the CIASA Seller does not sell enough of its Shares to cause a Triggering Sale, the notice provided pursuant to this Section 2.4(b) shall be deemed to have been withdrawn and the rights and obligations of Continental shall continue to be governed by this Section 2.4. Failure by Continental to make an election pursuant to this Section 2.4(b) within the 30-day election period shall constitute an election to decline to sell pursuant to Section 2.4(c).

(c) If Continental elects to sell its Class A Shares pursuant to Section 2.4(b), it shall take all lawful action reasonably requested by the Offeror to complete the sale contemplated by the Bona Fide Offer, including, without limitation, the surrender to the Offeror of any stock certificates representing such shares properly endorsed for transfer to the Offeror against payment of the sale price for such shares, and if so reasonably requested by the Offeror, the execution of all sale and other agreements in the form requested; provided that Continental shall not be required to make any representation, warranty, or commitment in any such agreement except representations and warranties as to Continental's power and authority to transfer such shares free and clear of all liens and encumbrances, Continental's unencumbered title to such shares, and the absence of any litigation, laws or agreements which would impede the transfer of such shares. The consideration to be paid for Continental's Shares to be sold pursuant to the Bona Fide Offer shall be greater than or equal value to the consideration to be paid for CIASA's Shares sold pursuant to the Bona Fide Offer (in both cases, expressed on a per share basis).

(d) In addition to the rights described in this Section 2.4, Continental shall have the registration rights described in Section 2.3 of the Registration Rights Agreement at any time that a CIASA Seller sells any Shares to a Panamanian (as defined in the Registration Rights Agreement).

ARTICLE III
MISCELLANEOUS

Section 3.1. Termination. This Agreement shall terminate without further action: (i) on the dissolution and liquidation of the Company; (ii) by mutual consent of CIASA and Continental; and (iii) at such time as either Shareholder (including any Permitted Transferee) shall cease to own any Shares. This Agreement shall terminate at the option of CIASA upon written notice to Continental 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.

Section 3.2. Successors and Assigns. The provisions of this Agreement shall be binding upon, and shall inure to the benefit of, the respective successors and assigns of the Shareholders; provided that the benefit of this Agreement may not be assigned or transferred in whole or in part by any Shareholder without the prior written consent of the other Shareholder except to a Controlling Continental Shareholder (subject to Section 2.1(iv) and provided the Controlling Continental Shareholder agrees in writing to be bound by the terms of this Agreement). Nothing in this Agreement, express or implied, is intended to confer upon any person other than the parties hereto and their respective permitted successors and assigns any rights, remedies or obligations under or by reason of this Agreement.

Section 3.3. Entire Agreement. This Agreement, taken together with the Pacto Social of the Company, the Services Agreement, the Alliance Agreement and the Registration Rights Agreement between COPA and Continental, and the Contingency Agreement, dated the date hereof, among the parties hereto, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings relating to such subject matter.

Section 3.4. Severability. Should any part of this Agreement for any reason be declared invalid, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in full force and effect as if this Agreement had been executed with the invalid portion thereof eliminated, and it is hereby declared the intention of the parties hereto that they would have executed, or agreed to abide or be governed by, the remaining portion of the Agreement without including therein any such part, parts, or portion which may, for any reason, be hereafter declared invalid.

Section 3.5. Language. The English language version of this Agreement shall be the official version thereof.

Section 3.6. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of Panama.

Section 3.7. 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 International Chamber of Commerce Court of International Arbitration (the “ICC”) in

accordance with the International Arbitration Rules of the ICC. 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 parties and the third of whom shall be selected by mutual agreement, if possible, within 30 days of the selection of the second arbitrator and thereafter by the ICC (in which case the third arbitrator shall not be a citizen of Panama or the United States) and the place of arbitration shall be Panama City, Panama. 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 will have no authority to award punitive damages or any other damages not measured by the prevailing party's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms of the Agreement.

(d) Either party 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 party 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.

Section 3.8. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other shall be in writing and shall be deemed to have been duly given on the date of delivery (i) if delivered personally, (ii) if delivered by Federal Express or other next-day courier service, (iii) if delivered by registered or certified mail, return receipt requested, postage prepaid, or (iv) if sent by telecopier (with written confirmation of receipt) or electronic mail; provided that a copy is mailed by next-day courier, registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or to such other person or at such other address and telecopier numbers as may be designated in writing by the party to receive such notice.

(i) If to the Company or CIASA:

Corporacion de Inversiones Aereas, S.A.
c/o Campania Panamena de Aviacion, S.A.
Ave. Justo Arosemena y Calle 39 Apdo
Panama 1, Panama
Attention: Pedro Heilbron
Facsimile No.: +507 227-1952

with copies to:

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

and

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
United States of America
Attn: David L. Williams
Facsimile No.: (212) 455-2502

(ii) If to Continental:

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002
United States of America
Attn: Senior Vice President - Asia/Pacific and Corporate Development
Facsimile No.: (713) 324-3099

with copies to:

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002
United States of America
Attn: Senior Vice President and General Counsel
Facsimile No.: (713) 324-5161

Section 3.9. Headings. The Article, Section and paragraph headings herein and table of contents hereto are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof.

Section 3.10. Modification, Amendment or Clarification. At any time, the parties hereto may modify, amend or clarify the intent of this Agreement, by written agreement executed and delivered by duly authorized officers of the respective parties.

Section 3.11. Counterparts. For the convenience of the parties hereto, this Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement. Each party hereto shall adhere any necessary stamp taxes to its respective counterpart.

Section 3.12. Constructive Termination. To the extent permitted by applicable law, a Shareholder and the Permitted Transferees of such Shareholder shall be relieved of their obligations, but shall retain their rights, under this Agreement after giving the other Shareholder sixty-days' written notice of the occurrence of a material breach by such other Shareholder of a material provision of this Agreement that remains uncured during such sixty (60)-day notice period.

Section 3.13. Remedies. Subject to Section 3.7, any Shareholder having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law. In addition, in the case of a material breach of this Agreement, the Shareholders shall have the rights to terminate the Alliance Agreement or the Services Agreement as described in and in accordance with those agreements.

Section 3.14. Shareholder Meeting. The Company shall provide Continental with notice of each meeting of shareholders of the Company, as if Continental were a shareholder entitled to vote at such meeting.

IN WITNESS WHEREOF, the parties hereto have duly executed the Agreement as of the date first written above.

COPA HOLDINGS, S.A.

By: /s/ Pedro Heilbron
Name: Pedro Heilbron
Title: Chief Executive Officer

CORPORACION DE INVERSIONES AEREAS, S.A.

By: /s/ Stanley Motta
Name: Stanley Motta
Title: Director

CONTINENTAL AIRLINES, INC.

By: /s/ Gerald Laderman
Name: Gerald Laderman
Title: Senior Vice President - Finance and Treasurer

EXHIBIT 4.8

FORM OF

GUARANTEED LOAN AGREEMENT

dated as of _____

among

_____,
as Borrower

_____,
as Guaranteed Lender

_____,
not in its individual capacity, but solely
as Security Trustee

and

EXPORT-IMPORT BANK OF THE UNITED STATES

_____

_____ (_____) Boeing Model _____ Aircraft

_____ Guarantee No. _____ — Republic of Panama (COPA)

_____

_____

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GUARANTEED LOAN AGREEMENT

THIS GUARANTEED LOAN AGREEMENT dated as of _____ (the "GUARANTEED LOAN AGREEMENT") is among _____, a corporation duly organized and validly existing under the general corporation law of the State of Delaware (the "BORROWER"); _____ (together with any permitted assignee(s) and transferee(s) in accordance with the terms hereof, the "GUARANTEED Lender"); _____, not in its individual capacity, but solely as security trustee (the "SECURITY TRUSTEE"); and EXPORT-IMPORT BANK OF THE UNITED STATES, an agency of the United States of America ("EX-IM BANK").

W I T N E S S E T H:

WHEREAS, the Borrower has requested the Guaranteed Lender to establish a credit facility (the "CREDIT") in favor of the Borrower in the maximum principal amount of up to U.S.$ ____ so that the Borrower may finance the Ex-Im Bank Financed Portion of the Aircraft;

WHEREAS, by this Guaranteed Loan Agreement and on the terms and conditions herein set forth, the Guaranteed Lender has established the Credit for the Borrower pursuant to which the Guaranteed Lender shall extend such financing under the Credit;

WHEREAS, immediately upon the acquisition by the Borrower of the Aircraft, the Aircraft will be leased by the Borrower (as lessor) to the Lessee pursuant to the Lease and thereafter immediately subleased by the Lessee (as lessor) to the Sublessee pursuant to the Sublease;

WHEREAS, the obligations of the Borrower hereunder shall be secured by the Lien of the Security Documents; and

WHEREAS, the establishment of the Credit will facilitate exports and imports between the United States of America and the Republic of Panama.

NOW, THEREFORE, in consideration of the foregoing and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Definitions; Amount of the Credit.

1.1 Definitions. Unless the context requires otherwise, capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in Part I of Appendix A hereto for all purposes of this Guaranteed Loan Agreement and this Guaranteed Loan Agreement shall be interpreted in accordance with the rules of construction set forth in Part II of Appendix A hereto.

1.2 Amount of the Credit. Subject to the terms and conditions set forth in this Guaranteed Loan Agreement and the Participation Agreement, the Guaranteed Lender hereby establishes the Credit in favor of the Borrower in the maximum principal amount of up to _____ (U.S.$ ____) (the "TOTAL COMMITMENT"), and the Guaranteed Lender agrees, upon the terms and conditions hereinafter set forth, to make one Disbursement in an amount not to exceed the lesser of (a) the Ex-Im Bank Financed Portion and (b) the Ex-Im Bank Total Commitment.

SECTION 2. Total Commitments.

2.1 Loan. Subject to the terms and conditions set forth below, on the Delivery Date, the Guaranteed Lender shall make a Disbursement to the Borrower in the principal amount up to but not exceeding the amount of the unused Total Commitment (the Disbursement made by the Guaranteed Lender shall be referred to herein as the "LOAN.") The Loan shall be made only during the Availability Period.

2.2 Borrowings. Subject to Section 4.3, the Borrower shall (acting solely at the direction of Sublessee) give the Security Trustee, the Guaranteed Lender and Ex-Im Bank notice in the form of Exhibit A hereto of each borrowing hereunder (the "NOTICE OF BORROWING"). On the date specified for the borrowing hereunder, the Guaranteed Lender shall, subject to the terms and conditions of this Agreement and the other Operative Documents, make available to the Borrower the amount of the Loan to be made on such date in Dollars by depositing the same, in immediately available funds, in an account or accounts with _____ designated by the Borrower in the Notice of Borrowing, provided, that an amount equal to the Supplemental Equipment Amount shall not be disbursed to the Borrower on the Delivery Date but rather shall be deposited in the account of the Security Trustee and be held by the Security Trustee for the account of the Borrower (and deposited in Permitted Investments) until the earlier of (i) receipt by the Security Trustee (copied to the Guaranteed Lender) of a certificate authorizing disbursement issued by Ex-Im Bank in the form attached hereto as Exhibit D (a "CERTIFICATE AUTHORIZING DISBURSEMENT") to be issued no later than, the earlier of, forty-five (45) days after the Final Disbursement Date and _____ (_____) days prior to the first Loan Payment Date, or (ii) the date on which a prepayment is required under Section 2.4(d) hereof, and on such date the Security Trustee shall, in the case of (i) above, deposit the amount indicated in such Certificate Authorizing Disbursement in an account designated by the Borrower (at the direction of the Sublessee), apply any remaining Supplemental Equipment Amount in accordance with the provisions of Section 2.4 hereof and disburse any remaining proceeds of such Permitted Investments in an account designated by the Borrower (at the discretion of the Sublessee) or, in the case of (ii) above, apply (with notice to the Guaranteed Lender) the Supplemental Equipment Amount towards the prepayment due on such date in accordance with the provisions of Section 2.4 hereof by making such amount available to the Guaranteed Lender on such date and any proceeds of such Permitted Investments remaining after such prepayment shall be deposited in an account designated by the Borrower.

2.3 Termination of Total Commitment.

(a) The undisbursed and uncanceled amount of the Total Commitment shall automatically be canceled and reduced to _____ as of _____ New York time on the Final Disbursement Date. In no event shall any disbursement of the Total Commitment take place after the Final Disbursement Date.

(b) The Borrower may terminate such part of the Total Commitment (or the unutilized portion thereof) by giving notice thereof to the Guaranteed Lender upon (and only

upon) receiving notice from Sublessee that it does not wish to proceed with the leasing of the Aircraft; provided that: (i) the Borrower shall give notice of such termination as provided in Section 4.3 hereof and (ii) the Total Commitment (or the unutilized portion thereof) once terminated may not be reinstated.

(c) If an Event of Default shall have occurred and be continuing, Ex-Im Bank, by written notice to the Guaranteed Lender, the Borrower, the Lessee and the Sublessee, may: cancel the unutilized and uncanceled amount of the Total Commitment. In the event of a cancellation by Ex-Im Bank of all or part of the Total Commitment, the Borrower shall pay to Ex-Im Bank, the Security Trustee and the Guaranteed Lender, respectively, all commitment fees as set forth in, and accrued and unpaid under, the Operative Documents through such date and all other amounts due but unpaid under the Operative Documents as of such date (after giving effect to any acceleration, pursuant to Section 9 of any such amounts).

2.4 Prepayments. (a) Subject to no Event of Default having occurred and being continuing, the Borrower shall (acting solely at the direction of Sublessee) have the right to prepay the Loan in full or in part on any Loan Payment Date, provided that the Borrower (or Sublessee acting on behalf of the Borrower) shall give the Guaranteed Lender and Ex-Im Bank written notice of such prepayment as provided in Section 4.3 hereof and partial prepayments may be made only in an amount at least equal to _____ ($_____) (or if the principal amount of the Loan outstanding at such time is less than $____, then such principal amount) and in integral multiples of _____ ($____).

(b) The Borrower shall prepay the Loan in full (together with accrued interest thereon and all other amounts then owing by the Borrower hereunder and under the other Operative Documents (including, without limitation, amounts payable under the _____ Indemnity Agreement)) (i) prior to or contemporaneously with the termination of the Lease or the Sublease, or (ii) within _____ (____) days of the occurrence of an Event of Loss unless a Replacement Aircraft is substituted for the Aircraft in accordance with the terms of the Lease and the Sublease, and the Guaranteed Lender hereby acknowledges that the Security Trustee may require that any funds held by the Security Trustee be applied to any prepayment of the Loan.

(c) [Intentionally Omitted.]

(d) (i) If the Security Trustee has not received a Certificate Authorizing Disbursement on or prior to the date which is the earlier of _____ (_____) days after the Final Disbursement Date and _____(_____) days prior to the first Loan Payment Date, on the first Loan Payment Date, the Borrower shall prepay the Loan (with the funds held by the Security Trustee pursuant to Section 2.2 hereof and any proceeds of the Permitted Investments relating to such funds)) in part in an amount equal to the Supplemental Equipment Amount together with accrued interest thereon, and all other amounts then owing by the Borrower hereunder and under the other Operative Documents (including, without limitation, amounts payable under the _____Indemnity Agreement) on such Loan Payment Date.

(ii) If the Security Trustee receives a Certificate Authorizing Disbursement pursuant to Section 2.2 hereof authorizing the Security Trustee to distribute

to the account of the Borrower an amount which is less than the Supplemental Equipment Amount, then on the date of receipt by the Security Trustee of such Certificate Authorizing Disbursement, the Borrower shall prepay the Loan (to the extent available, with the funds held by the Security Trustee pursuant to Section 2.2 hereof) in part in an amount equal to the difference between (A) the Supplemental Equipment Amount and (B) the amount listed in such Certificate Authorizing Disbursement, together with accrued interest thereon and all other amounts then owing by the Borrower hereunder and under the other Operative Documents (including, without limitation, amounts payable under such _____ Indemnity Agreement) on such Loan Payment Date.

(e) Any notice of prepayment given by the Borrower pursuant to Section 2.4(a) hereof shall be irrevocable, shall specify the date upon which such prepayment is to be made and the amount of such prepayment and shall oblige the Borrower to make such prepayment on such date.

(f) Any prepayment pursuant to Section 2.4(a), (b) or (d) hereof shall satisfy pro tanto the Borrower's obligations in relation to the Loan and the Note (or portion thereof, in the case of any partial prepayment pursuant to Section 2.4(a) or (d)).

(g) Any partial prepayment pursuant to Section 2.4(a) shall be applied to the principal installments of the Loan and the Note in the inverse chronological order of their maturities.

(h) Any partial prepayment pursuant to Section 2.4(d) shall be applied in reduction of the remaining principal installments of the Loan and Note pro rata.

(i) Any amount prepaid under this Guaranteed Loan Agreement may not be reborrowed.

(j) The Borrower may not voluntarily prepay the Loan except in accordance with the express terms of this Section 2.4. Any prepayment made pursuant to Sections 2.4(a), (b) or (d) shall be made together with accrued and unpaid interest thereon and all other amounts then due and owing by the Borrower under any other Operative Document (including, without limitation, all amounts due and owing under Section _____ of the _____ Indemnity Agreement).

SECTION 3. Payments of Principal and Interest; Promissory Note.

3.1 Repayment of Loan. The Borrower shall pay to the Guaranteed Lender the entire aggregate outstanding principal amount of the Loan in _____ (_____) installments payable on each Loan Payment Date in the principal amount set forth in Schedule I to the Note; provided, that the principal installment payable on the Final Maturity Date shall in all cases be in an amount equal to the entire principal amount of such Loan outstanding on such date, and such principal installment shall be paid together with all accrued and unpaid interest and all other amounts then owing hereunder and under the other Operative Documents. The quarterly installments of principal of the Loan will be calculated including accrued interest on a "level total payment" or "mortgage style" basis.

3.2 Interest; Ex-Im Bank's Overdue Amounts.

(a) Interest.

(i) The Borrower shall pay to the Guaranteed Lender interest on the unpaid principal amount of the Loan for the period from and including the date the Loan is disbursed to but excluding the date the Loan shall be paid in full, at the Fixed Rate.

(ii) The Borrower will pay to the Guaranteed Lender (other than Ex-Im Bank) interest at the applicable Post-Default Rate on any principal of the Loan and on any interest thereon and any other amount payable by the Borrower to the Guaranteed Lender (other than Ex-Im Bank) hereunder that shall not be paid in full when due (whether at stated maturity, by acceleration or otherwise), for the period from and including the due date thereof to but excluding the date the same is paid in full.

(iii) Accrued interest on the Loan shall be payable on each Loan Payment Date and upon the payment or prepayment thereof (but only on the principal amount so paid or prepaid), except that interest payable at the applicable Post-Default Rate shall be payable from time to time on demand.

(b) Ex-Im Bank's Overdue Amounts.

(i) Notwithstanding Section 3.2(a), if Ex-Im Bank shall have made a claim payment under the Ex-Im Bank Guarantee to the Guaranteed Lender with respect to a demand under the Note, then, beginning on the date of such claim payment, if any amount of principal of or accrued interest on the Loan then owing to Ex-Im Bank is not paid in full when due, whether at stated maturity, by acceleration or otherwise, the Borrower shall pay (without duplication of interest accrued under Section 3.2(a)(i)) to Ex-Im Bank on demand interest on such unpaid amount for the period from and including the date such amount was due to Ex-Im Bank to but excluding the date such amount is paid in full at an interest rate per annum equal to one percent (____ %) per annum above the Fixed Rate.

(ii) Except as otherwise provided in Section 3.2(b)(i) with respect to the amounts of principal and accrued interest, if, at any time, any other amount owing to Ex-Im Bank under this Guaranteed Loan Agreement or the Note is not paid in full when due, the Borrower shall pay to Ex-Im Bank on demand interest on such unpaid amount for the period from the date such amount was due (the "PAYMENT DEFAULT DATE") until such amount shall have been paid in full at an interest rate per annum equal to one percent (____ %) per annum above the U.S. Treasury Rate for _____ -month (__ days) Treasury Bills which is in effect on the Payment Default Date.

3.3 Promissory Note. The Borrower agrees that to further evidence its obligation to repay the Loan, with interest thereon, it shall issue and deliver to the Guaranteed Lender on the Delivery Date a Note substantially in the form of Exhibit B hereto. The Note as originally delivered to the Guaranteed Lender shall (i) be dated the date of its issue, (ii) be in a principal amount equal to the amount of the Loan, (iii) be payable as to principal in accordance with the provisions of this Guaranteed Loan Agreement, (iv) shall bear interest in accordance with the

appropriate provisions of this Guaranteed Loan Agreement, (v) be otherwise in conformity with the terms of this Guaranteed Loan Agreement, and (vi) designate the Aircraft to which it relates. The Note shall be the legal, valid and enforceable obligation of the Borrower and shall be enforceable against the Borrower in accordance with its terms. If the Note is mutilated, lost, stolen or destroyed, the Borrower shall issue a new Note of the same date, type, maturity and denomination as the Note so mutilated, lost, stolen or destroyed; provided that, in the case of a mutilated Note, such mutilated Note shall be simultaneously delivered to the Borrower through Ex-Im Bank (for cancellation of the Ex-Im Bank Guarantee endorsement affixed thereon) and in the case of a lost, stolen or destroyed Note, there shall first be furnished to the Borrower, Sublessee and Ex-Im Bank an instrument of indemnity from the Guaranteed Lender which holds the Borrower, Sublessee and Ex-Im Bank harmless from any actual loss on the purportedly destroyed, lost or stolen Note and evidence of such loss, theft or destruction reasonably satisfactory to each of them, together with an officer's certificate of the Borrower certifying and warranting as to the due authorization, execution and delivery of such new Note, and (if requested by Ex-Im Bank in its reasonable discretion) an opinion of the Borrower's counsel (at the expense of Sublessee) as to due authorization, execution and delivery of such new Note, and the legality, validity, binding nature and enforceability thereof.

SECTION 4. Payments; Pro Rata Treatment; Computations; Etc.

4.1 Payments.

(a) Except to the extent otherwise provided herein, all payments of principal, interest and other amounts to be made by the Borrower (or by Sublessee on behalf of the Borrower) under this Guaranteed Loan Agreement (other than to Ex-Im Bank) shall be made in Dollars, in immediately available funds (or such other funds as are from time to time customary for the settlement of international banking transactions in Dollars in New York City), without deduction, set off or counterclaim, to the account of the Guaranteed Lender at _____.; ABA No. _____; Account No.: _____, Reference: Eximbank transaction no. _____(or such account as the Guaranteed Lender may designate, in writing, by not less than _____ (_____) Banking Days notice), not later than ____ a.m. New York time on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Banking Day). With respect to any amounts due to Ex-Im Bank, all payments shall be made at the Federal Reserve Bank of New York for credit to Ex-Im Bank's account: U.S. Treasury Department _____ TREAS NYC/CTR/BNF=/____ OBI-Export-Import Bank Due (date) on EIB Guarantee No. ____— Republic of Panama (_____).

(b) All payments by the Borrower (or by Lessee or Sublessee on behalf of the Borrower) hereunder shall, except as otherwise expressly provided herein, be made to the Guaranteed Lender and shall be allocated towards principal, interest and/or other sums owing hereunder in the following order:

(i) First, in or towards payment of all interest due pursuant to Section 3.2(a)(ii) payable in respect of the Loan which is accrued, due and unpaid, but only to the extent such amounts are included in the Guaranteed Amount;

(ii) Second, in or towards payment of all Ex-Im Bank Commitment Fee, Ex-Im Bank Exposure Fee and all other amounts due to Ex-Im Bank under this Guaranteed Loan Agreement (including, without limitation, all interest due pursuant to Section 3.2(b)) and the other Operative Documents which are accrued, due and unpaid, which are not otherwise provided for under clauses "First" or "Third" of this Section 4.1(c);

(iii) Third, in or towards payment of all interest due pursuant to Section 3.2(a)(i) payable in respect of the Loans which is accrued, due and unpaid;

(iv) Fourth, in or towards payment of all amounts of principal payable in respect of the Loan hereunder which is due and unpaid; and

(v) Fifth, on a pro rata basis, in or towards payment of all other amounts (including any fees and expenses) payable hereunder which are due and unpaid and not otherwise provided for under this Section 4.1(b).

(c) Payments received (if any) by the Guaranteed Lender for the account of Ex-Im Bank before _____ (New York time) at any place of payment for Ex-Im Bank shall be remitted to Ex-Im Bank on that same day and any payments received after _____(New York time) shall be remitted on the following Banking Day.

(d) If the due date for any payment under this Guaranteed Loan Agreement would otherwise fall on the day that is not a Banking Day, such payment shall be made on the next succeeding Banking Day and the amount of interest payable with respect thereto shall be adjusted accordingly for any amount so extended for the period of such extension.

4.2 Computations. Interest, including Post-Default Rate interest, on the Loan shall be computed on the basis of a year of 365 days and the actual number of days elapsed.

4.3 Certain Notices. Notices by the Borrower (which shall be given only at the direction of Sublessee) to the Security Trustee, the Guaranteed Lender and Ex-Im Bank of the borrowing and prepayment of the Loan and termination of the Total Commitment shall be irrevocable and shall be effective only if in writing and received by the Guaranteed Lender, the Security Trustee or Ex-Im Bank, as the case may be, not later than _____ (New York time) on the number of days or Business Days, as the case may be, prior to the date of the relevant termination, borrowing or prepayment specified below:

Notice	Number of Banking Days Prior
Termination of Total Commitments	_____ Banking Days
Borrowing of a Loan	_____ Banking Days
Prepayment of a Loan under Section 2.4(a)	_____ Banking Days

The Notice of Borrowing shall (i) specify the date of borrowing (which shall be a Banking Day) and the aggregate principal amount of the Loan to be borrowed on such date and the Aircraft to be financed, (ii) be in substantially the form of Exhibit A hereto and (iii) be signed by the Borrower and countersigned by Sublessee. Any notice of prepayment shall specify the date of prepayment (which shall be a Loan Payment Date and a Banking Day) and the aggregate principal amount of the Loan to be prepaid on such date. Any notice of termination shall specify the amount of the Total Commitment to be terminated and signed by the Borrower and countersigned by Sublessee.

4.4 Loan Register. (a) The Guaranteed Lender will establish and maintain at its office a record of ownership in which the Guaranteed Lender hereby covenants and agrees to register by book entry the Guaranteed Lender's interest in the Loan, this Guaranteed Loan Agreement and the Note, and in the rights to receive any payments hereunder or thereunder and any transfer of any such interest or rights.

(b) No transfer by the Guaranteed Lender of any interest in the Loan, this Guaranteed Loan Agreement , the Note or in the rights to receive any payments hereunder or thereunder (other than any transfer to Ex-Im Bank) shall be effective unless a book entry of such transfer is made upon the record referred to above and such transfer is effected in compliance with the terms of this Guaranteed Loan Agreement. No such transfer shall be effective until, and such transferee shall succeed to the rights of the transferor Guaranteed Lender only upon, final acceptance and entry into the record of ownership of the transfer pursuant hereto.

(c) Prior to the entry into the record of ownership of any transfer by the transferring Guaranteed Lender as provided in Section 4.4(b), the Borrower and each other Person shall be entitled to deem and treat each Person reflected in the record of ownership as owner of a portion of the Loan, this Guaranteed Loan Agreement or the Note, or the rights to receive any payments hereunder or thereunder as the owner thereof for all purposes. The Borrower agrees that the record of ownership referred to in this Section 4.4 shall be conclusive and binding on the Borrower absent manifest error. Any such entry by the Guaranteed Lender shall be effective for the purposes of determining the effectiveness of any transfer notwithstanding any revocation of the agency granted and appointed herein.

4.5 Fees. In addition to fees specified in the _____ Indemnity Agreement, the Borrower shall pay (or cause to be paid) to Ex-Im Bank the following fees:

(a) a guarantee commitment fee (the "EX-IM BANK COMMITMENT FEE") in Dollars equal to ____% per annum accruing on the uncancelled and undisbursed balance from time to time of the Ex-Im Bank Total Commitment, computed on the basis of a 360-day year and the actual number of days elapsed (including the first day but excluding the last day), accruing from _____, until the earlier of (i) the date the Ex-Im Bank Total Commitment is fully disbursed, (ii) the date the undisbursed portion of the Ex-Im Bank Total Commitment is canceled by the Borrower in writing to Ex-Im Bank or (iii) the Final Disbursement Date, and payable on the Delivery Date and quarterly on January 6, April 6, July 6, and October 6 of each year commencing January 6, 2005; and

(b) an exposure fee (the "EX-IM BANK EXPOSURE FEE") in Dollars in an amount equal to ____% of the initial principal amount of the Loan (less the portion thereof relating to the Ex-Im Bank Exposure Fee) payable _____ (_____) Banking Day prior to the date of the making of the Loan.

4.6 Reimbursement Obligations. (a) In consideration of Ex-Im Bank entering into the Ex-Im Bank Guarantee, the Borrower hereby irrevocably and unconditionally undertakes and agrees with Ex-Im Bank, without duplication of any amounts paid by Sublessee (or any other Obligor) under the Participation Agreement, (i) to reimburse Ex-Im Bank immediately upon demand for all amounts paid by Ex-Im Bank under and in respect of the Ex-Im Bank Guarantee (it being agreed that if the Guaranteed Lender elects to have Ex-Im Bank service the obligations pursuant to Section 2.02(b)(i) of the Ex-Im Bank Guarantee, the reimbursement obligation set forth in this clause (i) shall include the principal of, and interest on, the obligations serviced thereunder), provided once the principal amount of the Loan, together with accrued interest thereon and the Ex-Im Bank Make-Whole Amount, if any, has been paid to Ex-Im Bank, in order to avoid duplication, the reimbursement obligation set forth in this clause (i) shall not include any payments of principal or interest made by Ex-Im Bank pursuant to the Ex-Im Bank Guarantee), or in the exercise of any right in respect thereof provided by Applicable Law, (ii) (without duplication of any amounts paid by or on behalf of the Borrower hereunder) to pay to Ex-Im Bank, after Ex-Im Bank services the obligations under the Note pursuant to Section 2.02(b)(i) of the Ex-Im Bank Guarantee, for Ex-Im Bank's own account, the Ex-Im Bank Make-Whole Amount, if any, calculated by Ex-Im Bank as of the Calculation Date (as such term is defined in the definition of Ex-Im Bank Make-Whole Amount), and (iii) (without duplication of the foregoing) to indemnify Ex-Im Bank on a full indemnity basis against all actions, proceedings, claims, demands, costs, charges, damages, losses, costs and expenses (including, without limitation, consequential damages) made, suffered or incurred by Ex-Im Bank and to pay to Ex-Im Bank immediately upon demand for all payments, costs, damages, losses or expenses of any description whatsoever which may be incurred by Ex-Im Bank in connection with any investigative, administrative or judicial proceeding in relation to or arising out of the Ex-Im Bank Guarantee.

(b) All payments to be made by the Borrower to Ex-Im Bank under this Guaranteed Loan Agreement or any other Operative Document shall be in Dollars. All payments to Ex-Im Bank in Dollars shall be made at the Federal Reserve Bank in New York for credit to Ex-Im Bank's account with the Treasurer of the United States, Washington, D.C., U.S.A., in accordance with the payment instructions set forth in Section 4.1(a). Whenever any payment to Ex-Im Bank under this Guaranteed Loan Agreement or any other Operative Document shall be stated to be due and payable on a day other than a Banking Day, such payment shall be made on the next succeeding Banking Day with interest at the rate provided for in Section 3.2.

4.7 Transfer. The Borrower acknowledges that upon payment of any amounts by Ex-Im Bank under the Ex-Im Bank Guarantee, Ex-Im Bank shall be subrogated (by way of an assignment, by operation of law or otherwise) to all of the rights of the Guaranteed Lender under the Operative Documents to the extent set forth in the Ex-Im Bank Guarantee and in this Guaranteed Loan Agreement (excluding, for the avoidance of doubt, the _____ Indemnity Agreement). The Borrower hereby consents and agrees that Ex-Im Bank is a permitted assignee and transferee of the Guaranteed Lender for all purposes of this Guaranteed

Loan Agreement and any other Operative Document and upon such assignment, Ex-Im Bank shall be deemed the Guaranteed Lender under this Guaranteed Loan Agreement and the other Operative Documents (other than the _____ Indemnity Agreement) for all purposes hereof and thereof.

4.8 Waiver. The Borrower acknowledges and agrees that if any covenant, stipulation or other provision of this Guaranteed Loan Agreement which imposes on the Borrower the obligation to make any payment, whether by way of indemnity or otherwise, is at any time void under any provision of Applicable Law (including, without limitation, the Applicable Law of the ROP) the Borrower will not make any claim, counterclaim or institute any proceedings against Ex-Im Bank, the Guaranteed Lender or any of their respective assignees or subrogees for any amount paid by the Borrower at any time, and (to the extent permitted by Applicable Law) the Borrower waives unconditionally and absolutely any rights and defenses, legal or equitable, which arise under or in connection with any such provision against or in connection with any claim or proceeding brought by the Borrower for recovery of any amount due under any Operative Document.

4.9 Payments Absolute. The reimbursement and indemnity obligations of the Borrower hereunder and under any other Operative Document shall be absolute, unconditional and irrevocable, and shall to the full extent provided by Applicable Law be paid strictly in accordance with the terms of this Guaranteed Loan Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances: (a) any lack of legality, validity, regularity or enforceability of this Guaranteed Loan Agreement or any other Operative Documents; (b) any amendment or waiver of or any consent given under any of the Operative Documents; (c) the existence of any claim, set-off, defense or other rights which any Person may have at any time against Ex-Im Bank, the Security Trustee, the Guaranteed Lender or any other Person or entity, whether in connection with this Guaranteed Loan Agreement, the other Operative Documents or any unrelated transaction; provided that the foregoing shall not prohibit the assertion of any such claim or defense by separate suit or counterclaim; and (d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, which could be interpreted as a legal or equitable defense to payment hereunder or under any other Operative Document.

4.10 Payments under Ex-Im Bank Guarantee. If Ex-Im Bank shall have received a demand for payment under the Ex-Im Bank Guarantee, and Ex-Im Bank shall not have been reimbursed in full on the same Banking Day of the date of demand, Ex-Im Bank may thereafter exercise any of the rights and remedies granted to it for exercise after an Event of Default under the Lease, the Sublease or this Guaranteed Loan Agreement.

SECTION 5. Taxes; Indemnities.

5.1 Taxes. The Borrower covenants and agrees that, whether or not the Loan is made hereunder: (a) all payments by the Borrower to Ex-Im Bank or the Guaranteed Lender (each, an “INDEMNITEE”) under or in respect of this Guaranteed Loan Agreement, including amounts payable under clauses (b) and (c) of this sentence, shall be made free and clear of and without reduction by reason of any Taxes, all of which will be paid by the Borrower to the appropriate taxing authority at the time and in the manner prescribed by Applicable Law; (b) in the event that

the Borrower is required by Applicable Law to deduct or withhold any Taxes from any amounts payable to an Indemnitee on, under or in respect of this Guaranteed Loan Agreement or the Loan or the Note, the Borrower shall pay, on demand of such Indemnitee, to such Indemnitee, such additional amount or amounts as may be required in order that the amount received after deduction or withholding shall equal the full amount stated to be payable under this Guaranteed Loan Agreement as if such deduction or withholding had not been required; (c) the Borrower shall promptly furnish to such Indemnitee satisfactory official tax receipts in respect of any payment of Taxes; and (d) the covenants and agreements of the Borrower under this Section 5 shall survive the repayment of the Loan. Without prejudice to the obligations of the Borrower under the foregoing sentence, in the event and to the extent that the Borrower is required by Applicable Law to deduct or withhold any Tax from any payment due hereunder to an Indemnitee in respect of this Guaranteed Loan Agreement or the Loan or the Note, then the Borrower agrees to withhold from each such payment due hereunder such withholding Taxes at the appropriate rate, and will, on a timely basis and in the manner required by Applicable Law, deposit such amounts with an authorized depository or other relevant Government Body and make such reports, filings and other reports in connection therewith. The Borrower shall promptly furnish to such Indemnitee (but in no event later than the date _____ (_____) days after the due date thereof) the completed relevant form or forms and/or official tax receipts indicating the payment in full of any Tax withheld from any payments by the Borrower for account of such Indemnitee, together with all such other information and documents reasonably requested by such Indemnitee's counsel. If the Borrower fails to pay any such Taxes when due or fails to remit to such Indemnitee the required receipts or other required documentary evidence, the Borrower shall indemnify and reimburse on demand such Indemnitee on an After Tax Basis for any Taxes, interest, additions, fines or penalties that may become payable as a result of any such failure. Each Indemnitee shall use its reasonable good faith efforts (consistent with its internal policy and legal and regulatory restrictions) to avoid or mitigate such Taxes, provided, however that Ex-Im Bank shall not be required to take any such action if, in Ex-Im Bank's own reasonable determination, to do so would have an adverse effect on Ex-Im Bank, would require Ex-Im Bank to incur any unindemnified cost, expense or Tax, would involve any unlawful activity or would modify the terms of repayment of the Loan.

5.2 Grossing-up of Indemnity Provisions. Where in this Guaranteed Loan Agreement the Borrower has an obligation to indemnify or reimburse an Indemnitee in respect of any loss or payment (including, without limitation, obligations of the Borrower to make a payment to or reimburse an Indemnitee in respect of Taxes, expenses or indemnities) the amount payable shall include the amount necessary to hold such Indemnitee harmless on an After-Tax Basis (computed by taking into account the credit or deduction with respect to such loss or payment available to such Indemnitee in its reasonable determination without such Indemnitee being under any obligation to utilize any credit or deduction for any particular purpose), so as to leave such Indemnitee in the same after-tax position as it would have been in had the indemnity or reimbursement payment made to such Indemnitee not given rise to any liability for any Tax.

5.3 Definitions. The terms "Tax" and "Taxes" as used in this Section 5 shall have the meaning given to such terms in Appendix A hereto; provided, however, that other than with respect to an obligation to gross-up indemnities and any other payments on an After-Tax Basis, the terms "Tax" and "Taxes" shall not include any Tax imposed on the overall net income of any Indemnitee.

SECTION 6. Conditions Precedent. The obligation of the Guaranteed Lender to make the Loan hereunder and of Ex-Im Bank to guarantee the Loan is subject to the satisfaction on the Delivery Date of the conditions precedent set forth in Sections 4A and 4B of the Participation Agreement. The Notice of Borrowing shall constitute a certification by the Borrower to the effect set forth in clauses (b) and (c) of Section 4A of the Participation Agreement (both as of the date of such notice and unless the Borrower otherwise notifies the Security Trustee, the Guaranteed Lender and Ex-Im Bank prior to the date of the borrowing, as of the date of the borrowing, but only in the case of such clause (b) as to the representations by the Borrower, Lessee and Sublessee).

SECTION 7. Representations and Warranties. (a) The representations and warranties of the parties hereto set forth in Section 9 of the Participation Agreement are hereby incorporated herein by reference thereto as fully and to the same extent as if set forth herein (with the Borrower mutatis mutandis for Lessor).

(b) The Borrower hereby represents and warrants to the Guaranteed Lender, the Security Trustee and Ex-Im Bank that its representations and warranties set forth in Section 9 of the Participation Agreement are true and correct as of the date hereof.

SECTION 8. Covenants. The covenants of the parties hereto set forth in Section 9 of the Participation Agreement are hereby incorporated herein by reference thereto as fully and to the same extent as if set forth herein (with the Borrower mutatis mutandis for Lessor).

SECTION 9. Events of Default; Remedies.

9.1 Events of Default. The following events shall constitute "Events of Default" hereunder (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body in the ROP, the United States, or any other jurisdiction, or the administration or interpretation thereof) and each such Event of Default shall be deemed to exist and continue so long as, but only so long as, it shall not have been remedied:

(a) the Borrower shall fail to pay when due any principal of or interest on the Loan (including for this purpose any additional amounts required to be paid under Section 5 hereof);

(b) the Borrower shall fail to pay when due any other amount payable (whether at stated maturity, by acceleration or otherwise) by it to the Security Trustee, Ex-Im Bank or the Guaranteed Lender hereunder or under any other Operative Document to which it is a party within _____ (_____) Business Days of the date of any demand therefor;

(c) any representation, warranty or certification made or deemed made by the Borrower herein or in any other Operative Document to which it is a party or any certificate furnished to the Guaranteed Lender, Ex-Im Bank or the Security Trustee pursuant to the provisions hereof or thereof, shall prove to have been false or misleading as of the time made or furnished in any material respect;

(d) the Borrower shall fail to perform any of its obligations, covenants or agreements under this Guaranteed Loan Agreement or any other Operative Document to which it is a party (and not constituting an Event of Default under any other clause of this Section 9), and, if capable of being remedied, shall continue unremedied for a period of _____ (_____) days after the earlier of (i) the Borrower obtaining actual knowledge of such failure or (ii) notice thereof has been given to the Borrower by the Security Trustee, Ex-Im Bank or the Guaranteed Lender;

(e) any of the Security Documents ceases or shall cease to constitute a duly perfected and enforceable security interest over the property referred to therein free and clear of all Liens other than Liens contemplated by or permitted under the Operative Documents;

(f) the Borrower or the Lessor Parent shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due;

(g) the Borrower or the Lessor Parent shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the bankruptcy law of the relevant jurisdiction, (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the bankruptcy law of the relevant jurisdiction, or (vi) take any corporate action for the purpose of effecting any of the foregoing;

(h) a proceeding or case shall be commenced, without the application or consent of the Borrower or the Lessor Parent, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or the Lessor Parent or of all or any substantial part of its assets, or (iii) similar relief in respect of the Borrower under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of _____ (_____) or more days; or an order for relief against the Borrower or the Lessor Parent shall be entered in an involuntary case under the bankruptcy law of the relevant jurisdiction;

(i) any Event of Default under and as defined in the Lease shall occur and be continuing;

(j) any Event of Default under and as defined in the Sublease shall occur and be continuing;

(k) any Event of Default under and as defined in the _____ Agreement or the _____ Agreement shall have occurred and be continuing;

(l) any Government Body (i) shall have condemned, seized or appropriated all or substantially all of the property of the Borrower or (ii) shall have taken any other action which, in the opinion of Ex-Im Bank, adversely affects the Borrower's ability to pay any Indebtedness hereunder;

(m) a judgment for the payment of money shall be rendered against the Borrower and the same shall remain undischarged for a period of _____ (_____) calendar days during which neither execution of such judgment shall be effectively stayed nor adequate bonding fully covering such judgment shall exist;

(n) the Borrower shall do or cause to be done any act or thing evidencing or establishing its intention to repudiate this Guaranteed Loan Agreement or any other Operative Document;

(o) there shall have occurred and be continuing an "event of default" under any Other Operative Document; and/or

(p) any other event occurs or any other circumstance arises (other than an Event of Loss) which, in the reasonable judgment of Ex-Im Bank, is likely materially and adversely to affect the ability of the Borrower or Lessor Parent to perform its obligations under each Operative Document to which it is a party.

9.2 Remedies. Upon the occurrence of any Event of Default and so long as such Event of Default is continuing, (i) Ex-Im Bank (or if the Ex-Im Bank Guarantee is no longer in effect and no amounts are owed to Ex-Im Bank under the Operative Documents, the Guaranteed Lender) may, by notice to the Borrower (unless such notice is prohibited by Applicable Law), cancel the Total Commitment and/or declare the aggregate principal amount then outstanding of, and the accrued interest on, the Loan and all other amounts payable by the Borrower hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand (except as aforesaid), protest or other formalities of any kind, all of which are hereby expressly waived by the Borrower; and (ii) in the case of the occurrence of an Event of Default referred to in clause (f), (g) or (h) of this Section 9 with respect to the Borrower or any Event of Default under Section 13(g)-(k) (inclusive) of the Lease with respect to the Lessee or Section 13(g)-(k) (inclusive) of the Sublease with respect to the Sublessee, the Total Commitment shall automatically be canceled and the aggregate principal amount then outstanding of, and the accrued interest on, the Loan and all other amounts payable by the Borrower hereunder shall automatically become immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrower (unless, subsequent to such automatic acceleration, such automatic acceleration is waived by Ex-Im Bank or, if the Ex-Im Bank Guarantee is no longer in effect and no amounts are owed to Ex-Im Bank under the Operative Documents, the Guaranteed Lender). If (x) the Loan shall have been (or shall automatically become) accelerated hereunder and (y) a claim shall be made on Ex-Im Bank under the Ex-Im Bank Guarantee and the Guaranteed Lender elects to have Ex-Im Bank service the obligations in respect of the Loan in accordance with Section 2.02(b)(i) thereof, then, upon demand by Ex-Im Bank, the Borrower shall pay to Ex-Im Bank the applicable Ex-Im Bank Make-Whole Amount, if any. Ex-Im Bank shall provide the Borrower with reasonable supporting documentation concerning the determination of any Ex-Im Bank Make-Whole Amount.

SECTION 10. Miscellaneous.

10.1 No Waiver. No failure on the part of the Security Trustee, Ex-Im Bank or the Guaranteed Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Guaranteed Loan Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Guaranteed Loan Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

10.2 Notices. Each of the parties hereby acknowledges and confirms that each of this Guaranteed Loan Agreement and the Note is one of the Operative Documents and as a result all of the provisions of Section 13(c) of the Participation Agreement are hereby incorporated herein and therein by reference thereto as fully and to the same extent as if set forth herein and therein (including, without limitation, (a) the manner in which all notices or other communications are to be made hereunder, (b) the time as of which such notices or communications shall be deemed to have been given or made, and (c) the address to which such notices or communications are to be sent).

10.3 Expenses, Etc. Other than with respect to Section 5 hereof, the provisions of Section 10 of the Participation Agreement are hereby incorporated herein, mutatis mutandis, with references to "Sublessee" being construed as references to "the Borrower". In addition the Borrower agrees, without prejudice to Section 10.6(f), to pay or reimburse each of Ex-Im Bank, the Guaranteed Lender and the Security Trustee for paying (against invoices or receipts (to the extent available) submitted by Ex-Im Bank, the Security Trustee and/or the Guaranteed Lender): (a) all proper out-of-pocket costs and expenses of Ex-Im Bank, the Guaranteed Lender and the Security Trustee (including the reasonable fees and expenses of counsel to Ex-Im Bank, the Guaranteed Lender and the Security Trustee), in connection with (i) the negotiation, preparation and execution of this Guaranteed Loan Agreement and the Operative Documents (whether the same shall ever become any effective) and (ii) any actual or proposed amendment, modification or waiver requested by the Borrower, Sublessee, Lessee or any Guarantor (whether the same shall ever become effective) of any of the terms of this Guaranteed Loan Agreement and the other Operative Documents and in accordance with the terms thereof; and (b) all costs and expenses of Ex-Im Bank, the Security Trustee and the Guaranteed Lender (including reasonable fees and expenses of their respective counsel) in connection with any Event of Default and any enforcement or collection proceedings resulting therefrom.

10.4 Amendments, Etc. Except as otherwise expressly provided in this Guaranteed Loan Agreement, any provision of this Guaranteed Loan Agreement may be amended or modified only by an instrument signed by the Borrower (acting solely at the direction of Sublessee), Ex-Im Bank and, provided no claim has been made under the Ex-Im Bank Guarantee, the Guaranteed Lender, and any provision of this Agreement may be waived by Ex-Im Bank and, so long as no claim shall have been made under the Ex-Im Bank Guarantee in relation to the Note, the Guaranteed Lender; provided, further that, so long as no claim shall have been made under the Ex-Im Bank Guarantee with respect to the Note, no amendment, modification or waiver related to the Note or the Loan which is evidenced by the Note shall, unless by an instrument also signed by the Guaranteed Lender: (i) increase or extend the term, or

extend the time or waive any requirement for the termination, of the Total Commitment, (ii) extend the date fixed for the payment of principal of or interest on the Loan, (iii) reduce the amount of any payment of principal thereof or the rate at which interest is payable thereon or any fee is payable hereunder, (iv) alter the terms of Section 2.4 or this Section 10.4, and (v) amend the definition of the term "Fixed Rate", "Event of Default" or "Guaranteed Lender".

10.5 Successors and Assigns. This Guaranteed Loan Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

10.6 Assignments and Participations. (a) Except as expressly permitted in the Operative Documents, the Borrower may not assign or transfer its rights or delegate its obligations hereunder or under any other Operative Document without the prior written consent of Sublessee, Ex-Im Bank and the Guaranteed Lender.

(b) Subject in all events to compliance with all terms and conditions of the Ex-Im Bank Guarantee (including, without limitation, any requirement for Ex-Im Bank's prior written consent thereto) and with Applicable Laws, the Guaranteed Lender may assign, transfer, pledge, sell or grant participations in or otherwise dispose of all or any part of its interest in all or any part of the Borrower's Indebtedness under this Guaranteed Loan Agreement and the Note to one or more other Permitted Institutions without the prior written consent of the Borrower or the Sublessee (collectively, a "DISPOSITION OF INDEBTEDNESS") provided that (other than in connection with an assignment to Ex-Im Bank) if, as at the date of such assignment or transfer, such assignment or transfer would subject the Borrower to any greater obligation or liability under Section _____ of the _____ Agreement or under the _____ Indemnity Agreement or under any other Operative Document than it would have been under on such date if no such assignment had then taken place, then unless such assignment was made to mitigate or avoid the requirement for payment of additional amounts or increased costs under the _____ Indemnity Agreement or any illegality, the assignee shall not be entitled to receive any greater payment under the _____ Indemnity Agreement or under Section ____ of the _____ Agreement or any other Operative Document than the assignor would have been entitled to receive with respect to the rights assigned or transferred at the time such assignment or transfer is entered into. Furthermore, without limiting the generality of the foregoing, the Guaranteed Lender may sell, assign, transfer and set over to a trustee for the holders of the Guaranteed Lender's secured indebtedness or other securities (the "_____ TRUSTEE") the Loan and the Note for the purpose of creating a security interest therein in favor of the _____ Trustee, and the _____ Trustee may, in such event, exercise any and all rights and remedies which would otherwise be available to the Guaranteed Lender in connection with this Guaranteed Loan Agreement and the enforcement thereof in relation to the Loan and the Note. The Borrower shall, at the request of the Guaranteed Lender, execute and deliver to the Guaranteed Lender, or to any party that the Guaranteed Lender may designate, any such further instruments as may be necessary or reasonably requested by the Guaranteed Lender to give full force and effect to a Disposition of Indebtedness by the Guaranteed Lender.

(c) Without limiting the provisions of Section _____ of the Participation Agreement, all non-public information provided to the Security Trustee and the Guaranteed

Lender by the Borrower or Sublessee shall be treated as confidential by the Security Trustee and the Guaranteed Lender; provided, however, that the Guaranteed Lender may furnish any information concerning the Borrower or Sublessee in the possession of the Guaranteed Lender from time to time to assignees and participants (including prospective assignees and participants), provided such Persons have agreed to maintain the confidentiality as provided in Section 14 of the Participation Agreement of all such non-public information so furnished and any such information may be disclosed as required by Applicable Laws.

(d) If the Guaranteed Lender (other than Ex-Im Bank) wishes to assign or transfer all or any of its rights, benefits and obligations hereunder as contemplated in Section 10.6(b), then such assignment or transfer may be effected (i) in the case of an assignment or transfer to a Person (other than Ex-Im Bank) on the Transfer Date specified in the relevant Transfer Certificate or (ii) in the case of a transfer or assignment to Ex-Im Bank as a result of a demand under the terms of the Ex-Im Bank Guarantee, on the date of such transfer. To the extent that pursuant to such Transfer Certificate and the provisions thereof the rights and obligations of the Guaranteed Lender hereunder and under the other Operative Documents (to which the Guaranteed Lender is party) are validly transferred to and assumed by the assignee or transferee, such Guaranteed Lender shall be released from further obligations hereunder and under the other Operative Documents, other than accrued rights owing to any party hereunder and thereunder.

(e) No Guaranteed Lender (other than Ex-Im Bank, any of its transferees or any further transferees) may assign or transfer (it being understood and agreed that a participation permitted by Section 10.6 shall not constitute an assignment or transfer) any of its rights or obligations hereunder as contemplated by this Section 10.6 unless contemporaneously therewith it assigns or transfers to the same assignee or transferee all or a corresponding part of its rights, benefits and obligations under each of the other Operative Documents (except for rights and benefits which the documents expressly provide will be retained by the transferee) to which such Guaranteed Lender is party.

(f) Any assigning or transferring Guaranteed Lender (other than Ex-Im Bank and any subsequent transferees) shall be solely responsible for all of its reasonable costs and expenses for any assignment, transfer or participation under this Section 10.6 including, without limitation, all costs in connection with any amendment to or supplement to, or registration of or re-registration of the Security Documents and any legal fees and expenses relating thereto (or may procure that any transferee or participant pay such costs and expenses), unless such assignment or transfer was effected at the request of the Borrower or Sublessee to mitigate the imposition of any Claims.

10.7 GOVERNING LAW. THIS GUARANTEED LOAN AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, UNITED STATES OF AMERICA WITHOUT REFERENCE TO PRINCIPLES OF CONFLICTS OF LAW OTHER THAN SECTION 5-1401 AND SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

10.8 Jurisdiction; Service of Process. Any suit, proceeding, action or process against the Borrower with respect to this Guaranteed Loan Agreement may be brought in accordance

with Section _____ of the Participation Agreement as if the same were repeated herein in full mutatis mutandis, and the Borrower hereby consents to service of process as therein set forth.

10.9 Entire Agreement. This Guaranteed Loan Agreement (together with the other Operative Documents) is the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior communications and agreements by the parties hereto with respect thereto, and each such prior communication and agreement is null and void.

10.10 Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Guaranteed Lender and Ex-Im Bank in order to carry out the intentions of the parties hereto as nearly as may be possible and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

10.11 Captions. The table of contents and captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Guaranteed Loan Agreement.

10.12 Counterparts. This Guaranteed Loan Agreement may be executed in any number of counterparts each of which shall be an original and all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Guaranteed Loan Agreement by signing any such counterpart.

10.13 WAIVER OF JURY TRIAL. THE BORROWER, THE SECURITY TRUSTEE, EX-IM BANK AND THE GUARANTEED LENDER HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTEED LOAN AGREEMENT, OR ANY OTHER OPERATIVE DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OR OMISSIONS OF THE GUARANTEED LENDER, THE SECURITY TRUSTEE, EX-IM BANK OR THE BORROWER OR ANY PERSON RELATING TO THE OPERATIVE DOCUMENTS.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this Guaranteed Loan Agreement to be duly executed as of the day and year first above written.

BORROWER

By: _____
Name:
Title

SECURITY TRUSTEE

By: _____
Name:
Title

EX-IM BANK

EXPORT-IMPORT BANK OF THE UNITED STATES

By: _____
Name:
Title

GUARANTEED LENDER

By: _____
Name:
Title:

[Form of Guaranteed Loan Agreement]

EXHIBIT A

NOTICE OF BORROWING

_____, _____

To: _____
as Guaranteed Lender

_____,
as Security Trustee

Export-Import Bank of the United States

Dear Sirs:

Pursuant to the Guaranteed Loan Agreement dated as of _____ (the "GUARANTEED LOAN AGREEMENT") among _____, as Borrower, _____, as Guaranteed Lender, _____ as Security Trustee and Export-Import Bank of the United States, we hereby:

(1) Give you notice that we wish to borrow the Loan on _____, ____ in the amount of _____ in relation to financing the purchase of _____ (_____) Boeing Model _____-_____ aircraft bearing manufacturer's serial number _____. The principal amount of _____ is to be available to us by crediting such amounts to such accounts as the Borrower and the Guaranteed Lender may agree and the principal amount of_____ (the "SUPPLEMENTAL EQUIPMENT AMOUNT") shall be deposited in the Security Trustee's account in accordance with Section 2.2 of the Guaranteed Loan Agreement.

(2) Confirm and certify that the borrowing to be effected by such drawing will be within our powers and has been validly authorized by appropriate action, that no Default, Event of Default or Event of Loss and no event that with the giving of notice or the passing of time or both would constitute an Event of Loss has occurred, that the representations contained or referred to in Section 7 of the Guaranteed Loan Agreement, if repeated as at the date of this Notice, with reference to the facts existing at the date hereof, would be true and accurate in all respects, and that the covenants contained or referred to in Section 8 of the Guaranteed Loan Agreement have at all times been complied with.

(3) Confirm that the Loan referred to herein is the Loan under the Guaranteed Loan Agreement.

Terms defined in the Guaranteed Loan Agreement shall have the same meanings in this Notice.

For and on behalf of

[BORROWER]

By: _____
Name:
Title:

AGREED:

_____

By: _____
Name:
Title:

[Form of Guaranteed Loan Agreement]

EXHIBIT B

[FORM OF NOTE]

_____.

SECURED PROMISSORY NOTE
DUE IN QUARTERLY INSTALLMENTS
COMMENCING ON _____ AND
MATURING ON _____

ISSUED IN CONNECTION WITH

_____ MODEL _____ AIRCRAFT WITH
MANUFACTURER'S SERIAL NO. _____,
PANAMANIAN REGISTRATION MARK _____,
WITH TWO INSTALLED_____
MODEL _____ ENGINES (THE "AIRCRAFT")

No. _____ _____, 2004

$ _____

_____, a company organized under the laws of the State of Delaware (the "BORROWER"), for value received, hereby promises to pay to the order of _____ (the "GUARANTEED LENDER"), the principal amount of _____ Million _____ Thousand and _____ United States Dollars (U.S.$_____) or such lesser amount as shall equal the aggregate unpaid principal amount of the loan (the "LOAN") made by the Guaranteed Lender to the Borrower on the date hereof in respect of the above-described Aircraft under that certain Guaranteed Loan Agreement dated as of _____ ____, _____ (the "GUARANTEED LOAN AGREEMENT") among the Borrower, the Guaranteed Lender, _____, as Security Trustee, and Export-Import Bank of the United States ("EX-IM BANK"), payable in forty-eight (48) successive quarterly principal installments payable commencing on _____ ____, _____ and thereafter on January _____, April _____, July _____ and October _____ of each year (or if any such day is not a Banking Day, on the next succeeding Banking Day; each such day being a "LOAN PAYMENT DATE"), each such installment to be in the amount set forth opposite the applicable Loan Payment Date in Schedule I attached hereto and made a part hereof, and the entire unpaid principal amount then owing hereunder to be paid in full on _____ ____, _____ (the "FINAL MATURITY DATE"); and to pay interest on the unpaid aggregate principal amount of the Loan from time to time at _____ % per annum (the "FIXED RATE") on each Loan Payment Date, and on the date the Loan is due (at maturity, by acceleration or otherwise) and thereafter on demand. The Borrower also agrees to pay on demand interest at the applicable Post-Default Rate on overdue principal and overdue interest payable under this Note, from the date due until the Banking Day such payment is received at or before _____ (New York time) at the place of payment set forth below, and to pay the costs of collection, if any (including reasonable attorneys' fees), and in each case, in lawful money of the United States of America and in immediately available and freely transferable funds.

All payments of principal, interest, overdue interest and other amounts to be made by the Borrower to the Guaranteed Lender under this Note shall be made by payment to the account of the Guaranteed Lender at _____ Bank, Account No. _____, ABA No. _____, reference: Eximbank transaction no._____ (or such other account in New York, New York, U.S.A. as the Guaranteed Lender may otherwise direct in writing to the Borrower from time to time upon not less than _____ (_____) Banking Days notice) at or before _____ on the due date therefor at the place of payment.

Interest shall accrue on the unpaid aggregate principal amount of the Loan from and including the date hereof to, but not including, the date the principal amount of the Loan shall be due (by installments, at maturity, by acceleration or otherwise) at the Fixed Rate. Any payment of interest, principal or any other payment not paid to the Guaranteed Lender when due and payable hereunder shall, from the date when due and payable until the date when fully paid, bear interest at the Post-Default Rate computed on the basis of a year of 365 days and the actual number of days elapsed (including the first day but excluding the last day). Interest on the Loan shall be computed on the basis of a year of 365 days and the actual number of days elapsed.

The Borrower agrees that the records maintained by the Guaranteed Lender as to the date on which the Loan is made, the Fixed Rate, the date and amount of each repayment of principal of the Loan and payment of interest or overdue interest received by the Guaranteed Lender, shall be conclusive absent manifest error.

This Note is the "Note" referred to in the Guaranteed Loan Agreement that is secured by the Security Documents. The Borrower may prepay or be obligated to prepay the Loan, all as specified in the Guaranteed Loan Agreement, and subject to the requirements thereof. Capitalized terms not otherwise defined herein shall have the respective meanings assigned thereto in the Guaranteed Loan Agreement. In addition, for purposes of this Note:

"BANKING DAY" means any day, other than a Saturday or Sunday, on which commercial banks are not authorized or required to close in New York, New York, Paris, France or Salt Lake City, Utah.

"EVENT OF DEFAULT" means any of those events specified as such in Section 9.1 of the Guaranteed Loan Agreement.

Upon the occurrence of an Event of Default and for so long as such Event of Default shall continue, the principal hereof, accrued interest hereon and all other amounts payable hereunder may be declared to be or may automatically become forthwith due and payable, all as provided in the Guaranteed Loan Agreement.

The Borrower waives diligence, demand, presentment, notice of nonpayment, protest, and notice of protest all in the sole discretion of the Facility Agent and without notice and without affecting in any manner the liability of the Borrower. This Note shall be governed by and construed in accordance with the internal laws of the State of New York, United States of America.

Prior to the entry into the record of ownership of any transfer as provided in the Guaranteed Loan Agreement, the Borrower and each other Person shall deem and treat each

owner of this Note reflected in the record of ownership as owner of this Note or the rights to receive any payments hereunder as the owner thereof for all purposes.

* * *

IN WITNESS WHEREOF, _____ has caused its officer thereunto duly authorized to execute this Note as of the date first above written.

[BORROWER]

By: _____
Name:
Title:

GUARANTEE

Repayment of the indebtedness evidenced hereby is guaranteed pursuant to the Guarantee Agreement dated as of December 15, 1971 between Export-Import Bank of the United States and _____.

EXPORT-IMPORT BANK OF THE
UNITED STATES

By: _____
(Signature)
Name: _____
(Print)
Title: _____

Ex-Im Bank Guarantee No. _____ —Republic of Panama (_____)

Schedule I to Note

LOAN PAYMENT DATE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT

EXHIBIT C

[FORM OF TRANSFER CERTIFICATE]

To: [Borrower]

TRANSFER CERTIFICATE

relating to the Guaranteed Loan Agreement (as from time to time amended, varied or supplemented, the "LOAN AGREEMENT") dated as of _____ ____, _____ and made between _____, as borrower (the "BORROWER"), _____, as Guaranteed Lender, _____, not in its individual capacity but solely as security trustee (the "SECURITY TRUSTEE") and Export-Import Bank of the United States ("EX-IM BANK").

1. Capitalized terms defined in the Loan Agreement shall, subject to any contrary indication, have the same meaning herein. The terms Transferee, Transfer Date, Lender's Participation, Lender's Portion of the Loan, Loan Portion Transferred, Loan Portion Transfer Date and Amount Transferred are defined in the Schedule hereto.

2. _____ as a Guaranteed Lender under the Loan Agreement (the "LENDER") hereby transfers to the Transferee, on and as of the Loan Portion Transfer Date, all of its right, title and interest in and to a percentage of the Lender's Participation (equal to the percentage that the Amount Transferred is of the aggregate of the component amounts (as set out in the schedule hereto) of the Lender's Participation) together with all related right, title and interest of the Lender under the Operative Documents to which the Lender is a party (collectively the "TRANSFERRED PROPERTY"), and the Transferee, on and as of the Transfer Date, hereby accepts such assignment and assumes all obligations of the Lender in respect of the Transferred Property and the Transferee agrees to be under the same obligations towards each of the other parties to the Loan Agreement and the other Operative Documents as it would have had been under if it had been an original party hereto as a Guaranteed Lender under the Loan Agreement and such Operative Documents.

3. The Transferee represents and warrants that prior to the Transfer Date it has received a copy of each of the Operative Documents together with such other information as it has required in connection with this transaction and that it has not relied and will not hereafter rely on the Lender to check or enquire on its behalf into the legality, validity, effectiveness, adequacy, accuracy or completeness of any such information and further agrees that it has not relied and will not rely on the Lender to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower, Sublessee or any other party to the Operative Documents.

4. Neither the Lender nor any other party to the Loan Agreement makes any representation or warranty or assumes any responsibility with respect to the legality, validity, effectiveness, adequacy or enforceability of any of the Operative Documents or assumes any responsibility for the financial condition of the Borrower, Sublessee or any other

party to any other Operative Document or for the performance and observance by the Borrower, Sublessee or any such party of any of its obligations under the Loan Agreement, or, as the case may be, the other Operative Documents and any and all such conditions and warranties, whether express or implied by law or otherwise, are hereby excluded.

5. The Lender hereby gives notice that nothing herein or in any of the other Operative Documents shall oblige the Lender to (i) accept a re-transfer from the Transferee of the whole or any part of its rights and/or obligations under the Loan Agreement or the other Operative Documents transferred pursuant hereto or (ii) support any losses directly or indirectly sustained or incurred by the Transferee for any reason whatsoever including, without limitation, the non-performance by the Borrower, Sublessee or any other party to any of the Operative Documents of any of their respective obligations thereunder. The transferee hereby acknowledges the absence of any such obligation as is referred to in sub-clause (i) or (ii) above.

6. The Transferee acknowledges and agrees that, as of the Transfer Date, for the express benefit of the parties to the Operative Documents that it is not aware of any facts or circumstances that would as of the Transfer Date give rise to a claim that will be made against the Borrower or Sublessee for any indemnity under the Operative Documents and that to the best of its knowledge, the transfer is in compliance with the provisions of Section_____ hereof.

7. This Transfer Certificate and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the law of the State of New York.

THE SCHEDULE

Lender:

Transferee:

Lender's Participation: [-]

Lender's Portion of the Loan: [-] [Aggregate amount of the Lender's funded loan amount less any repayment amounts already received]

Loan Portion Transferred: [-] [% of Lender's Portion of Loans]

Amount Transferred: [-] [Total of Loan Portion Transferred]

Loan Portion Transfer Date: [-]

Facility Office: -

Contact Name: -

Account for Payments in Dollars: -

Fax: -

Telephone: -

[Transferor Lender] [Transferee]

By: By:

Date: Date:

Address for notices:
Account information:

EXHIBIT D

[FORM OF CERTIFICATE AUTHORIZING DISBURSEMENT]

_____ ____, _____

To: _____,
as Security Trustee ("SECURITY TRUSTEE")

cc: _____
as Guaranteed Lender

Subject: Ex-Im Bank Guarantee No. _____ —Republic of Panama (_____)

Ladies and Gentlemen:

In accordance with the terms and conditions of the Guaranteed Loan Agreement dated as of _____ ____ , _____ (the "LOAN AGREEMENT") among [Borrower], _____ as Guaranteed Lender, Security Trustee, and Export-Import Bank of the United States ("EX-IM BANK"), pursuant to Section 2.2 of the Loan Agreement we hereby authorize the Security Trustee to pay in the amount of U.S.$ _____ in connection with the disbursement made on _____, ____ for _____ (_____) Boeing model _____ aircraft (MSN _____), to the Borrower in connection with the financing of the U.S. manufactured equipment identified in the supplier's certificate(s) and invoice(s) provided to us by the Borrower.

EXPORT-IMPORT BANK OF THE
UNITED STATES

By: _____
Name:
Title:

EXHIBIT 4.9

REGISTRATION RIGHTS AGREEMENT

dated as of , 2005

among

COPA HOLDINGS, S.A.,

CORPORACION DE INVERSIONES AEREAS, S.A.

and

CONTINENTAL AIRLINES, INC.

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REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT ("Agreement"), dated as of , 2005, by and among Copa Holdings, S.A., a corporation (sociedad anonima) organized under the laws of the Republic of Panama (the "Company"), Corporacion de Inversiones Aereas, S.A., a corporation (sociedad anonima) organized under the laws of Panama ("CIASA"), and Continental Airlines, Inc., a corporation organized under the laws of the State of Delaware ("Continental"). Each of the Company, CIASA and Continental may be referred to as a "Party" and collectively they may be referred to as the "Parties".

W I T N E S S E T H:

WHEREAS, the Company, CIASA and Continental have entered into an Underwriting Agreement, dated , 2005 (the "Underwriting Agreement"), among the Company, CIASA, Continental, and Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co., as representatives of the underwriters named therein (collectively, the "Underwriters"), pursuant to which the Underwriters are offering up to 8,050,000 Class A shares of the Company owned by Continental and 8,050,000 Class A shares of the Company owned by CIASA to investors as described in a registration statement on Form F-1 (File No. 333-) filed by the Company with the SEC (as defined below) (the "Initial Public Offering");

WHEREAS, in connection with the Initial Public Offering, the Company, CIASA and Continental entered into an Amended and Restated Shareholders Agreement, dated the date hereof (the "Shareholders Agreement");

WHEREAS, immediately after the Initial Public Offering, Continental will continue to own up to 13,978,125 Class A shares of the Company and CIASA will continue to own 13,784,375 Class B shares of the Company and up to 1,050,000 Class A shares of the Company; and

WHEREAS, in connection with the Amended and Restated Shareholders Agreement, the Company has agreed to provide the rights set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual premises, covenants and agreements of the parties hereto, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

SECTION 1. DEFINITIONS.

1.1. Defined Terms.

As used in this Agreement, the following terms shall have the following meanings:

"Adverse Disclosure" means public disclosure of material non-public information, disclosure of which, in the Board's good faith judgment, after consultation with independent outside counsel to the Company, (i) would be required to be made in any Registration Statement filed by the Company so that such Registration Statement would not be

false or misleading in any material respect; (ii) would not be required to be made at such time but for the filing or publication of such Registration Statement and (iii) the Company has a bona fide business purpose for not disclosing publicly.

"Affiliates" has the meaning set forth in the Shareholders Agreement.

"Agreement" has the meaning set forth in the preamble hereto.

"Board" means the Board of Directors or other supervisory committee or body of the Company or any other entity, as applicable.

"Class A shares" means the Class A shares, no par value, of the Company.

"Class B shares" means the Class B shares, no par value, of the Company.

"Company" has the meaning set forth in the preamble hereto.

"Company Sale" has the meaning set forth in Section 2.2(a).

"Demand Notice" has the meaning set forth in Section 2.1(c).

"Demand Registration" has the meaning set forth in Section 2.1(a).

"Demand Registration Statement" has the meaning set forth in Section 2.1(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

"Holder" means any holder of Registrable Securities who is a party hereto or who succeeds to rights hereunder pursuant to Section 3.4.

"Law" means, as applicable, any and all (i) U.S. and foreign (including, without limitation, Panama) laws, ordinances, regulations, whether federal, provincial, state or local, (ii) codes, standards, rules, requirements and criteria issued under any U.S. or foreign (including, without limitation, Panama) laws, ordinances or regulations, whether federal, provincial, state or local and (iii) judgments.

"NASD" means the National Association of Securities Dealers, Inc.

"NYSE" means the New York Stock Exchange.

"Offer" means an offer to persons in the United States to acquire Registrable Securities.

"Panama" means the Republic of Panama.

"Panamanian" means any person or entity constituting a "Panamanian" within the meaning of Section of the Company's by-laws.

"Panamanian Law" means any statute, act, order, rule or regulation enacted by any Panamanian governmental authority or agency.

"Panamanian Listing Authority" means the Comision Nacional de Valores of the Republic of Panama.

"Party" and "Parties" have the meaning set forth in the recitals.

"Permitted Transferees" or "Permitted Transfer" has the meaning set forth in Section 2.1 of the Shareholders Agreement.

"Piggyback Registration" has the meaning set forth in Section 2.2(a).

"Prospectus" means the prospectus included in any Registration Statement, including any preliminary Prospectus, all amendments and supplements to such prospectus, including post-effective amendments and all other material incorporated by reference in such prospectus.

"Registrable Securities" means (i) with respect to Continental, up to 5,665,625 Class A shares of the Company held by Continental and by Holders that are Permitted Transferees of Continental, (ii) with respect to CIASA, up to 6,521,875 Class A or Class B shares of the Company held by CIASA and by Holders that are Permitted Transferees of CIASA and (iii) with respect to each of Continental and CIASA and their respective Permitted Transferees, any securities that may be issued or distributed or be issuable in respect of any Registrable Securities by way of conversion, dividend, stock split or other distribution, merger, consolidation, exchange, recapitalization or reclassification or similar transaction; provided that (a) the number of Class A shares constituting Registrable Securities shall be reduced by the number of Class A shares sold or otherwise transferred to a person that is not a Permitted Transferee permitted by Section 3.4, and the number of Class B shares constituting Registrable Securities shall be reduced by the number of Class B shares sold or otherwise transferred to a person that is not a Permitted Transferee permitted by Section 3.4; (b) the number of Registrable Securities shall be increased from time to time in accordance with Section 2.3 and 2.4; and (c) that any such Registrable Securities shall cease to be Registrable Securities to the extent (1) a Registration Statement with respect to the sale of such Registrable Securities has been declared effective under the Securities Act and such Registrable Securities have been disposed of in accordance with the plan of distribution set forth in such Registration Statement and/or Prospectus in each case in accordance with applicable laws or (2) such Registrable Securities have been distributed pursuant to Rule 144 (or any similar provisions then in force) under the Securities Act or any other exemption from registration under applicable Law.

"Registration" means registration with the SEC with respect to the Company's securities for offer and sale to the public under a Registration Statement. The term "Register" shall have a correlative meaning.

"Registration Expenses" has the meaning set forth in Section 2.9.

"Registration Statement" means any registration statement of the Company filed with, or to be filed with, the SEC under the rules and regulations promulgated under the

Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement.

"Restricted Securities" means any shares of the Company held by CIASA or Continental that are not Registrable Securities.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

"Shelf Registration Statement" means a "shelf" registration statement of the Company that covers certain shares of the Company described in Section 2.3 on an appropriate form under Rule 415 under the Securities Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and any document incorporated by reference therein.

"Underwritten Offering" means a Registration in which Registrable Securities of the Company are sold to an underwriter or underwriters for reoffering to the public or in which an underwriter or underwriters commit to acquire such securities if and to the extent they are not acquired by third parties.

1.2. General Interpretive Principles. Whenever used in this Agreement, except as otherwise expressly provided or unless the context otherwise requires, any noun or pronoun shall be deemed to include the plural as well as the singular and to cover all genders. The name assigned this Agreement and the section captions used herein are for convenience of reference only and shall not be construed to affect the meaning, construction or effect hereof. Unless otherwise specified, the terms "hereof," "herein" and similar terms refer to this Agreement as a whole (including the exhibits, schedules and disclosure statements hereto), and references herein to Sections refer to Sections of this Agreement.

SECTION 2. REGISTRATION RIGHTS.

2.1. Demand Registrations.

(a) Demand by Holders. Subject to the limitations set forth herein, so long as either is a Holder, Continental or CIASA may make a written request to the Company for Registration of all or part of the outstanding shares of Registrable Securities held by such Holder and any other Holders of Registrable Securities. Any such requested Registration shall hereinafter be referred to as a "Demand Registration." A request for a Demand Registration shall specify the aggregate amount of Registrable Securities to be Registered. The Company shall file as expeditiously as reasonably possible a Registration Statement relating to such Demand Registration (a "Demand Registration Statement") and shall use its reasonable best efforts to file and effect the Registration under applicable Law.

(b) Limitation on Demand Registrations. In no event shall the Company be required to effect and complete (i) more than two (2) Demand Registrations requested by each of Continental or CIASA pursuant to Section 2.1(a) (but subject to the Holders' right to request additional Demand Registrations pursuant to Section 2.1(f), 2.3(b) and 2.3(c)(iii)), (ii) more than one Demand Registration in any twelve-month period or (iii) any Demand Registration that would register the lesser of $50 million of the Shares and 5% of the total Shares of the Company; provided that if, subsequent to the last sale by a Holder of its Registrable Securities, the Company issues any Shares and, as a consequence of such issuance, such Holder's remaining Registrable Securities cease to constitute at least 5% of the total Shares of the Company, then the limitation set forth in this Section 2.1(b)(iii) shall not apply to one further Demand Registration by such Holder if such Holder would otherwise continue to have such right.

(c) Notice of Demand to Other Holders. Promptly upon receipt of any request for a Demand Registration pursuant to Section 2.1(a) (but in no event more than 15 business days thereafter), the Company shall deliver a written notice of any such Registration request specifying the number of Registrable Securities requested to be registered and the intended method of distribution of the Registrable Securities (a "Demand Notice") to all other Holders of Registrable Securities, and the Company shall include in such Demand Registration all additional Registrable Securities of other Holders with respect to which the Company has received written requests for inclusion therein within 20 days after the date on which the Demand Notice has been delivered. All requests made pursuant to this Section 2.1(c) shall specify the class and aggregate amount of Registrable Securities to be registered.

(d) Delay in Filing; Suspension of Registration. If the filing, initial effectiveness, publication or continued use of a Demand Registration Statement at any time would require the Company to make an Adverse Disclosure, the Company may, upon giving prompt written notice of such action to the Holders, delay the filing, publication or initial effectiveness of, or suspend use of, the Demand Registration Statement (a "Demand Suspension"); provided that such Demand Suspensions shall not extend for more than 90 days in any twelve-month period. Any Demand Suspension pursuant to this Section 2.1(d) shall not be effective unless each director and executive officer subject to Section 16(b) of the Exchange Act is prohibited from making purchases and sales during such Demand Suspension by reason of the existence of material non-public information that would trigger an Adverse Disclosure. In the case of a Demand Suspension, the Holders agree to suspend use of the applicable Prospectus in connection with any sale or purchase, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. The Company shall immediately (i) notify the Holders upon the termination of any Demand Suspension, (ii) amend or supplement the Prospectus, if necessary, so it does not contain any untrue statement or omission therein and (iii) furnish to the Holders such numbers of copies of the Prospectus as so amended or supplemented as the Holders may reasonably request. The Company represents that, as of the date hereof, it has no knowledge of any circumstance that would reasonably be expected to cause it to exercise its rights under this Section 2.1(d).

(e) Underwritten Offering. If the Holder requesting the Demand Registration so elects, the offering of Registrable Securities pursuant to a Demand Registration shall be in the form of an Underwritten Offering. If any offering pursuant to a Demand Registration involves an Underwritten Offering, such initiating Holder shall have the right to select the underwriter or underwriters to administer the offering; provided that such underwriter or underwriters shall be reasonably acceptable to the Company.

(f) Priority of Securities Registered Pursuant to Demand Registrations. If the managing underwriter or underwriters of a proposed Underwritten Offering of Registrable Securities included in a Demand Registration informs the Company or the Holders of such Registrable Securities that, in its or their opinion, the number of securities requested to be included in such Demand Registration exceeds the number which can be sold in (or during the time of) such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or on the market for the securities offered, then the number of Registrable Securities to be included in such Demand Registration shall be reduced and allocated as follows: (i) first, any securities that the Company proposes to sell and (ii) second, among the Holders in proportion to their respective equity ownership in the Company at the time of the offering. If, as a consequence of any such determination occurring during the final Demand Registration available to such Holder pursuant to Section 2.1(b)(i), the initiating Holder sells fewer Registrable Securities in such Demand Registration than such Holder requested to be included, such Holder shall be entitled to one additional Demand Registration.

(g) Registration Statement Form. Registrations under this Section 2.1 shall be on such appropriate form of the SEC, (i) as shall be selected by the Company and as shall be deemed appropriate by counsel for the Company and (ii) as shall permit the disposition of such Registrable Securities in accordance with the intended method or methods of disposition specified in such Holders' requests for such Registration. Notwithstanding the foregoing, if, pursuant to a Demand Registration, (x) the Company proposes to effect Registration by filing a Registration Statement on Form F-3 (or any successor or similar short-form registration statement), (y) such Registration is in connection with an Underwritten Offering and (z) the managing underwriter or underwriters shall advise the Company in writing that, in its or their opinion, the use of another form of registration statement is of material importance to the success of such proposed offering, then such Registration shall be effected on such other form.

2.2. Piggyback Registrations.

(a) Participation. If the Company at any time proposes to file or publish a Registration Statement under the Securities Act with respect to any offering of its securities for its own account or for the account of any other Persons (other than (i) a Registration under Section 2.1(a) pursuant to which notice is delivered pursuant to Section 2.1(c), (ii) pursuant to a registration right granted by the Company as part of a bona fide financing by the Company structured as a private placement of securities (other than common stock or warrants to purchase common stock) to be followed, within 270 days of the consummation thereof, by the filing of a registration statement with respect to such securities or (iii) a Registration on Form F-4 or S-8 or any similar or successor form to such Forms (such registration pursuant to clause (iii), a "Company Sale")), then, as soon as practicable (but in no event less than 30 days prior to the proposed date of filing or publishing, as the case may be, such Registration Statement), the

Company shall give written notice of such proposed filing to all Holders of Registrable Securities, and such notice shall offer the Holders of such Registrable Securities the opportunity, subject to Section 2.2(b), to Register under such Registration Statement such number of Registrable Securities as each such Holder may request in writing (a "Piggyback Registration"). Pursuant and subject to Section 2.2(b), the Company shall include in such Registration Statement all such Registrable Securities with respect to which the Company has received written requests for inclusion within 20 days after the date on which the Company has delivered its written notice, including, if necessary, filing with the SEC a post-effective amendment or a supplement to such Registration Statement or the related Prospectus or any document incorporated therein by reference or filing any other required document or otherwise supplementing or amending such Registration Statement, if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Registration Statement or by the Securities Act, any state securities or blue sky laws, or any rules and regulations thereunder; provided that if at any time after giving written notice of its intention to Register any securities and prior to the effective date of the Registration Statement filed in connection with such Registration, the Company shall determine for any reason not to Register or to delay Registration of such securities, the Company may, at its election, give written notice of such determination to each Holder of Registrable Securities and, thereupon, (i) in the case of a determination not to Register, shall be relieved of its obligation to Register any Registrable Securities in connection with such Registration (but not from its obligation, if any, under Section 2.9 to pay Registration Expenses in connection therewith) and (ii) in the case of a determination to delay Registering, shall be permitted to delay Registering any Registrable Securities, for the same period as the delay in Registering such other securities. If the offering pursuant to such Registration Statement is to be underwritten, then each Holder making a request for a Piggyback Registration pursuant to this Section 2.2(a) must, and the Company shall make such arrangements with the underwriters so that each such Holder may, participate, subject to Section 2.2(b), in such Underwritten Offering. If the offering pursuant to such Registration Statement is to be on any other basis, then each Holder making a request for a Piggyback Registration pursuant to this Section 2.2(a) must, and the Company will make such arrangements so that each such Holder may, participate, subject to Section 2.2(b), in such offering on such basis. Each Holder of Registrable Securities shall be permitted to withdraw all or part of such Holder's Registrable Securities from a Piggyback Registration at any time prior to the Company's request for acceleration of the effective date thereof.

(b) Priority of Piggyback Registration. If the managing underwriter or underwriters of any proposed Underwritten Offering of a class of Registrable Securities included in a Piggyback Registration informs the Company or the Holders of such class of Registrable Securities that, in its or their opinion, the number of securities of such class which such Holders and any other Persons intend to include in such offering exceeds the number which can be sold in (or during the time of) such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or on the market for the securities offered, then the number of securities to be included in such Registration as so determined by the managing underwriter or underwriters (the "Included Securities") shall be allocated as follows: (i) first, any securities that the Company proposes to sell; (ii) second, among the Holders in proportion to their respective equity ownership in the Company at the time of the offering.

2.3. Sales by CIASA to Independent Panamanians. (a) If at any time CIASA or Permitted Transferees of CIASA shall sell Class B shares to a Panamanian who is not a Permitted Transferee (an "Independent Panamanian") and immediately after giving effect thereto CIASA, together with its Permitted Transferees, collectively beneficially own fewer than 19.0% but greater than 10.0% of the total outstanding shares of the Company, the number of Registrable Securities held by Continental shall be increased by (i) if CIASA, together with its Permitted Transferees, collectively beneficially owned 19.0% or more of the total outstanding shares of the Company immediately before such sale to an Independent Panamanian, a number of Class A shares equal to the difference between the number of shares representing 19.0% of the total outstanding shares of the Company and the number of Class B shares held by CIASA and its Permitted Transferees after such sale and (ii) if CIASA, together with its Permitted Transferees, collectively beneficially owned less than 19.0% of the total outstanding shares of the Company immediately before such sale to an Independent Panamanian, a number of Class A shares equal to the number of Class B shares sold by CIASA or its Permitted Transferee to Independent Panamanians.

(b) If at any time CIASA or Permitted Transferees of CIASA shall sell Class B shares to an Independent Panamanian and immediately after giving effect thereto CIASA and Permitted Transferees of CIASA collectively beneficially own less than 10.0% of the total outstanding shares of the Company, (i) the total number of Registrable Securities held by Continental shall be increased to include all Class A shares then owned by Continental, (ii) Continental may sell any Shares that become Registrable Securities pursuant to this Section 2.3(b) pursuant to the Shelf Registration Statement described in Section 2.2(c) below and (iii) the number of Demand Registrations that Continental has a right to request pursuant to Section 2.1 shall increase by one.

(c) CIASA and the Company agree that:

(i) At such time as CIASA or a Permitted Transferee of CIASA enters into serious negotiations to sell such number of Class B shares to an Independent Panamanian that would result in CIASA and Permitted Transferees of CIASA collectively beneficially owning less than 19.0% of the total outstanding shares of the Company, CIASA shall use its reasonable best efforts to cause the Company, and the Company shall use its reasonable best efforts, to file as soon as possible a Shelf Registration Statement providing for the registration of a number of Registrable Securities held by Continental equal to the increased number of Restricted Securities that shall be become Registrable Securities pursuant to Sections 2.3(a) or (b), as the case may be, and such other securities as the Company may deem appropriate and to have such Shelf Registration Statement declared effective by the SEC.

(ii) The Company agrees to use its reasonable best efforts to keep any Shelf Registration Statement required under Section 2.3(c) continuously effective until all the Registrable Securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement (the "Shelf Effectiveness Period"). The Company further agrees to supplement or amend the Shelf Registration Statement and the related Prospectus if required by the rules,

regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the Securities Act or by any other rules and regulations thereunder for shelf registration or if reasonably requested by a Holder of Registrable Securities with respect to information relating to such Holder, and to use its reasonable best efforts to cause any such amendment to become effective and such Shelf Registration Statement and Prospectus to become usable as soon as thereafter practicable.

(iii) If any Shelf Registration Statement required by this Section 2.3(c), (i) has not been declared effective within 75 days of the consummation of the triggering sale to an Independent Panamanian contemplated by Section 2.3(a) or 2.3(b) or (ii) becomes effective and thereafter either ceases to be effective or the Prospectus contained therein ceases to be usable, in each case during the Shelf Effectiveness Period, and such failure to remain effective or usable exists for more than 75 days (whether or not consecutive) in any 12-month period, then the number of Demand Registrations that Continental has a right to request pursuant to Section 2.1 shall be increased by one.

(iv) If CIASA sells any of its Class B shares to an Independent Panamanian under circumstances that require the Company to file the Shelf Registration Statement pursuant to this Section 2.3, then Continental may use the Shelf Registration Statement at any time to sell such increased number of Registrable Securities as were granted pursuant to this Section 2.3.

2.4. Registered Offerings of CIASA Shares other than Registrable Securities. In addition to the rights granted to Continental by Section 2.2, if at any time the Company proposes to file a Registration Statement with respect to Restricted Securities held by CIASA, then, as soon as practicable (but in no event less than 20 days prior to the proposed date of filing such Registration Statement), the Company shall give written notice of such proposed filing to Continental and shall offer Continental the opportunity to register under such Registration Statement such number of Restricted Securities held by Continental equal to the number of CIASA's Restricted Securities that are proposed to be registered under such Registration Statement. Continental may, however, in lieu of exercising its rights to include Restricted Securities in the Registration Statement described in the first sentence of this Section 2.4, elect in writing (prior to the filing of the relevant Registration Statement) to increase the number of Continental's Registrable Securities upon consummation of the proposed sale of shares by CIASA by a number of Class A shares equal to the number of shares which are actually sold by CIASA pursuant to such Registration Statement. If Continental so elects to increase the number of Registrable Securities, such Registrable Securities shall be subject to the procedures described in Section 2.3(d) of the Shareholders Agreement relating to Permitted Block Trades.

2.5. Black-out Periods.

(a) The Company shall not be obligated to file any Registration Statement pursuant to Section 2.1 during the period (A) commencing with the date on which either (1) the Company previously received a request to file a Registration Statement pursuant to Section 2.1 or (2) the Company, pursuant to Section 2.2 or 2.4, previously or simultaneously notified the

Holders of Registrable Securities of its intention to file a Registration Statement (in either case, such Registration Statement being hereinafter referred to as the "Preceding Registration Statement") and (B) ending with the earliest of (1) if such Preceding Registration Statement has not become effective, 180 days following the filing of such Preceding Registration Statement, (2) if such Preceding Registration Statement has not been filed, 270 days after notification of intention to file, (3) if such Preceding Registration Statement has become effective, 180 days after such Preceding Registration Statement has become effective (subject to any period (which shall not exceed 120 days) after such Preceding Registration Statement becomes effective, which the managing Underwriter has designated as the minimum period during which the Company and the Holders shall not engage in any new registered offerings) and (4) the date of abandonment by the Company of its intention to file such Preceding Registration Statement or the date of withdrawal of the request under Section 2.1 by the Party making the request.

2.6. No Inconsistent Agreements. Except for the Underwriting Agreement, the Company is not currently a party to any agreement with respect to its securities which is inconsistent with the rights granted to the Holders of Registrable Securities by this Agreement. No other registration rights have been granted or will be granted in connection with the Initial Public Offering.

2.7. Registration Procedures.

(a) In connection with the Company's Registration obligations under Sections 2.1, 2.2 and 2.3, the Company will use its reasonable best efforts to effect such Registration to permit the sale of such Registrable Securities by the Holders in accordance with the intended method or methods of distribution thereof under the Securities Act, or other applicable Law, as expeditiously as reasonably practicable, and in connection therewith the Company will:

(i) (A) prepare the required Registration Statement, Prospectus or other applicable required registration and/or listing documents including all exhibits and financial statements required under applicable law to be filed therewith (such documents, collectively "Registration Documents"), and such Registration Documents shall comply as to form with the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith and all information reasonably requested by the lead managing Underwriter or sole Underwriter, if applicable, to be included therein, (B) use its reasonable best efforts to cause such Registration Statement to become effective and remain effective, (C) use its reasonable best efforts to not take any action that would cause a Registration Statement to contain a material misstatement or omission or to be not effective and usable for resale of Registrable Securities during the period that such Registration Statement is required to be effective and usable, and (D) cause each Registration Statement and the related Prospectus and any amendment or supplement thereto, as of the effective date of such Registration Statement, amendment or supplement (x) to comply in all material respects with any requirements of the Securities Act and the rules and regulations of the SEC and (y) not to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Before filing a Registration Statement or publishing a Prospectus or any other applicable registration documents, or any amendments or supplements thereto, furnish to the underwriters, if any, and to the Holders of the Registrable Securities covered by such Registration Statement, copies of all documents filed with an applicable regulatory authority in conformity with the requirements of the Securities Act or any other applicable Law;

(ii) prepare and file with the SEC such amendments and post-effective amendments to such Registration Statement and supplements to the Prospectus as may be necessary to keep such Registration effective for the period of time required by this Agreement;

(iii) notify the participating Holders of Registrable Securities and the managing underwriter or underwriters, if any, and furnish to each Holder of Registrable Securities and to each underwriter of an Underwritten Offering of Registrable Securities, if any, without charge, as many copies of the relevant documents including the Prospectus, any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities;

(iv) use its reasonable best efforts to prevent or obtain the withdrawal of any stop order or other order suspending the use of any preliminary or final Prospectus;

(v) on or prior to the date on which the applicable Registration Statement is declared effective or is published, use its reasonable best efforts to register or qualify, and cooperate with the selling Holders of Registrable Securities, the managing underwriter or underwriters, if any, and their respective counsel, in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or "Blue Sky" laws of each state of the United States and other jurisdiction as any such selling Holder or managing underwriter or underwriters, if any, or their respective counsel reasonably request in writing and do any and all other acts or things reasonably necessary or advisable to keep such registration or qualification in effect for so long as such Registration Statement remains in effect and so as to permit the continuance of sales and dealings in such jurisdictions for as long as may be necessary to complete the distribution of the Registrable Securities covered by the Registration Statement; provided that the Company will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to taxation or general service of process in any such jurisdiction where it is not then so subject;

(vi) cooperate with the selling Holders of Registrable Securities and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends;

(vii) use its reasonable best efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such Registrable Securities;

(viii) obtain for delivery to the Holders of Registrable Securities being registered and to the underwriter or underwriters, if any, an opinion or opinions from counsel for the Company dated the effective date of the Registration Statement or, in the event of an

Underwritten Offering, the date of the closing under the underwriting agreement, in customary form, scope and substance, which counsel and opinions shall be reasonably satisfactory to such Holders or underwriters, as the case may be, and their respective counsel;

(ix) in the case of an Underwritten Offering, obtain for delivery to the Company and the managing underwriter or underwriters, with copies to the Holders of Registrable Securities included in such Registration, a comfort letter from the Company's independent certified public accountants in customary form and covering such matters of the type customarily covered by cold comfort letters as the managing underwriter or underwriters reasonably request, dated the date of execution of the underwriting agreement and brought down to the closing under the underwriting agreement;

(x) cooperate with each seller of Registrable Securities and each underwriter, if any, participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the NASD;

(xi) provide and cause to be maintained in the United States or Panama, as applicable, a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement from and after a date not later than the effective date of such Registration Statement;

(xii) cause all Registrable Securities covered by the applicable Registration Statement to be listed on each securities exchange on which any of the Company's securities are then listed or quoted and on each inter-dealer quotation system on which any of the Company's securities are then quoted;

(xiii) make available upon reasonable notice at reasonable times and for reasonable periods for inspection by a representative appointed by the majority of the Holders of each class of Registrable Securities covered by the applicable Registration Statement, by any underwriter participating in any disposition to be effected pursuant to such Registration Statement and by any attorney, accountant or other agent retained by such Holders or any such underwriter, all pertinent financial and other records, pertinent corporate documents and properties of the Company, and cause all of the Company's officers, directors and employees and the independent public accountants who have certified its financial statements to make themselves available to discuss the business of the Company and to supply all information reasonably requested by any such Person in connection with such Registration Statement as shall be necessary to enable them to exercise their due diligence responsibility pursuant to the requirements of applicable Law; and

(xiv) (A) within a reasonable time prior to the filing of any Registration Statement, any Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus, provide copies of such document to the Holders of Registrable Securities and to counsel to such Holders and to the underwriter or underwriters of an Underwritten Offering of Registrable Securities, if any; and

(B) if reasonably requested by any Holder selling Registrable Securities pursuant to a Registration Statement, as promptly as reasonably practicable, incorporate in a Prospectus supplement or post-effective amendment to such Registration Statement such information as such Holder shall, on the basis of a written opinion of nationally recognized counsel experienced in such matters, determine to be required to be included therein by applicable law and make any required filings of such Prospectus supplement or such post-effective amendment as required by applicable law; provided that the Company shall not be required to take any actions under this Section 2.7(xiv)(B) that are not, in the reasonable opinion of counsel for the Company, required by applicable law; and fairly consider such other reasonable changes in any such document prior to or after the filing thereof as the counsel to the Holders or the underwriter or the underwriters may request and not file any such document in a form to which Holders of a majority of the Registrable Securities being sold by all Holders in such offering or any underwriter shall reasonably object; and make such of the representatives of the Company as shall be reasonably requested by the Holders of Registrable Securities being registered or any underwriter available for discussion of such document;

(C) within a reasonable time prior to the filing of any document which is to be incorporated by reference into a Registration Statement or a Prospectus, provide copies of such document to counsel for the Holders; fairly consider such reasonable changes in such document prior to or after the filing thereof as counsel for such Holders or such underwriter shall request; and make such of the representatives of the Company as shall be reasonably requested by such counsel available for discussion of such document; and

(xv) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve (12) months, but not more than eighteen (18) months, beginning with the first month after the effective date of the Registration Statement, which earnings statement shall meet the requirements of the Securities Act.

(b) The Company may require each seller of Registrable Securities as to which any Registration is being effected to furnish to the Company such information regarding the distribution of such securities and such other information relating to such Holder and its ownership of Registrable Securities as the Company may from time to time reasonably request in writing. Each Holder of Registrable Securities agrees to furnish such information to the Company and to cooperate with the Company as reasonably necessary to enable the Company to comply with the provisions of this Agreement.

(c) The Company shall advise each of the Holders and, if requested by any such person, confirm such advice in writing (which advice pursuant to clauses (ii) through (v) of this Section 2.7(c) shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made):

(i) when any Registration Statement and any amendment thereto has been filed with the Commission and when such Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for amendments or supplements to any Registration Statement or the prospectus included therein or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of any Registration Statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(v) of the happening of any event that requires the making of any changes in any Registration Statement or the prospectus included therein in order that the statements therein are not misleading and do not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(d) Each Holder agrees that, upon receipt of any notice from the Company pursuant to Section 2.7(c)(ii) through (v), such Holder will discontinue disposition of any Registrable Securities until such Holder's receipt of copies of a supplemental or amended prospectus or until advised in writing (the "Advice") by the Company that the use of the applicable prospectus may be resumed. In the event the Company shall give any such notice, the period during which the applicable Registration Statement is required to be maintained effective shall be extended by the number of days during the period from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement either receives the copies of the supplemented or amended Prospectus or receives Advice.

2.8. Underwritten Offerings.

(a) Underwriting Agreements. If requested by the underwriters for any Underwritten Offering, the Company shall enter into an underwriting agreement with such underwriters for such offering, such agreement to be reasonably satisfactory in substance and form to the Company, and the underwriters. Such agreement shall contain such representations and warranties by the Company and such other terms as are generally prevailing in agreements of that type, including, without limitation, indemnities generally to the effect and to the extent of those provided in Section 3.1. The Holders of any Registrable Securities to be included in any Underwritten Offering by such underwriters shall enter into such underwriting agreement at the request of the Company. The Holders of Registrable Securities to be distributed by such Underwriters shall be parties to such Underwriting Agreement and may, at their option, require that all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters also be made to and for the benefit of such Holders and any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Holders. No Holder shall be required in any such underwriting agreement to make any representations or warranties to, or agreements with, the Company or the underwriters other than representations, warranties or agreements regarding such Holder, such Holder's Registrable Securities, such Holder's intended method of distribution and any representations required by law.

(b) Participation in Underwritten Registrations. No Person may participate in any Underwritten Offering hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Persons entitled to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

(c) Piggyback by Holders in Underwritten Primary Offerings. If the Company at any time proposes to register any of its securities under the Securities Act as contemplated by Section 2.2 and such securities are to be distributed by or through one or more Underwriters, then the Holders of Registrable Securities to be distributed by such Underwriters pursuant to Piggyback Rights shall be parties to the Underwriting Agreement between the Company and such Underwriters and may, at their option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such Underwriters shall also be made to and for the benefit of such holders of Registrable Securities and that any or all of the conditions precedent to the obligations of such Underwriters under such underwriting agreement be conditions precedent to the obligations of such holders of Registrable Securities. Any such Holder of Registrable Securities shall not be required to make any representations or warranties to or agreements with the Company or the Underwriters other than representations, warranties or agreements regarding such Holder, such Holder's Registrable Securities and such Holder's intended method of distribution and any other representation required by law.

(d) Holdback Agreements. (i) Each Holder of Registrable Securities agrees, if so required by the managing Underwriter, that it will agree to "Holdbacks" to the extent that (A) such Holdbacks apply to the Company and Holders of all other Registrable Securities on equal or more restrictive terms and (B) such Holdbacks were limited to one hundred eighty (180) days after any underwritten registration pursuant to Section 2.1 or 2.2 has become effective or after any sale under a Registration Statement required by Section 2.3. For the purpose of this Agreement, to "Holdback" is to refrain from selling, making any short sale of, loaning, granting any option for the purchase of, effecting any public sale or distribution of or otherwise disposing of any securities of the Company, except as part of such underwritten registration, whether or not such holder participates in such registration. Each Holder of Registrable Securities agrees that the Company may instruct its transfer agent to place stop transfer notations in its records to enforce such Holdbacks.

(i) The Company agrees (A) if so required by the managing Underwriter, that it would be subject to the same Holdbacks as the holders of Registrable Securities, except pursuant to registrations on Form F-4, S-8, S-14 or S-15 or any successor or similar forms thereto, and (B) to cause each holder of its securities or any securities convertible into or exchangeable or exercisable for any of such securities, in each case purchased from the Company at any time after the date of this Agreement (other than in a public offering) to agree to such Holdbacks.

2.9. Registration Expenses. In the case of the first two Demand Registrations under this Agreement, 50% of the Company's expenses incident to the Company's performance of or compliance with this Agreement will be paid by the Company and the remaining 50% will be paid ratably by all Holders in proportion to the number of their respective Registrable or Restricted Securities, as the case may be, that are included in such Registration; provided that Continental shall have initiated at least one of such Registrations. In the case of all Registrations

other than the first two Demand Registrations, all such expenses shall be paid ratably by all Holders (including the Company) in proportion to the number of their respective Registrable or Restricted Securities, as the case may be, that are included in such Registration. The expenses incident to the Company's performance of or compliance with this Agreement, include, without limitation, (i) all fees and expenses (other than registration and filing fees) associated with filings required to be made with the SEC, the NASD, the NYSE or the Panamanian Listing Authority, (ii) all fees and expenses in connection with compliance with state securities or "Blue Sky" laws, (iii) all translating, printing, duplicating, word processing, messenger, telephone, facsimile and delivery expenses (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company or other similar depository institution and of printing prospectuses), (iv) all fees and disbursements of counsel for the Company and of all independent certified public accountants of the Company (including the expenses of any special audit and cold comfort letters required by or incident to such performance); (v) Securities Act liability insurance or similar insurance if the Company so desires or the underwriters so require in accordance with then-customary underwriting practice, (vi) all fees and expenses (other than listing fees) incurred in connection with the listing of the Registrable Securities on any securities exchange or quotation of the Registrable Securities on any inter-dealer quotation system, (vii) all applicable rating agency fees with respect to the Registrable Securities and (viii) all fees and expenses of any special experts or other Persons retained by the Company in connection with any Registration. Notwithstanding the foregoing, the Company shall not be required to pay, or reimburse any person for, any (i) registration or filing fees associated with filings required to be made with any governmental or listing authority or (ii) fees and disbursements of underwriters or the Holders (including the fees of their respective counsel). Any expenses not payable by the Company shall be paid by the Holders of Registrable Securities in proportion to their number of Registrable Securities included in such Registration.

2.10. Rules 144 and 144A.

The Company shall timely file the reports required to be filed by it under the Securities Act and the Exchange Act (including but not limited to the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c) of Rule 144 adopted by the Commission under the Securities Act) and the rules and regulations adopted by the Commission thereunder (or, if the Company is not required to file such reports, will, upon the request of any holder of Registrable Securities, make publicly available other information) and will take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (b) any similar rule or regulation hereafter adopted by the Commission. Upon the request of any holder of Registrable Securities, the Company will deliver to such holder a written statement as to whether it has complied with the requirements of this Section 2.10.

SECTION 3. MISCELLANEOUS.

3.1. Indemnification.

(a) Indemnification by Company. The Company agrees to indemnify and hold harmless, to the full extent permitted by law, each Holder of Registrable Securities, its Affiliates and their respective partners, officers, directors, shareholders, employees and advisors and each Person who controls (within the meaning of the Securities Act or the Exchange Act) such Persons from and against any and all losses, claims, damages, liabilities, judgments (or actions or proceedings in respect thereof, whether or not such indemnified party is a party thereto) and expenses, joint or several (including reasonable costs of investigation and legal expenses) (each, a "Loss" and collectively "Losses") arising out of or based upon (A) any untrue or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Securities were Registered under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein), (B) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or preliminary Prospectus, in light of the circumstances under which they were made) not misleading, (C) any other violation by the Company of the Securities Act, the Exchange Act or any state securities law or of any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law applicable to the Company and relating to any action or inaction required of the Company in connection with any registration of Registrable Shares, or (D) any violation or alleged violation of the securities Law of Panama; provided that the Company shall not be liable to any particular indemnified party in any such case to the extent that any such Loss arises out of or is based upon an untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, in any such case made in any such Registration Statement in reliance upon and in conformity with written information furnished to the Company by such indemnified party expressly for use in the preparation thereof, provided further that the Company shall not be liable to any Person who participates as an Underwriter in the offering or sale of Registrable Securities or to any other Person, if any, who controls such Underwriter within the meaning of the Securities Act, in any such case to the extent that any such Losses arise out of such Person's failure to send or give a copy of the final Offering Document, as the same may be then supplemented or amended, within the time required by the Securities Act or other applicable foreign securities Laws to the Person asserting the existence of an untrue statement or alleged untrue statement or omission or alleged omission at or prior to the written confirmation of the sale of Registrable Securities to such Person if such statement or omission was corrected in such final Offering Document. This indemnity shall be in addition to any liability the Company may otherwise have. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any indemnified party and shall survive the transfer of such securities by such Holder.

(b) Indemnification by the Selling Holder of Registrable Securities. Each selling Holder of Registrable Securities agrees (severally and not jointly) to indemnify and hold harmless, to the full extent permitted by law, the Company, its directors and officers and each Person who controls the Company (within the meaning of the Securities Act and the Exchange Act) from and against any Losses resulting from any untrue statement of a material fact or any omission of a material fact required to be stated in the Registration Statement under which such Registrable Securities were Registered under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or

any documents incorporated by reference therein), or necessary to make the statements therein (in the case of a Prospectus or preliminary Prospectus, in light of the circumstances under which they were made) not misleading, to the extent, but only to the extent, that such untrue statement or omission is made in reliance upon and in conformity with information furnished in writing by such selling Holder to the Company specifically for inclusion in such Registration Statement and has not been corrected in a subsequent writing prior to or concurrently with the sale of the Registrable Securities to the Person asserting such loss, claim, damage, liability or expense. In no event shall the liability of any selling Holder of Registrable Securities hereunder be greater in amount than the dollar amount of the proceeds received by such Holder under the sale of the Registrable Securities giving rise to such indemnification obligation. Each Holder also shall indemnify any underwriters of the Registrable Securities, their officers and directors and each person who controls such underwriters (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the Company.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that any delay or failure to so notify the indemnifying party shall relieve the indemnifying party of its obligations hereunder only to the extent, if at all, that it is actually and materially prejudiced by reason of such delay or failure) and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided that any Person entitled to indemnification hereunder shall have the right to select and employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (i) the indemnifying party has agreed in writing to pay such fees or expenses, (ii) the indemnifying party shall have failed to assume the defense of such claim within a reasonable time after receipt of notice of such claim from the Person entitled to indemnification hereunder and employ counsel reasonably satisfactory to such Person, (iii) the indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, or (iv) in the reasonable judgment of any such Person, based upon advice of its counsel, a conflict of interest may exist between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person). If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its consent, but such consent may not be unreasonably withheld; provided that an indemnifying party shall not be required to consent to any settlement involving the imposition of equitable remedies or involving the imposition of any material obligations on such indemnifying party other than financial obligations for which such indemnified party will be indemnified hereunder. If the indemnifying party assumes the defense, the indemnifying party shall not have the right to settle such action without the consent of the indemnified party. No indemnifying party shall consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of an unconditional release from all liability in respect to such claim or litigation. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other

charges of more than one separate firm admitted to practice in such jurisdiction at any one time from all such indemnified party or parties unless (x) the employment of more than one counsel has been authorized in writing by the indemnified party or parties, (y) an indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it that are different from or in addition to those available to the other indemnified parties or (z) a conflict or potential conflict exists or may exist (based on advice of counsel to an indemnified party) between such indemnified party and the other indemnified parties, in each of which cases the indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels.

(d) Contribution. The indemnification provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and shall survive the transfer of securities. If for any reason the indemnification provided for in paragraphs (a) and (b) of this Section 3.1 is unavailable to an indemnified party or insufficient to hold it harmless as contemplated by paragraphs (a) and (b) of this Section 3.1, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information concerning the matter with respect to which the claim was asserted and opportunity to correct or prevent such untrue statement or omission. Notwithstanding anything in this Section 3.1(d) to the contrary, no indemnifying party (other than the Company) shall be required pursuant to this Section 3.1(d) to contribute any amount in excess of the amount by which the net proceeds received by such indemnifying party from the sale of Registrable Securities in the offering to which the Losses of the indemnified parties relate exceeds the amount of any damages which such indemnifying party has otherwise been required to pay by reason of such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 3.1(d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. If indemnification is available under this Section 3.1, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Sections 3.1(a) and 3.1(b) without regard to the relative fault of said indemnifying parties or indemnified party.

3.2. Remedies. It is hereby agreed and acknowledged that it will be impossible to measure in money the damage that would be suffered if the parties fail to comply with any of the obligations herein imposed on them and that in the event of any such failure, an aggrieved Person will be irreparably damaged and will not have an adequate remedy at law. Any such Person shall, therefore, be entitled (in addition to any other remedy to which it may be entitled in law or in equity) to injunctive relief, including, without limitation, specific performance, to enforce such obligations, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an

adequate remedy at law. In addition, in the case of a material breach of this Agreement, CIASA or Continental, as applicable, shall have the rights to terminate the Alliance Agreement or the Services Agreement as described in and in accordance with those agreements.

3.3. Notices. All notices, other communications or documents provided for or permitted to be given hereunder, shall be made in writing and shall be given either personally by hand-delivery, by facsimile transmission, or by air courier guaranteeing overnight delivery:

(a) if to the Company or to CIASA:

Copa Holdings, S.A.
Avenida Justo Arosmena y Calle 39
Panama 1
Panama
Facsimile: +507 227-1952
Attention: Pedro Heilbron

with copies to:

Galindo, Arias y Lopez
Edif. Omanco
Apartado 8629
Panama 5
Panama
Facsimile: +507 263-5335
Attention: Jaime A. Arias C.
and to:

Simpson Thacher & Bartlett LLP
725 Lexington Ave.
New York, New York 10017
United States of America
Facsimile: (212) 445-2502
Attention: David L. Williams

(b) if to Continental:

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002
United States of America
Facsimile: (713) 324-3099
Attention: Senior Vice President - Asia/Pacific and
Corporate Development

with copies to:

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002
United States of America
Facsimile: (713) 324-5161
Attention: Senior Vice President and General Counsel

Each Holder, by written notice given to the Company in accordance with this Section 3.3 may change the address to which notices, other communications or documents are to be sent to such Holder. All notices, other communications or documents shall be deemed to have been duly given: (i) at the time delivered by hand, if personally delivered; (ii) when receipt is acknowledged in writing by addressee, if by facsimile transmission and (iii) on the first business day with respect to which a reputable air courier guarantees delivery; provided that notices of a change of address shall be effective only upon receipt.

3.4. Successors, Assigns and Transferees.

The provisions of this Agreement shall be binding upon, and shall inure to the benefit of, the respective successors and assigns of Continental and CIASA; provided that the benefit of this Agreement may not be assigned or transferred in whole or in part by Continental or CIASA without the prior written consent of the other Party unless such assignment or transfer is by a Party to a Permitted Transferee and such Permitted Transfer is made in accordance with the terms of Section 2.1 of the Shareholders Agreement; and provided, further, that no such assignment shall be binding upon or obligate the Company to any such Permitted Transferee unless and until the Company shall have received (i) notice of such assignment as herein provided, (ii) a written agreement by the assigning or transferring party, in form and substance reasonably satisfactory to the Company, to remain bound by the terms of this Agreement and (iii) a written agreement of the Permitted Transferee, in form and substance reasonably satisfactory to the Company, to be bound by the terms of this Agreement.

3.5. Recapitalizations, Exchanges, etc., Affecting Registrable Securities. The provisions of this Agreement shall apply, to the full extent set forth herein with respect to the Registrable Securities, to any and all securities or capital stock of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for, or in substitution of such Registrable Securities, by reason of any dividend, split, issuance, reverse split, combination, recapitalization, reclassification, merger, consolidation or otherwise.

3.6. Governing Law; Arbitration.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED WITHIN THE STATE.

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

(ii) The number of arbitrators shall be three, one of whom shall be appointed by each of the parties and the third of whom shall be selected by mutual agreement, if possible, within 30 days of the selection of the second arbitrator and thereafter by the ICC (in which case the third arbitrator shall not be a citizen of Panama or the United States) and 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.

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

(iv) Either party 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 party 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.

3.7. Headings. The section and paragraph headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

3.8. Severability. Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained therein.

3.9. Amendment; Waiver.

(a) This Agreement may not be amended or modified and waivers and consents to departures from the provisions hereof may not be given, except by an instrument or instruments in writing making specific reference to this Agreement and signed by the Company, the Holders of a majority of Registrable Securities then outstanding and, so long as they are Holders, Continental and CIASA. Each Holder of any Registrable Securities at the time or thereafter outstanding shall be bound by any amendment, modification, waiver or consent authorized by this Section 3.9(a), whether or not such Registrable Securities shall have been marked accordingly.

(b) The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. Except as otherwise expressly provided herein, no failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder, or otherwise available in respect hereof at law or in equity, shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

3.10. Counterparts. This Agreement may be executed in any number of separate counterparts and by the parties hereto in separate counterparts each of which when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement.

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

COPA HOLDINGS, S.A.

By: _____
Name:
Title:

CORPORACION DE INVERSIONES AEREAS, S.A.

By: _____
Name:
Title:

CONTINENTAL AIRLINES, INC.

By: _____
Name:
Title:

Exhibit 4.11

COPA HOLDINGS, S.A.

FORM OF RESTRICTED STOCK AWARD AGREEMENT

THIS AGREEMENT (the "Agreement"), is made, effective as of the th day of , 2005 (the "Date of Grant"), between Copa Holdings, S.A., a corporation organized under the laws of the Republic of Panama (the "Company"), and (the "Participant").

R E C I T A L S:

WHEREAS, the Company has adopted the Company's 2005 Stock Incentive Plan (the "Plan"), which Plan is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the restricted stock award provided for herein (the "Restricted Stock Award") to the Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Grant of the Restricted Shares. Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement, the Company hereby grants to the Participant a Restricted Stock Award consisting of Shares (the "Restricted Shares"). The Restricted Shares shall vest and become nonforfeitable in accordance with Section 2 hereof.

2. Vesting

(a) General. Subject to the Participant's continued Employment with the Company, the Restricted Shares shall vest and become nonforfeitable [FOR NON-EXECUTIVE OFFICERS: on the second anniversary of the Date of Grant.] [FOR EXECUTIVE OFFICERS: in accordance with the following vesting schedule:

DATE	INCREMENTAL VESTING %	CUMULATIVE VESTED %
1st Anniversary of Date of Grant	15%	15%
2nd Anniversary of Date of Grant	15%	30%
3rd Anniversary of Date of Grant	15%	45%
4th Anniversary of Date of Grant	25%	70%
5th Anniversary of Date of Grant	30%	100%]

Notwithstanding the foregoing, in the event the above vesting schedule results in the vesting of any fractional Shares, such fractional Shares shall not be deemed vested hereunder but shall vest and become nonforfeitable when such fractional Shares aggregate whole Shares.

(b) Termination of Employment.

(i) If the Participant's Employment with the Company is voluntarily terminated by the Participant (other than for Good Reason) or is terminated by the Company for 2 Cause, the Restricted Shares shall, to the extent not then vested, be forfeited by the Participant without consideration; provided, however, that the Committee may, in its sole discretion, cause the Restricted Shares to become fully vested upon the Participant's Retirement.

(ii) If the Participant's Employment with the Company is terminated by the Participant for Good Reason; by the Company without Cause or as a result of the Participant's death or Disability, in either case prior to the 5th anniversary of the Date of Grant, the Restricted Shares shall, to the extent not then vested and not previously forfeited, immediately become fully vested.

(iii) For purposes of this Agreement:

"Cause" shall mean "Cause" as defined in the Labor Code of the Republic of Panama. The determination of the existence of Cause shall be made by the Committee in good faith, which determination shall be conclusive for purposes of this Agreement;

"Good Reason" shall mean "Good Reason Resignation" as defined in the Labor Code of the Republic of Panama then in effect; provided that in no event shall an event constitute "Good Reason" unless the Participant shall have delivered written notice to the Company describing the event allegedly constituting Good Reason and the Company shall have failed to cure or to in good faith commence the cure of such material reduction in the Participant's duties and responsibilities within 30 days of receiving such notice ; and

"Disability" shall mean "Disability" as defined in the Labor Code of the Republic of Panama.

"Retirement" shall mean "Retirement as defined in the laws of the Republic of Panama then in effect.

(c) Change in Control. Notwithstanding any other provision of this Agreement to the contrary, in the event of a Change in Control, the Restricted Shares shall, to the extent not then vested and not previously forfeited, immediately become fully vested as contemplated by Section 9(b) of the Plan.

(d) Forfeiture upon Violation of Certain Restrictive Covenants. TBD whether to include a "clawback" provision requiring forfeiture of vested Restricted Shares if the Participant breaches restrictive covenants within 12 months following termination of employment.

3. Certificates. Certificates evidencing the Restricted Shares shall be issued by the Company and shall be registered in the Participant's name on the stock transfer books of the Company promptly after the date hereof, but shall remain in the physical custody of the Company or its designee at all times prior to the vesting of such Restricted Shares pursuant to Section 2. As a condition to the receipt of this Restricted Stock Award, the Participant shall deliver to the Company a stock power, duly endorsed in blank, relating to the Restricted Shares. No certificates shall be issued for fractional Shares.

4. Rights as a Stockholder. The Participant shall be the record owner of the Restricted Shares until or unless such Restricted Shares are forfeited pursuant to Section 2 hereof, and as record owner shall be entitled to all rights of a common stockholder of the Company, including, without limitation, voting rights with respect to the Restricted Shares and the Participant shall receive, when paid, any dividends on all of the Restricted Shares granted hereunder as to which the Participant is the record holder on the applicable record date; provided that the Restricted Shares shall be subject to the limitations on transfer and encumbrance set forth in Section 7. As soon as practicable following the vesting of any Restricted Shares pursuant to Section 2, certificates for the Restricted Shares which shall have vested shall be delivered to the Participant or to the Participant's legal guardian or representative along with the stock powers relating thereto.

5. Legend on Certificates. The certificates representing the vested Restricted Shares delivered to the Participant as contemplated by Section 4 above shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

6. No Right to Continued Employment. The granting of the Restricted Shares evidenced by this Agreement shall impose no obligation on the Company or any Affiliate to continue the Employment of the Participant and shall not lessen or affect the Company's or its Affiliate's right to terminate the Employment of such Participant.

7. Transferability. The Restricted Shares may not, at any time prior to becoming vested pursuant to Section 2, be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

8. Withholding. The Participant may be required to pay to the Company or any Affiliate and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Restricted Shares, their grant or vesting or any payment or transfer with respect to the Restricted Shares and to take such action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes.

9. Securities Laws. Upon the vesting of any Restricted Shares, the Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Agreement.

10. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of is Secretary at the principal executive office of the Company and to the Participant at the address appearing in the personnel records of the Company for such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

11. Choice of Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE REPUBLIC OF PANAMA WITHOUT REGARD TO CONFLICTS OF LAWS

12. Restricted Stock Award Subject to Plan. By entering into this Agreement the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Restricted Stock Award and the Restricted Shares granted hereunder is subject to the Plan. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

13. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

COPA HOLDINGS, S.A.

By: _____

Agreed and acknowledged as
of the date first above written:

_____

Exhibit 4.10

COPA HOLDINGS, S.A.
2005 STOCK INCENTIVE PLAN

1. PURPOSE OF THE PLAN

The purpose of the Plan is to aid the Company and its Affiliates in recruiting and retaining key employees, directors or consultants of outstanding ability and to motivate such employees, directors or consultants to exert their best efforts on behalf of the Company and its Affiliates by providing incentives through the granting of Awards. The Company expects that it will benefit from the added interest which such key employees, directors or consultants will have in the welfare of the Company as a result of their proprietary interest in the Company's success.

2. DEFINITIONS

The following capitalized terms used in the Plan have the respective meanings set forth in this Section:

(a) Act: The U.S. Securities Exchange Act of 1934, as amended, or any successor thereto.

(b) Affiliate: With respect to the Company, any entity directly or indirectly controlling, controlled by, or under common control with, the Company or any other entity designated by the Board in which the Company or an Affiliate has an interest.

(c) Award: An Option, Stock Appreciation Right or Other Stock-Based Award granted pursuant to the Plan.

(d) Beneficial Owner: A "beneficial owner", as such term is defined in Rule 13d-3 under the Act (or any successor rule thereto).

(e) Board: The Board of Directors of the Company.

(f) Change in Control: The occurrence of any of the following events:

(i) the sale or disposition, in one or a series of related transactions, of all or substantially all, of the assets of the Company to any "person" or "group" (as such terms are defined in Sections 13(d)(3) or 14(d)(2) of the Act) other than the Permitted Holders;

(ii) any person or group, other than the Permitted Holders, is or becomes the Beneficial Owner (except that a person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the voting stock of the Company (or any entity which controls the Company), including by way of merger, consolidation, tender or exchange offer or otherwise; or

(iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board (together with any new directors whose election by such Board or whose nomination for election by the shareholders of the Company was approved by a vote of a majority of the directors of the Company, then still in office, who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board, then in office.

(g) Code: The Internal Revenue Code of 1986, as amended, or any successor thereto.

(h) Committee: The Compensation Committee of the Board.

(i) Company: Copa Holdings, S.A., a corporation organized under the laws of the Republic of Panama.

(j) Effective Date: The date the Board approves the Plan, or such later date as is designated by the Board.

(k) Employment: The term "Employment" as used herein shall be deemed to refer to (i) a Participant's employment if the Participant is an employee of the Company or any of its Affiliates, (ii) a Participant's services as a consultant, if the Participant is consultant to the Company or its Affiliates and (iii) a Participant's services as an non-employee director, if the Participant is a non-employee member of the Board.

(l) Fair Market Value: On a given date, (i) if there should be a public market for the Shares on such date, the arithmetic mean of the high and low prices of the Shares as reported on such date on the Composite Tape of the principal national securities exchange on which such Shares are listed or admitted to trading, or, if the Shares are not listed or admitted on any national securities exchange, the arithmetic mean of the per Share closing bid price and per Share closing asked price on such date as quoted on the National Association of Securities Dealers Automated Quotation System (or such market in which such prices are regularly quoted) (the "NASDAQ"), or, if no sale of Shares shall have been reported on the Composite Tape of any national securities exchange or quoted on the NASDAQ on such date, then the immediately preceding date on which sales of the Shares have been so reported or quoted shall be used; provided that, in the event of an initial public offering of the Shares of the Company, the Fair Market Value on the date of such initial public offering shall be the price at which the initial public offering was made, and (ii) if there should not be a public market for the Shares on such date, the Fair Market Value shall be the value established by the Committee in good faith.

(m) ISO: An Option that is an incentive stock option granted pursuant to Section 6(d) of the Plan.

(n) Other Stock-Based Awards: Awards granted pursuant to Section 8 of the Plan.

(o) Option: A stock option granted pursuant to Section 6 of the Plan.

(p) Option Price: The purchase price per Share of an Option, as determined pursuant to Section 6(a) of the Plan.

(q) Participant: An employee, director or consultant who is selected by the Committee to participate in the Plan.

(r) Permitted Holder means, as of the date of determination, any and all of Corporacion de Inversiones Aereas, S.A., Continential Airlines, Inc. or any of their respective Affiliates.

(s) Person: A "person", as such term is used for purposes of Section 13(d) or 14(d) of the Act (or any successor section thereto).

(t) Section 409A: Section 409A of the Code (and any related regulations or other pronouncements thereunder).

(u) Plan: This Copa Holdings, S.A. 2005 Stock Incentive Plan.

(v) Shares: Shares of Class A common stock of the Company.

(w) Stock Appreciation Right: A stock appreciation right granted pursuant to Section 7 of the Plan.

(x) Subsidiary: A subsidiary corporation, as defined in Section 424(f) of the Code (or any successor section thereto).

3. SHARES SUBJECT TO THE PLAN

The total number of Shares which may be issued under the Plan is 2,187,500. The Shares may consist, in whole or in part, of unissued Shares or treasury Shares. The issuance of Shares or the payment of cash upon the exercise of an Award or in consideration of the cancellation or termination of an Award shall reduce the total number of Shares available under the Plan, as applicable. Shares which are subject to Awards which terminate or lapse without the payment of consideration may be granted again under the Plan.

4. ADMINISTRATION

The Plan shall be administered by the Committee, which may delegate its duties and powers in whole or in part to any subcommittee thereof. Awards may, in the discretion of the Committee, be made under the Plan in assumption of, or in substitution for, outstanding awards previously granted by the Company or its affiliates or a company acquired by the Company or with which the Company combines. The number of Shares underlying such substitute awards shall be counted against the aggregate number of Shares available for Awards under the Plan. The Committee is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Participants and their beneficiaries or successors). The Committee shall have the full power and authority to establish the terms and conditions of any Award consistent with the provisions of the Plan and to waive any such terms and conditions at any time (including, without limitation, accelerating or waiving any vesting conditions). The Committee shall require payment of any amount it may determine to be necessary to withhold for federal, state, local or other taxes as a result of the exercise, grant or vesting of an Award. Unless the Committee specifies otherwise, the Participant may elect to pay a portion or all of such withholding taxes by (a) delivery in Shares or (b) having Shares withheld by the Company from any Shares that would have otherwise been received by the Participant.

5. LIMITATIONS

No Award may be granted under the Plan after the tenth anniversary of the Effective Date, but Awards theretofore granted may extend beyond that date.

6. TERMS AND CONDITIONS OF OPTIONS

Options granted under the Plan shall be, as determined by the Committee, non-qualified or incentive stock options for federal income tax purposes, as evidenced by the related Award agreements, and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

(a) Option Price. The Option Price per Share shall be determined by the Committee.

(b) Exercisability. Options granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee, but in no event shall an Option be exercisable more than ten years after the date it is granted.

(c) Exercise of Options. Except as otherwise provided in the Plan or in an Award agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of Section 6 of the Plan, the exercise date of an Option shall be the later of the date a notice of exercise is received by the Company and, if applicable, the date payment is received by the Company pursuant to clauses (i), (ii), (iii) or (iv) in the following sentence. The purchase price for the Shares as to which an Option is exercised shall be paid to the Company in full at the time of exercise at the election of the Participant (i) in cash or its equivalent (e.g., by check), (ii) to the extent permitted by the Committee, in Shares having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee; provided, that such Shares have been held by the Participant for no less than six months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying generally accepted accounting principles), (iii) partly in cash and, to the extent permitted by the Committee, partly in such Shares or (iv) if there is a public market for the Shares at such time, through the delivery of irrevocable instructions to a broker to sell Shares obtained upon the exercise of the Option and to deliver promptly to the Company an amount out of the proceeds of such Sale equal to the aggregate Option Price for the Shares being purchased. No Participant shall have any rights to dividends or other rights of a stockholder with respect to Shares subject to an Option until the Participant has given written notice of exercise of the Option, paid in full for such Shares and, if applicable, has satisfied any other conditions imposed by the Committee pursuant to the Plan.

(d) ISOs. The Committee may grant Options under the Plan that are intended to be ISOs. Such ISOs shall comply with the requirements of Section 422 of the Code (or any successor section thereto). No ISO may be granted to any Participant who at the time of such grant, owns more than ten percent of the total combined voting power of all classes of stock of the Company or of any Subsidiary, unless (i) the Option Price for such ISO is at least 110% of the Fair Market Value of a Share on the date the ISO is granted and (ii) the date on which such ISO terminates is a date not later than the day preceding the fifth anniversary of the date on which the ISO is granted. Any Participant who disposes of Shares acquired upon the exercise of an ISO either (i) within two years after the date of grant of such ISO or (ii) within one year after the transfer of such Shares to the Participant, shall notify the Company of such disposition and of the amount realized upon such disposition. All Options granted under the Plan are intended to be nonqualified stock options, unless the applicable Award agreement expressly states that the Option is intended to be an ISO. If an Option is intended to be an ISO, and if for any reason such Option (or portion thereof) shall not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be

regarded as a nonqualified stock option granted under the Plan; provided that such Option (or potion thereof) otherwise complies with the Plan's requirements relating to nonqualified stock options. In no event shall any member of the Committee, the Company or any of its Affiliates (or their respective employees, officers or directors) have any liability to any Participant (or any other Person) due to the failure of an Option to qualify for any reason as an ISO.

(e) Attestation. Wherever in this Plan or any agreement evidencing an Award a Participant is permitted to pay the exercise price of an Option or taxes relating to the exercise of an Option by delivering Shares, the Participant may, subject to procedures satisfactory to the Committee, satisfy such delivery requirement by presenting proof of beneficial ownership of such Shares, in which case the Company shall treat the Option as exercised without further payment and shall withhold such number of Shares from the Shares acquired by the exercise of the Option.

7. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

(a) Grants. Subject to Section 17 of the Plan, the Committee also may grant (i) a Stock Appreciation Right independent of an Option or (ii) a Stock Appreciation Right in connection with an Option, or a portion thereof. A Stock Appreciation Right granted pursuant to clause (ii) of the preceding sentence (A) may be granted at the time the related Option is granted or at any time prior to the exercise or cancellation of the related Option, (B) shall cover the same number of Shares covered by an Option (or such lesser number of Shares as the Committee may determine) and (C) shall be subject to the same terms and conditions as such Option except for such additional limitations as are contemplated by this Section 7 (or such additional limitations as may be included in an Award agreement).

(b) Terms. The exercise price per Share of a Stock Appreciation Right shall be an amount determined by the Committee but in no event shall such amount be less than the greater of (i) the Fair Market Value of a Share on the date the Stock Appreciation Right is granted or, in the case of a Stock Appreciation Right granted in conjunction with an Option, or a portion thereof, the Option Price of the related Option and (ii) the minimum amount permitted by applicable laws, rules, by-laws or policies of regulatory authorities or stock exchanges. Each Stock Appreciation Right granted independent of an Option shall entitle a Participant upon exercise to an amount equal to (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the exercise price per Share, times (ii) the number of Shares covered by the Stock Appreciation Right. Each Stock Appreciation Right granted in conjunction with an Option, or a portion thereof, shall entitle a Participant to surrender to the Company the unexercised Option, or any portion thereof, and to receive from the Company in exchange therefore an amount equal to (i) the excess of

(A) the Fair Market Value on the exercise date of one Share over (B) the Option Price per Share, times (ii) the number of Shares covered by the Option, or portion thereof, which is surrendered. The date a notice of exercise is received by the Company shall be the exercise date. Payment shall be made in Shares or in cash, or partly in Shares and partly in cash (any such Shares valued at such Fair Market Value), all as shall be determined by the Committee. Stock Appreciation Rights may be exercised from time to time upon actual receipt by the Company of written notice of exercise stating the number of Shares with respect to which the Stock Appreciation Right is being exercised. No fractional Shares will be issued in payment for Stock Appreciation Rights, but instead cash will be paid for a fraction or, if the Committee should so determine, the number of Shares will be rounded downward to the next whole Share.

(c) Limitations. The Committee may impose, in its discretion, such conditions upon the exercisability or transferability of Stock Appreciation Rights as it may deem fit.

8. OTHER STOCK-BASED AWARDS

Subject to Section 17 of the Plan, the Committee, in its sole discretion, may grant or sell Awards of Shares, Awards of restricted Shares and Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, Shares ("Other Stock-Based Awards"). Such Other Stock-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive, or vest with respect to, one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. Other Stock-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Stock-Based Awards will be made, the number of Shares to be awarded under (or otherwise related to) such Other Stock-Based Awards; whether such Other Stock-Based Awards shall be settled in cash, Shares or a combination of cash and Shares; and all other terms and conditions of such Awards (including, without limitation, the vesting provisions thereof and provisions ensuring that all Shares so awarded and issued shall be fully paid and non-assessable).

9. ADJUSTMENTS UPON CERTAIN EVENTS

Notwithstanding any other provisions in the Plan to the contrary, the following provisions shall apply to all Awards granted under the Plan:

(a) Generally. In the event of any change in the outstanding Shares after the Effective Date by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, spin-off, combination, combination or transaction or exchange of Shares or other corporate exchange, or any distribution to shareholders of Shares other than regular cash dividends or any transaction similar to the foregoing, the Committee

in its sole discretion and without liability to any person may make such substitution or adjustment, if any, as it deems to be equitable, as to (i) the number or kind of Shares or other securities issued or reserved for issuance pursuant to the Plan or pursuant to outstanding Awards, (ii) the Option Price or exercise price of any stock appreciation right and/or (iii) any other affected terms of such Awards.

(b) Change in Control. In the event of a Change of Control after the Effective Date, (i) [if determined by the Committee in the applicable Award agreement or otherwise,] any outstanding Awards then held by Participants which are unexercisable or otherwise unvested or subject to lapse restrictions shall automatically be deemed exercisable or otherwise vested or no longer subject to lapse restrictions, as the case may be, as of immediately prior to such Change of Control and (ii) the Committee may, but shall not be obligated to, (A) cancel such Awards for fair value (as determined in the sole discretion of the Committee) which, in the case of Options and Stock Appreciation Rights, may equal the excess, if any, of value of the consideration to be paid in the Change of Control transaction to holders of the same number of Shares subject to such Options or Stock Appreciation Rights (or, if no consideration is paid in any such transaction, the Fair Market Value of the Shares subject to such Options or Stock Appreciation Rights) over the aggregate exercise price of such Options or Stock Appreciation Rights, (B) provide for the issuance of substitute Awards that will substantially preserve the otherwise applicable terms of any affected Awards previously granted hereunder as determined by the Committee in its sole discretion or (C) provide that for a period of at least 15 days prior to the Change of Control, such Options shall be exercisable as to all shares subject thereto and that upon the occurrence of the Change of Control, such Options shall terminate and be of no further force and effect.

10. NO RIGHT TO EMPLOYMENT OR AWARDS

The granting of an Award under the Plan shall impose no obligation on the Company or any Subsidiary to continue the Employment of a Participant and shall not lessen or affect the Company's or Subsidiary's right to terminate the Employment of such Participant. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants, or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

11. SUCCESSORS AND ASSIGNS

The Plan shall be binding on all successors and assigns of the Company and a Participant, including without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

12. NONTRANSFERABILITY OF AWARDS

Unless otherwise determined by the Committee, an Award shall not be transferable or assignable by the Participant otherwise than by will or by the laws of descent and distribution. An Award exercisable after the death of a Participant may be exercised by the legatees, personal representatives or distributees of the Participant.

13. AMENDMENTS OR TERMINATION

The Board may amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made, (a) without the approval of the shareholders of the Company, if such action would (except as is provided in Section 9 of the Plan), increase the total number of Shares reserved for the purposes of the Plan or change the maximum number of Shares for which Awards may be granted to any Participant or (b) without the consent of a Participant, if such action would diminish any of the rights of the Participant under any Award theretofore granted to such Participant under the Plan; provided, however, that the Committee may amend the Plan in such manner as it deems necessary to permit the granting of Awards meeting the requirements of the Code or other applicable laws.

14. INTERNATIONAL PARTICIPANTS

With respect to Participants who reside or work outside the Republic of Panama or the United States of America, the Committee may, in its sole discretion, amend the terms of the Plan or Awards with respect to such Participants in order to conform such terms with the requirements of local law.

15. CHOICE OF LAW

The Plan shall be governed by and construed in accordance with the laws of the Republic of Panama without regard to conflicts of laws.

16. EFFECTIVENESS OF THE PLAN

The Plan shall be effective as of the Effective Date, subject to the approval of the shareholders of the Company.

17. SECTION 409A

No Award shall be granted, deferred, paid out or modified under this Plan in a manner that would result in the imposition of a penalty tax under Section 409A upon a Participant. In the event that it is reasonably determined by the Committee that, as a result of Section 409A, payments in respect of any Award under the Plan may not be made at the time contemplated by the terms of the Plan or the relevant Award agreement, as the case may be, without causing the Participant holding such Award to be subject to an income tax penalty under Section 409A, the Company will make such payment on the first day that would not result in the

Participant incurring any tax liability under Section 409A. In addition, other provisions of the Plan or any Award agreements thereunder notwithstanding, the Company shall have no right to accelerate any payment in respect of an Award or to make any such payment as the result of an event if such payment would, as a result, be subject to the tax imposed by Section 409A.

EXHIBIT 4.12

FORM OF DIRECTOR
INDEMNITY AGREEMENT

This agreement is between Copa Holdings, S.A., a Panamanian corporation (sociedad anonima) (the "Company") and , Director of the Company (the "Indemnitee").

A. Indemnitee is Director of the Company.

B. Both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies in today's environment.

C. The Pacto Social of the Company (the "Pacto Social") require the Company to indemnify to its directors and officers to the fullest extent permitted by law and the Indemnitee has been serving and continues to serve as Director of the Company in part in reliance on such provisions.

D. In recognition of Indemnitee's need for substantial protection against any potential personal liability in order to assure Indemnitee's continued service to the Company in an effective manner and Indemnitee's reliance on the provisions of the Pacto Social and in part to provide Indemnitee with specific contractual assurance that the protection promised by the Pacto Social will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of any provision of the Company's Pacto Social or any change in the composition of the Company's Board of Directors or any acquisition of the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and for the continued coverage of the Indemnitee under the Company's directors' and officers' liability insurance policies.

The parties hereto agree as follows:

1. Certain Definitions.

(a) "Change in Control" shall be deemed to have occurred if (i) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company's then outstanding voting securities, or (ii) during any period of 24 consecutive months, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to

constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation or entity, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 80% of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company, in one transaction or a series of transactions, of all or substantially all the Company's assets.

(b) "Proceeding" shall mean any completed, actual, pending or threatened action, suit, claim, inquiry or proceeding, whether civil, criminal, administrative or investigative (including an action by or in the right of the Company) and whether formal or informal.

(c) "Expenses" means all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements and other out-of- pocket costs) actually and reasonably incurred by the Indemnitee in connection with the investigation, defense or appeal of or being a witness in, participating in or preparing to defend a Proceeding or establishing or enforcing a right to (i) indemnification or advancement of expenses under this Agreement, the Pacto Social, Panamanian law or otherwise or (ii) directors' and officers' liability insurance coverage; provided, however, that Expenses shall not include any judgments, fines or penalties or amounts paid in settlement of a Proceeding.

(d) "Indemnifiable Event" is any event or occurrence related to the fact that Indemnitee is or was a director or officer of the Company, or is or was serving at the request of the Company as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust, nonprofit entity or other entity (including service with respect to employee benefit plans), or by reason of anything done or not done by Indemnitee in any such capacity.

(e) "Indemnification Period" shall be such period as the Indemnitee shall continue to serve as a director or officer of the Company, or shall continue at the request of the Company to serve as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust, nonprofit entity or other entity, and thereafter so long as the Indemnitee shall be subject to any possible Proceeding arising out of the Indemnitee's tenure in the foregoing positions.

(f) "Losses" are any judgments, fines, penalties and amounts paid in settlement (including all interest assessments and other charges paid or payable in connection with or in respect of such judgments, fines, penalties or amounts paid in settlement) of any Proceeding.

(g) "Reviewing Party" shall mean (i) the Board of Directors (provided that a majority of directors are not parties to the Proceeding), (ii) a person or body selected by the Board of Directors or (iii) if there has been a Change in Control, the special independent counsel referred to in Section 5.

2. Indemnification and Advancement of Expenses. Subject to the limitations set forth in Section 4:

(a) Indemnification. The Company shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by applicable law, as soon as practicable after written demand is presented to the Company, in the event Indemnitee was or is made or is threatened to be made a party to or witness in or is otherwise involved in a Proceeding by reason, in whole or in part, of an Indemnifiable Event against all Expenses and Losses incurred by Indemnitee in connection with such Proceeding. In the event of any change, after the date of this Agreement, in any applicable law, statute or rule regarding the right of a Panamanian corporation to indemnify a member of its Board of Directors or an officer, such change, to the extent it would expand Indemnitee's rights under this Agreement, shall be included within Indemnitee's rights and the Company's obligations under this Agreement, and, to the extent it would narrow Indemnitee's rights or the Company's obligations under this Agreement, shall be excluded from this Agreement.

(b) Advancement of Expenses. The Company shall to the fullest extent permitted by applicable law pay the Expenses incurred by Indemnitee as soon as practicable after written demand is presented to the Company in the event Indemnitee was or is made or is threatened to be made a party to or witness in or is otherwise involved in a Proceeding by reason, in whole or in part, of an Indemnifiable Event in advance of its final disposition; provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Indemnitee to repay all amounts advanced if it should be ultimately determined that the Indemnitee is not entitled to be indemnified under this Agreement, Panamanian law or otherwise.

(c) Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Losses or Expenses, but not, however, for all of the total amount thereof, the Company shall indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

(d) Contribution. If the indemnification provided in Section 2(a) for any reason is unavailable to the Indemnitees, then in respect of any Indemnifiable Event, the Company shall contribute to the amount of Expenses and Losses paid in settlement actually incurred and paid or payable by the Indemnitee in such proportion as is appropriate to reflect (i) the relative benefits received by the Company on the one hand and the Indemnitee on the other hand from the transaction from which such proceeding arose and (ii) the relative fault of the Company on the one hand and of the Indemnitee on the other hand in connection with the events which resulted in such Expenses and Losses, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Indemnitee on the other hand shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances

resulting in such expenses, judgments, fines or settlement amounts. The Company agrees that it would not be just and equitable if contribution pursuant to this Section 2(d) were determined by pro rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.

(e) Enforcement. If a claim for indemnification (following the final disposition of such Proceeding) under Section 2(a) or advancement of Expenses under Section 2(b) is not paid in full within thirty days after a written claim therefor by the Indemnitee has been presented to the Company, the Indemnitee may file suit against the Company to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In addition, Indemnitee may file suit against the Company to establish a right to indemnification or advancement of Expenses arising under this Agreement, the Pacto Social, Panamanian law or otherwise. In any such action the Company shall have the burden of proving by clear and convincing evidence that the Indemnitee is not entitled to the requested indemnification or advancement of Expenses under applicable law.

3. Notification and Defense of Proceeding. Promptly after receipt by Indemnitee of notice of the commencement of or threat of the commencement of any Proceeding, Indemnitee shall, if a request for indemnification in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the failure to notify the Company will not relieve the Company from any liability which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such omission can be shown to have prejudiced the Company's ability to defend the Proceeding. Except as otherwise provided below, the Company shall be entitled to assume the defense of such Proceeding, with counsel approved by Indemnitee (which approval shall not be unreasonably withheld). After notice from the Company to Indemnitee of its election to assume the defense thereof, the Company will not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense of such Proceeding or (iii) the Company shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which cases the fees and expenses of counsel shall be at the expense of the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which the Indemnitee shall have made the conclusion provided for in clause (ii) of this Section 3. The Company shall not settle any Proceeding in any manner, which would impose any penalty, limitation, admission, loss or Expense on the Indemnitee without the Indemnitee's prior written consent. Neither the Company nor the Indemnitee will unreasonably withhold its consent to any proposed settlement, provided that Indemnitee may, in Indemnitee's sole discretion, withhold consent to any proposed settlement that would impose any penalty, limitation, admission, loss or Expense on the Indemnitee.

4. Limitation on Indemnification. Notwithstanding the terms of Section 2:

(a) the obligations of the Company set forth in Section 2 shall be subject to the presumption that Indemnitee is entitled indemnification here under unless the Reviewing Party shall have determined (based on a written opinion of independent outside counsel in all cases) that Indemnitee would not be permitted to be so indemnified under applicable law; provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any advancement of Expenses until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed) and the Company shall not be obligated to indemnify or advance to Indemnitee any additional amounts covered by such Reviewing Party determination (unless there has been a determination by a court of competent jurisdiction that the Indemnitee would be permitted to be so indemnified under applicable law);

(b) the Company shall not be required to indemnify or advance Expenses to the Indemnitee with respect to a Proceeding (or part thereof) by the Indemnitee (and not by way of defense), except if the commencement of such Proceeding (i) is expressly required to be made by applicable law, and (ii) was authorized in the specific case by the Board of Directors or (ii) brought to establish or enforce a right to indemnification and/or advancement of Expenses arising under this Agreement, the Pacto Social, Panamanian law or otherwise;

(c) the Company shall not be obligated pursuant to the terms of this Agreement to indemnify the Indemnitee for any amounts paid in settlement of a Proceeding unless the Company consents in advance in writing to such settlement, which consent shall not be unreasonably withheld;

(d) the Company shall not be obligated pursuant to the terms of this Agreement to indemnify the Indemnitee on account of any suit in which judgment is rendered against the Indemnitee for an accounting of profits made from the purchase or sale by the Indemnitee of securities of the Company pursuant to the provisions of Section l6(b) of the Securities Exchange Act of 1934, as amended or similar provisions of any federal, state or local statutory law;

(e) the Company shall not be obligated pursuant to the terms of this Agreement to indemnify the Indemnitee if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful; and

(f) the Company shall not be obligated pursuant to the terms of this Agreement to make any payment in connection with any Proceeding to the extent Indemnitee has otherwise actually received payment (under any insurance policy or otherwise) of the amounts otherwise indemnifiable under this Agreement.

(g) the Company shall not be obligated pursuant to the terms of this Agreement to indemnify the Indemnitee if a final decision by a Court having jurisdiction in the matter shall determine that the actions that give rise to the Indemnification Event are proven to be the result of Indemnitee’s willful misconduct or gross negligence.

5. Change in Control of Company. The Company agrees that if there is a Change in Control of the Company, then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense advances under this Agreement, any other agreements, the Pacto Social now or hereafter in effect relating to Proceedings for Indemnifiable Events, the Company shall seek legal advice only from special independent counsel selected by Indemnitee and approved by the Company's Board of Directors (which approval shall not be unreasonably withheld), and who has not otherwise performed services for the Company (other than in connection with such matters) or Indemnitee. Such special independent counsel, among other things, shall determine whether and to what extent the Indemnitee would be permitted to be indemnified under applicable law and shall render its written opinion to the Company and Indemnitee to such effect. The Company agrees to pay the reasonable fees of the special independent counsel referred to above and to fully indemnify such counsel against any and all expenses (including attorneys' fees), Proceedings, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant to this Agreement.

6. Subrogation. In the event of payment to Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

7. No Presumptions. For purposes of this Agreement, the termination of any Proceeding against Indemnitee by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief shall be a defense to Indemnitee's Proceeding for indemnification or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief shall be a defense to Indemnitee's Proceeding for indemnification or create a presumption that Indemnitee has not a met any particular standard of conduct or did not have a particular belief.

8. Non-Exclusivity. The rights conferred on the Indemnitee by this Agreement shall not be exclusive of any other rights which the Indemnitee may have or hereafter acquire under any statute, provision of the Pacto Social, agreement, vote of stockholders or disinterested directors or otherwise, and to the extent that during the Indemnification Period such rights are more favorable than the rights currently provided under this Agreement to Indemnitee, Indemnitee shall be entitled to the full benefits of such more favorable rights to the extent permitted by law. Other than as set forth in this Section 8, in the case of any inconsistency between the indemnification provisions of this Agreement and any other agreement relating to the indemnification of an Indemnitee, the indemnification provisions of this Agreement shall control.

9. Liability Insurance. The Company may, to the extent that the Board of Directors in good faith determines it to be economically reasonable, maintain a policy of directors' and officers' liability insurance, on such terms conditions as may be approved by the Board of Directors. To the extent the Company maintains directors' and officers' liability insurance, the Indemnitee shall be covered by such policy in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors. Notice of any termination or failure to renew such policy shall be provided to Indemnitee promptly upon the Company's becoming aware of such termination or failure to renew. The Company shall provide copies of all such insurance policies and any endorsements thereto whenever such documents have been provided to the Company.

10. Amendment/Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement (whether or not similar) nor shall such waiver constitute a continuing waiver. Any waiver to this Agreement shall be in writing.

11. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company, spouses, heirs, and personal and legal representatives.

12. Survival. This Agreement shall continue in effect during the Indemnification Period, regardless of whether Indemnitee continues to serve as a director of the Company or of any other enterprise at the Company's request.

13. Severability. The provisions of this Agreement shall be severable in the event that any provision of this Agreement (including any provision within a single section, paragraph or sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law.

14. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of three years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such three year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

15. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Republic of Panama without giving effect to the principles of conflicts of laws.

16. Choice of Forum. With respect to any legal action relating to the interpretation or enforcement of this Agreement, the parties hereto irrevocably agree and consent to be subject to the jurisdiction of the Courts of the Republic of Panama.

COPA HOLDINGS, S.A.

By: _____
Name:
Title:

[INDEMNITEE]

By: _____
Name:

EXHIBIT 4.13

FORM OF AMENDED & RESTATED TRADEMARK LICENSE AGREEMENT

This Amended & Restated Trademark License Agreement (the "Agreement") is made effective as of the ____ day of _____, 2005, 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 1600 Smith Street, Houston, Texas, U.S.A. 77002, and COMPANIA PANAMENA DE AVIACION, S.A. (together with its Affiliates that are reasonably acceptable to Continental in terms of safety and quality of service, "COPA"), a corporation (sociedad anonima) duly organized and validly existing under the laws of the Republic of Panama ("Panama"), with its principal office at Ave. Justo Arosemena y Calle 39, Apartado 1572, Panama 1, Panama. "Affiliate" shall have the meaning given to such term in the Alliance Agreement.

RECITALS

WHEREAS, Continental and COPA entered into an alliance agreement dated May 22, 1998, as amended and restated on the date hereof , ("Alliance Agreement") regarding the providing of airline transportation services;

WHEREAS, Continental is the owner of the names, marks, trade dress, and associated design elements set forth in Schedule 1 hereto, including any United States and foreign registrations and pending United States and foreign applications therefor and the goodwill attendant thereto ("Continental Marks");

WHEREAS, COPA is the owner of the names, marks, trade dress, and associated design elements set forth on Schedule 2 hereto, including any United States and foreign registrations thereon and pending United States and foreign applications therefor and the goodwill attendant thereto ("COPA Marks");

WHEREAS, Continental and COPA agreed in the Alliance Agreement to develop a new brand for COPA that will extend the brand identity of Continental (i.e., it will, subject to this Agreement, utilize as its principal elements the Continental Marks);

WHEREAS, in connection with the development of COPA brand, the Continental Marks are being used as part of the composite marks and trade dress set forth on Schedule 3 hereto ("Continental/COPA Co-Branded Marks") pursuant to the terms of this Agreement; and

WHEREAS Continental and COPA have previously entered into a Trademark License Agreement dated May 24, 1999, and, for good and valuable consideration the parties now desire to amend and restate that prior Agreement through this Agreement;

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, Continental and COPA agree as follows:

1. Grant. Subject to the provisions of Section 2 herein, Continental hereby grants to COPA, and COPA accepts, a non-exclusive, personal, non-transferable, royalty-free right and license to adopt and use the Continental Marks as part of the Continental/COPA Co-Branded Marks in connection with the rendering of airline transportation services, subject to the conditions and restrictions set forth herein. Continental and COPA may mutually agree in writing to add additional Continental/COPA Co-Branded Marks to the list specified in Schedule 3.

2. Limitations on Continental Grants to Third Parties. Continental shall not license the globe element of the Continental/COPA Co-Branded Marks to any airline without the prior written consent of COPA. Continental further agrees that it will not license the Continental/COPA Co-Branded Marks or the COPA Marks to any other airline after the termination of this Agreement without the prior written consent of COPA, and at no time shall Continental license any mark that incorporates or refers to the term COPA or any other mark owned or used exclusively by COPA. The limitations detailed in this paragraph 2 shall survive the termination of this Agreement.

3. Use and Ownership of the Continental/COPA Co-Branded Marks. COPA is not required to use the Continental/COPA Co-Branded Marks. However, to the extent that COPA does use such marks, COPA shall use the Continental Marks as part of the Continental/COPA Co-Branded Marks only as authorized herein by Continental and in accordance with such standards of quality as Continental may establish. Continental shall at all times remain the owner of the Continental/COPA Co-Branded Marks and any registrations thereof. COPA's use of any Continental Marks and the Continental/COPA Co-Branded Marks shall, in all commercially reasonable instances, clearly identify Continental as the owner of such marks to protect Continental's interest therein. All use

by COPA of the Continental Marks as part of the Continental/COPA Co-Branded Marks shall inure to the benefit of Continental and COPA shall obtain no right, title or interest in and to the Continental Marks or the elements of the Continental/COPA Co-Branded Marks derived from the Continental Marks, or any other word, words, term, design, name or mark that is confusingly similar to the Continental Marks. Continental agrees that it shall obtain no right, title, or interest in and to any element of the Continental/COPA Co-Branded Marks that are derived exclusively from COPA's marks, such as the mark COPA and the beige "streak" design element of the Continental/COPA Co-Branded Marks, thus preserving the distinctive reference to COPA's identity. Should Continental cease all use of and abandon its "Globe Design" (such design being shown in Schedules 1-1 and 1-2) such that Continental no longer uses the "Globe Design" or a similar design during the term of this Agreement, Continental will promptly assign all right, title, and interest in the globe element of the Continental/COPA Co-Branded Marks, including United States Trademark Registration No. 2,360,006, to COPA.

4. Registration. In the event COPA wishes to have any of the Continental/COPA Co-Branded Marks registered in any jurisdiction, it shall submit to Continental a written request for registration. Continental agrees that it will permit any such registrations as requested. All expenses incurred in connection with such requests for registration of the Continental/COPA Co-Branded Marks shall be paid by COPA. COPA shall promptly transfer to Continental, in accordance with applicable law, any application(s) filed by or on behalf of COPA to register any Continental/COPA Co-Branded Mark. COPA shall retain all rights in elements of any Continental/COPA Co-Branded Mark derived from the COPA Marks, and may register such elements in its own name without Continental's prior approval.

5. Continental-Controlled Litigation. Continental at its sole expense shall take all steps that in its opinion and sole discretion are necessary and desirable to protect the Continental/COPA Co-Branded Marks against any infringement or dilution of any element of the Continental/COPA Co-Branded Marks derived from the Continental Marks. COPA agrees to cooperate fully with Continental in the defense and protection of the Continental/COPA Co-Branded Marks as reasonably requested by Continental. COPA shall report to Continental any infringement or imitation of, or challenge to, the

Continental/COPA Co-Branded Marks, immediately upon becoming aware of same. COPA shall not be entitled to bring, or compel Continental to bring, an action or other legal proceedings on account of any infringements, imitations, or challenges to any element of the Continental/COPA Co-Branded Marks derived from the Continental Marks without the written agreement of Continental. Continental shall not be liable for any loss, cost, damage or expense suffered or incurred by COPA because of the failure or inability to take or consent to the taking of any action on account of any such infringements, imitations or challenges or because of the failure of any such action or proceeding. In the event that Continental shall commence any action or legal proceeding on account of such infringements, imitations or challenges, COPA agrees to provide all reasonable assistance requested by Continental in preparing for and prosecuting the same.

6. COPA-Controlled Litigation. COPA at its sole expense shall take all steps that in its opinion and sole discretion are necessary and desirable to protect the Continental/COPA Co-Branded Marks against any infringement or dilution of any element of the Continental/COPA Co-Branded Marks derived from the COPA Marks. Continental agrees to cooperate fully with COPA in the defense and protection of the Continental/COPA Co-Branded Marks as reasonably requested by COPA. Continental shall report to COPA any infringement or imitation of, or challenge to, the Continental/COPA Co-Branded Marks, immediately upon becoming aware of same. Continental shall not be entitled to bring, or compel COPA to bring, an action or other legal proceedings on account of any infringements, imitations, or challenges to any element of the Continental/COPA Co-Branded Marks derived from the COPA Marks without the written agreement of COPA. COPA shall not be liable for any loss, cost, damage or expense suffered or incurred by Continental because of the failure or inability to take or consent to the taking of any action on account of any such infringements, imitations or challenges or because of the failure of any such action or proceeding. In the event that COPA shall commence any action or legal proceeding on account of such infringements, imitations or challenges, Continental agrees to provide all reasonable assistance requested by COPA in preparing for and prosecuting the same.

7. Term. The initial term of this Agreement shall be coextensive with the term of the Alliance Agreement referenced above. The Agreement may be extended past the initial term, as set out in Section 9 below ("Wind-Up Term").

8. Termination.

8.1 Material Breach. This Agreement and the non-exclusive license granted herein may be terminated by either party in the event of a material breach of this Agreement by the other party, provided that the breaching party does not cure such material breach to the reasonable satisfaction of the other party within thirty (30) days of receipt of written notice specifying the nature of the breach. The termination of this Agreement and the non-exclusive license granted herein shall be effective after the expiration of said thirty (30) day period, unless the identified material breach is cured within such period. 8.2 Alliance Agreement. This Agreement and the non-exclusive license granted herein may be terminated by either party if the Alliance Agreement is duly terminated (other than pursuant to Section D.3(a) or D.3(b)(iv) of the Alliance Agreement) by the terminating party pursuant to the terms thereof.

9. Wind-Up.

9.1 Continental Termination. Upon termination of this Agreement by Continental pursuant to Sections 8.1 or 8.2 hereof (i) COPA shall cease all use of the globe element of the Continental/COPA Co-Branded Marks within two (2) years of the termination of this Agreement (unless such termination was related to a safety related breach by COPA, in which case COPA shall cease all use of the globe element of the Continental/COPA Co-Branded Marks within one (1) year of the termination of this Agreement) and (ii) COPA shall cease all use of the Continental/COPA Co-Branded Marks that encompass any other Continental Mark(s) within 45 days of such termination. COPA's post-termination use of the Continental/COPA Co-Branded Marks shall comply with all conditions and limitations set forth in this Agreement, as if this Agreement were still in effect.

9.2 Other Termination. Upon termination of this Agreement by COPA pursuant to Sections 8.1 or 8.2 hereof or the initial term of this Agreement ends because either party terminates the Alliance Agreement pursuant to Section 3.D(a) or

3.D(b)(iv) thereof, the initial term of this Agreement will end and this Agreement will enter the Wind-Up Term. The Wind-Up Term will be in effect for so long as there exists a Continuing Relationship between COPA and Continental. For purposes of this Agreement, "Continuing Relationship" shall mean that Continental and COPA (a) are members of the same global Alliance, and/or (b) are parties to a commercial agreement with respect to frequent flyer cooperation or code share service between Continental and COPA. Although the parties will no longer have a Continuing Relationship, prior to the Applicable Date, COPA may request and Continental shall consider extending the Wind-up Term. As of the date that there ceases to be a Continuing Relationship between COPA and Continental (the "Applicable Date"), the Wind-Up Term will immediately end and the Agreement will automatically terminate. Thereafter, (i) COPA shall cease all use of the Continental/COPA Co-Branded Marks that encompass any Continental Mark(s) as part of its airplane paint scheme as soon as practicable but in no event later than within five (5) years of the Applicable Date, (ii) COPA shall cease all use of the Continental/COPA Co-Branded Marks that encompass any Continental Mark(s) on airport and other signage as soon as practicable but in no event later than within eighteen (18) months of the Applicable Date, and (iii) COPA shall cease all other use of the Continental/COPA Co-Branded Marks that encompass any Continental Mark(s) as soon as practicable but in no event later than within nine (9) months of the Applicable Date. COPA's post-termination use of the Continental/COPA Co-Branded Marks shall comply with all conditions and limitations set forth in this Agreement, as if this Agreement were still in effect. COPA further agrees that after the Applicable Date it shall not repaint any airplanes with a paint scheme containing the Continental/COPA Co-Branded Marks that encompass any Continental Mark(s), nor will it replace or re-stock or otherwise contract any materials containing the Continental/COPA Co-Branded Marks that encompass any Continental Mark(s). For example, if one year after the Applicable Date, a COPA airplane needs to be repainted (or a sign replaced), COPA shall not repaint the airplane (or replace the sign) with a paint scheme (or a new sign) containing the Continental/COPA Co-Branded Marks that encompass any Continental Mark(s).

9.3 Post Wind-Up. After the applicable wind-up period, COPA shall not make use of any word, words, term, design, name, trade dress, or mark confusingly similar with the Continental Marks so that any such word, words, term, design, name or mark would present a likelihood of confusion or otherwise suggest a continuing relationship between COPA and Continental, and Continental shall not make use of any word, words, term, design, name or mark confusingly similar with the COPA Marks so that any such word, words, term, design, name or mark would present a likelihood of confusion or otherwise suggest a continuing relationship between COPA and Continental.

10. Relationship of the Parties. The relationship of Continental and COPA pursuant to this Agreement shall be that of independent contractors. The relationship between Continental and COPA by virtue of this Agreement is not that of partners, joint venturers, or principal/agent. Continental shall not by virtue of this Agreement control or have the right to control the methods and means by which COPA offers its goods or services in association with the Continental/COPA Co-Branded Marks. In the event that COPA fails to use the Continental/COPA Co-Branded Marks in accordance with Continental's quality standards, Continental shall not have the right pursuant to this Agreement to exercise any control over the activities of COPA; instead, Continental's right pursuant to this Agreement shall be to terminate COPA's right to use the Continental/COPA Co-Branded Marks. COPA shall defend, indemnify and hold harmless Continental from and against any and all third party claims, demands or causes of action for personal injury, property damage, or economic loss caused by COPA's actions or inactions that in any way involve, arise out of, relate to or are based upon COPA's use of the Continental/COPA Co-Branded Marks (other than a third party claim that Continental does not have clear title to the Continental/COPA Co-Branded Marks or that an element of a Continental/COPA Co-Branded Mark infringes the third party's trademark rights), and all losses, expenses (including reasonable attorneys fees), liabilities or judgment incurred by Continental as a result of such third party claims, demands or causes of action. This contractual right of indemnification shall apply even if Continental is alleged or adjudicated to have been negligent or otherwise at fault in allowing COPA to use the Continental/COPA Co-Branded Marks.

11. Assignment. The non-exclusive license granted by Continental to COPA is personal to COPA and may not be assigned, sub-licensed or transferred by COPA in any manner without the written consent of a duly authorized representative of Continental.

12. Miscellaneous.

12.1 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and merges all prior discussions, representations and negotiations with respect to the Continental/COPA Co-Branded Marks. Notwithstanding the foregoing, the provisions of Section F.5. of the Alliance Agreement shall remain in effect.

12.2. Governing Law. This Agreement shall be interpreted, construed and enforced pursuant to the laws of the State of Texas.

12.3 Amendments Only in Writing. This Agreement may only be amended or modified in a writing signed and subscribed to by both parties.

12.4. Severability. The provisions of this Agreement are independent of each other and the invalidity of any provision or a portion hereof shall not affect the validity or enforceability of any other provision. In the event that any particular provision is found to be invalid or unenforceable, the parties will negotiate in good faith to replace such provision with a valid and enforceable provision that approximates as closely as possible the intent of the parties as reflected in the original provision.

12.5 Waiver. Any delay or failure on the part of either party to enforce its rights hereunder to which it may be entitled shall not be construed as a waiver of the right and privilege to do so at any subsequent time.

12.6 Binding Agreement. The provisions of this Agreement will be binding upon and inure to the benefit of the parties and their respective subsidiaries, related and affiliated companies, and agents.

12.7 Counterparts. This Agreement shall be executed in counterparts, each of which shall be deemed to be an original.

12.8 Section Headings. Any section headings herein are for convenience only and shall not be considered in the interpretation of this Agreement.

12.9 Bankruptcy. The parties hereto acknowledge and accept the provisions of 11 U.S.C. Section 365(n) governing the rights of licensees in the event of a licensor’s bankruptcy.

12.10 Further Assurances. Each party agrees to provide such further assurances and execute such additional documents as may be reasonably requested by the other in furtherance of the purpose and terms of this Agreement.

IN WITNESS WHEREOF, Continental and COPA, appearing through their duly authorized representatives, having executed this instrument to be effective as of the date first above written.

CONTINENTAL AIRLINES, INC.

By: _____
Title: _____

COMPANIA PANAMENA DE AVIACION, S.A.

By: _____
Title: _____

SCHEDULE 1

CONTINENTAL MARKS

BUSINESSFIRST
CONTINENTAL
CONTINENTAL AIRLINES
CONTINENTAL CARGO
CONTINENTAL VACATIONS
ONEPASS
PRESIDENTS CLUB
PRESTIGE PACKS
QUICKPAK
REWARDONE
WORK HARD. FLY RIGHT.
WORLD OF THANKS
CONTINENTAL MARKS
CONTINENTAL'S GLOBE LOGO (DESIGN) IN COLOR
CONTINENTAL'S GLOBE LOGO (DESIGN) IN BLACK & WHITE
CONTINENTAL & DESIGN

e.g.:

(CONTINENTAL AIRLINES LOGO)

SCHEDULE 1

CONTINENTAL MARKS
CONTINENTAL AIRLINES
"AIRCRAFT LIVERY"

SCHEDULE 2

COPA MARKS

COPA
COPAAIR.COM
COPAAIR.COM ENTRA, AHORRA Y GANA
COPA AIRLINES
COPA AIRLINES BUSINESS REWARDS
COPA AIRLINES CLASE EJECUTIVA
COPA CONVENCIONES
COPA CONVENTION
COPA AIRLINES CONVENTION
COPAPASS
COPACLUB
COPA CARGO
COPA AIRLINES CARGO
COPA AIRLINES PRIORITY CARGO
COPA COURIER
COPA AIRLINES CORPORATE
COPA VACACIONES
COPA VACATIONS
COPA AIRLINES VACATIONS
E-RRESISTIBLES
VOLANDITO
LA FORMA MAS DIRECTA DE CONECTARSE CON AMERICA
LA GRAN LINEA AEREA DE PANAMA

THE AIRLINE OF PANAMA

HUB OF THE AMERICAS – PANAMA
HUB DE LAS AMERICAS
PANORAMA DE LAS AMERICAS

3-prong beige streak design

COPA AND DESIGN

e.g.:

EXHIBIT 4.14

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Supplemental Agreement No. 11

to

Purchase Agreement No. 2191

between

The Boeing Company

and

COPA Holdings, S.A., Inc. Relating to

Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT entered into as of August 30, 2006 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A., INC. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998 (the Agreement), as amended and supplemented, relating to Boeing Model 737-7V3 and 737-8V3 aircraft (the Aircraft); and

WHEREAS, Customer and Boeing have come to agreement on the **Material Redacted** and

WHEREAS, Boeing and Buyer have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1.1. Table of Contents, Tables and Exhibits:

1.2. Remove and replace, in its entirety the "Table of Contents", with the "Table of Contents" attached hereto and hereby made a part of the Agreement, to reflect the changes made by this Supplemental Agreement.

1.3. Table 1-4 entitled "Aircraft Information Table for Model 737- 7V3 Aircraft " is attached hereto to reflect the deletion of the November 2007 737-7V3 aircraft from this table.

1.4. Table 1-5 entitled "Aircraft Information Table for Model 737- 8V3 Aircraft " is attached hereto to reflect the addition of the November 2007 737-8V3 aircraft to this table.

1.5. Letter Agreements: No. 6-1162-LAJ-982R3, entitled "Special Matters" Article 14 has been updated to correct various manufacturer's serial numbers and to include our agreement on **Material Redacted** for certain future aircraft.

The Purchase Agreement will be deemed to be supplemented to the extent herein provided as of the date hereof and as so supplemented will continue in full force and effect.

Boeing and Customer have each caused this Supplemental Agreement to be duly executed as of the day and year first written above.

THE BOEING COMPANY	COPA HOLDINGS, S.A.
Material Redacted	
By: _____	By: _____
Its: Attorney-In-Fact	Its: Chief Executive Officer

EXHIBIT 4.14

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EXHIBIT 4.14

LETTER AGREEMENTS

2191-01	Demonstration Flight Waiver
2191-02	Escalation Sharing
2191-03	Seller Purchased Equipment

RESTRICTED LETTER AGREEMENTS

6-1162-DAN -0123	Performance Guarantees	
6-1162-DAN -0124	Special Matters	
6-1162-DAN -0155	Airframe Escalation Revision	
6-1162-DAN -0156	Year 2000 Ready Software, Hardware and Firmware	
6-1162-DAN -0157	Miscellaneous Matters	
6-1162-MJB-0017	Special Matters	
6-1162-MJB-0030	Special Matters	
6-1162-LAJ-874R	Special Matters	SA 5
6-1162-LAJ-874R1	Special Matters	SA 6
6-1162-LAJ-874R2	Special Matters	SA 7
6-1162-LAJ-982	Special Matters	SA 8
6-1162-LAJ-982R3	Special Matters	SA 11
6-1162-RLL-3852	737-800 Performance Guarantees	SA 9

SUPPLEMENTAL AGREEMENTS	**DATED AS OF:**
Supplemental Agreement No. 1	June 29, 2001
Supplemental Agreement No. 2	December 21, 2001
Supplemental Agreement No. 3	June 14, 2002
Supplemental Agreement No. 4	December 20, 1002
Supplemental Agreement No. 5	October 31, 2003
Supplemental Agreement No. 6	September 9, 2004
Supplemental Agreement No. 7	December 9, 2004
Supplemental Agreement No. 8	April 15, 2005
Supplemental Agreement No. 9	March 16, 2006
Supplemental Agreement No. 10	May 8, 2006
Supplemental Agreement No. 11	August , 2006

Table 1-4
Aircraft Delivery, Description, Price and Advance Payments

			Detail Specification:	D6-38808-42-1 (4/30/2004)	4th Qtr 2004 Forecast (F)
Airframe Model/MTOW:	737-700	154,500			
Engine Model:	CFM56 -7B22				
Airframe Price:		**Material Redacted**	**Airframe Price Base Year/Escalation Formula:**	Jul-04	ECI-MFG/CPI
			Engine Price Base Year/Escalation Formula:	N/A	N/A
Optional Features:		**Material Redacted**			
			Airframe Escalation Data:		
Sub-Total of Airframe and Features:		**Material Redacted**	**Base Year Index (ECI):**	**Material Redacted**	
Engine Price (Per Aircraft):		**Material Redacted**	**Base Year Index (CPI):**	**Material Redacted**	
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**			
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**			
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**			
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**			

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft Amts. Due/Mos. Prior to Delivery): At Signing 1%	24 Mos. 4%	21/18/12/9/6 Mos. 5%	Total 30%
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Total:	3							

Table 1-5
Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8V3	174,200 pounds	**Detail Specification:**	D6-38808-1 Rev C, dated 5-4-05	4th Qtr 2005 Forecast (F)
Engine Model/Thrust:	CFM56 -7B26	26,400 pounds	**Airframe Price Base Year/Escalation Formula:**	Jul-04	ECI-MFG/CPI
Airframe Price:		**Material Redacted**	**Engine Price Base Year/Escalation Formula:**	N/A	N/A
Optional Features:		**Material Redacted**			
Sub-Total of Airframe and Features:		**Material Redacted**	**Airframe Escalation Data:**		
Engine Price (Per Aircraft):		**Material Redacted**	**Base Year Index (ECI):**	**Material Redacted**	
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**	**Base Year Index (CPI):**	**Material Redacted**	
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**			
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**			
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**			

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft Amts. Due/Mos. Prior to Delivery): At Signing 1%	24 Mos. 4%	21/18/12/9/6 Mos. 5%	Total 30%
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Total:	3							

The Boeing Company
P.O. Box 3707
Seattle, WA 98124-2207

6-1162-LAJ-982R3

COPA HOLDINGS, S.A.
Apartado 1572
Avenida Justo Arosemena y Calle 39
Panama 1, Panama

Subject: Special Matters

Reference: Purchase Agreement No. 2191 (the Purchase Agreement) between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) relating to Model 737 aircraft (the Aircraft)

This Letter Agreement amends and supplements the Purchase Agreement. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-MJB-0017. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement. In consideration of the Aircraft orders, Boeing provides the following to Customer.

1. **Material Redacted**
2. **Material Redacted**
3. **Material Redacted**
4. **Material Redacted**.
5. **Material Redacted**
6. **Material Redacted**
7. **Material Redacted**
8. **Material Redacted**
9. **Material Redacted**
10. **Material Redacted**
11. **Material Redacted**

12. **Material Redacted**

13. **Material Redacted**

14. **Material Redacted**

15. **Material Redacted**

16. **Material Redacted**

17. Confidentiality. Customer understands that certain commercial and financial information contained in this Letter Agreement are considered by Boeing as confidential. Customer agrees that it will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of Boeing, disclose this Letter Agreement or any information contained herein to any other person or entity.

ACCEPTED AND AGREED TO this

Date: _____ , 2006

THE BOEING COMPANY

Material Redacted

By _____

Its Attorney-In-Fact

COPA HOLDINGS, S.A.

By _____

Its Chief Executive Officer

EXHIBIT 4.15

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Supplemental Agreement No. 12

to

Purchase Agreement No. 2191

between

The Boeing Company

and

COPA Holdings, S.A., Inc. Relating to

Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT entered into as of Feb 26, 2007 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A., INC. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998 (the Agreement), as amended and supplemented, relating to Boeing Model 737-7V3 and 737-8V3 aircraft (the Aircraft); and

WHEREAS, Customer and Boeing have come to agreement on the **Material Redacted** and

WHEREAS, Boeing and Buyer have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1.1. Table of Contents and Tables:

1.2. Remove and replace, in its entirety the "Table of Contents", with the "Table of Contents" attached hereto and hereby made a part of the Agreement, to reflect the changes made by this Supplemental Agreement.

1.3. Table 1-4 entitled "Aircraft Information Table for Model 737- 7V3 Aircraft " is attached hereto to reflect the deletion of the May 2008 737-7V3 aircraft from this table.

1.4. Table 1-5 entitled "Aircraft Information Table for Model 737- 8V3 Aircraft " is attached hereto to reflect the addition of the May 2008 737-8V3 aircraft to this table.

The Purchase Agreement will be deemed to be supplemented to the extent herein provided as of the date hereof and as so supplemented will continue in full force and effect.

Boeing and Customer have each caused this Supplemental Agreement to be duly executed as of the day and year first written above.

THE BOEING COMPANY	COPA HOLDINGS, S.A.
Material Redacted	
By: _____	By: _____
Its: Attorney-In-Fact	Its: Chief Executive Officer

TABLE OF CONTENTS

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2191-01	Demonstration Flight Waiver
2191-02	Escalation Sharing
2191-03	Seller Purchased Equipment

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6-1162-DAN -0124	Special Matters	
6-1162-DAN -0155	Airframe Escalation Revision	
6-1162-DAN -0156	Year 2000 Ready Software, Hardware and Firmware	
6-1162-DAN -0157	Miscellaneous Matters	
6-1162-MJB-0017	Special Matters	
6-1162-MJB-0030	Special Matters	
6-1162-LAJ-874R	Special Matters	SA 5
6-1162-LAJ-874R1	Special Matters	SA 6
6-1162-LAJ-874R2	Special Matters	SA 7
6-1162-LAJ-982	Special Matters	SA 8
6-1162-LAJ-982R3	Special Matters	SA 11
6-1162-RLL-3852	737-800 Performance Guarantees	SA 9

SUPPLEMENTAL AGREEMENTS	**DATED AS OF:**
Supplemental Agreement No. 1	June 29, 2001
Supplemental Agreement No. 2	December 21, 2001
Supplemental Agreement No. 3	June 14, 2002
Supplemental Agreement No. 4	December 20, 1002
Supplemental Agreement No. 5	October 31, 2003
Supplemental Agreement No. 6	September 9, 2004
Supplemental Agreement No. 7	December 9, 2004
Supplemental Agreement No. 8	April 15, 2005
Supplemental Agreement No. 9	March 16, 2006
Supplemental Agreement No. 10	May 8, 2006
Supplemental Agreement No. 11	August 30 , 2006
Supplemental Agreement No. 12	_____, 2007

Table 1-4
Aircraft Information Table for Model 737-7V3 Aircraft
Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-700	154,500
Engine Model:	CFM56 -7B22	
Airframe Price:		**Material Redacted**
Optional Features:		**Material Redacted**
Sub-Total of Airframe and Features:		**Material Redacted**
Engine Price (Per Aircraft):		**Material Redacted**
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**

Detail Specification:	D6-38808-42-1 (4/30/2004)	
Airframe Price Base Year/Escalation Formula:	Jul-04	ECI-MFG/CPI
Engine Price Base Year/Escalation Formula:	N/A	N/A
Airframe Escalation Data:		
Base Year Index (ECI):	**Material Redacted**	
Base Year Index (CPI):	**Material Redacted**	

Refundable Deposit/Aircraft at Proposal Accept: **Material Redacted**

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**
Total:	2		

Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing 1%	24 Mos. 4%	21/18/12/9/6 Mos. 5%	Total 30%
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**

Table 1-5
Aircraft Information Table for Model 737-8V3 Aircraft
Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	37-8V3	174,200 pounds
Engine Model/Thrust:	CFM56 -7B26	26,400 pounds
Airframe Price:		**Material Redacted**
Optional Features:		**Material Redacted**
Sub-Total of Airframe and Features:		**Material Redacted**
Engine Price (Per Aircraft):		**Material Redacted**
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**

Detail Specification:	D6-38808-1 Rev C, dated 5-4-05	
Airframe Price Base Year/Escalation Formula:	Jul-04	ECI-MFG/CPI
Engine Price Base Year/Escalation Formula:	N/A	N/A
Airframe Escalation Data:		
Base Year Index (ECI):	**Material Redacted**	
Base Year Index (CPI):	**Material Redacted**	

Refundable Deposit/Aircraft at Proposal Accept: **Material Redacted**

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing 1%	24 Mos. 4%	21/18/12/9/6 Mos. 5%	Total 30%
**Material	**Material	1.1101	35068	$71,479,000	$624,790	$2,859,160	$3,573,950	$21,443,700
Redacted**	Redacted**							
**Material	**Material	**Material	**Material	**Material	$ 629,620	**Material	**Material	**Material
Redacted**	Redacted**	Redacted**	Redacted**	Redacted**		Redacted**	Redacted**	Redacted**
**Material	**Material	**Material	**Material	**Material	**Material	**Material	**Material	**Material
Redacted**	Redacted**	Redacted**	Redacted**	Redacted**	Redacted**	Redacted**	Redacted**	Redacted**
**Material	**Material	**Material	**Material	**Material	**Material	**Material	**Material	**Material
Redacted**	Redacted**	Redacted**	Redacted**	Redacted**	Redacted**	Redacted**	Redacted**	Redacted**
Total:	4							

EXHIBIT 4.16

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Supplemental Agreement No. 13

to

Purchase Agreement No. 2191

between

The Boeing Company

and

COPA Holdings, S.A., Inc. Relating to

Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT entered into as of April 23, 2007 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A., INC. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998 (the Agreement), as amended and supplemented, relating to Boeing Model 737-7V3 and 737-8V3 aircraft (the Aircraft); and

WHEREAS, Customer and Boeing have come to agreement on the **Material Redacted** and **Material Redacted** and

WHEREAS, Boeing and Buyer have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1.1. Table of Contents, Tables and Letter Agreements:

1.2. Remove and replace, in its entirety the "Table of Contents", with the "Table of Contents" attached hereto and hereby made a part of the Agreement, to reflect the changes made by this Supplemental Agreement.

1.3. Table 1-4 entitled "Aircraft Information Table for Model 737- 7V3 Aircraft " is attached hereto to reflect the **Material Redacted** for the **Material Redacted** 737-7V3 Aircraft.

1.4. Table 1-5 entitled "Aircraft Information Table for Model 737- 8V3 Aircraft " is attached hereto to reflect the **Material Redacted** 737-8V3 Aircraft.

1.5. Table 1-6 entitled "Aircraft Information Table for Model 737- 8V3 Aircraft " is attached hereto to reflect the scheduled delivery months for the 737-8V3 Aircraft of **Material Redacted**

1.6. Table 1-7 entitled "RLL- 3958 —Option Aircraft — Aircraft Information Table for Model 737- 8V3 Aircraft " is attached hereto to reflect the scheduled delivery months for the 737-8V3 Option Aircraft of **Material Redacted**.

1.7. Letter Agreement No. 6-1162-LAJ-982R4 entitled "Special Matters" to include a revision to Article 6 entitled **Material Redacted** and "Confidentiality".

1.8. Letter Agreement No. 6-1162-RLL-3958 entitled "Option Aircraft " is attached hereto and hereby made a part of the Agreement.

The Purchase Agreement will be deemed to be supplemented to the extent herein provided as of the date hereof and as so supplemented will continue in full force and effect.

Boeing and Customer have each caused this Supplemental Agreement to be duly executed as of the day and year first written above.

THE BOEING COMPANY	COPA HOLDINGS, S.A.
Material Redacted	
By _____	By: _____
Its: Attorney-In-Fact	Its: Chief Executive Officer

TABLE OF CONTENTS

LETTER AGREEMENTS

2191-01	Demonstration Flight Waiver
2191-02	Escalation Sharing
2191-03	Seller Purchased Equipment

RESTRICTED LETTER AGREEMENTS

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6-1162-DAN -0124	Special Matters	
6-1162-DAN -0155	Airframe Escalation Revision	
6-1162-DAN -0156	Year 2000 Ready Software, Hardware and Firmware	
6-1162-DAN -0157	Miscellaneous Matters	
6-1162-MJB-0017	Special Matters	
6-1162-MJB-0030	Special Matters	
6-1162-LAJ-874R	Special Matters	SA 5
6-1162-LAJ-874R1	Special Matters	SA 6
6-1162-LAJ-874R2	Special Matters	SA 7
6-1162-LAJ-982	Special Matters	SA 8
6-1162-LAJ-982R3	Special Matters	SA 11
6-1162-RLL-3852	737-800 Performance Guarantees	SA 9
6-1162-LAJ-982R4	Special Matters	SA 13
6-1162-RLL-3958	737-8V3 Option Aircraft	SA 13

SUPPLEMENTAL AGREEMENTS	**DATED AS OF:**
Supplemental Agreement No. 1	June 29, 2001
Supplemental Agreement No. 2	December 21, 2001
Supplemental Agreement No. 3	June 14, 2002
Supplemental Agreement No. 4	December 20, 1002
Supplemental Agreement No. 5	October 31, 2003
Supplemental Agreement No. 6	September 9, 2004
Supplemental Agreement No. 7	December 9, 2004
Supplemental Agreement No. 8	April 15, 2005
Supplemental Agreement No. 9	March 16, 2006
Supplemental Agreement No. 10	May 8, 2006
Supplemental Agreement No. 11	August 30, 2006
Supplemental Agreement No. 12	February 26, 2007
Supplemental Agreement No. 13	____, 2007

Table 1-4
Aircraft Information Table Model 737-7V3 Aircraft
Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-700	154,500
Engine Model:	CFM56 -7B22	
Airframe Price:		**Material Redacted**
Optional Features:		**Material Redacted**
Sub-Total of Airframe and Features:		**Material Redacted**
Engine Price (Per Aircraft):		**Material Redacted**
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**

Detail Specification:	D6-38808-42-1 (4/30/2004)	
Airframe Price Base Year/Escalation Formula:	Jul-04	ECI-MFG/CPI
Engine Price Base Year/Escalation Formula:	N/A	N/A
Airframe Escalation Data:		
Base Year Index (ECI):	**Material Redacted**	
Base Year Index (CPI):	**Material Redacted**	

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing 1%	24 Mos. 4%	21/18/12/9/6 Mos. 5%	Total 30%
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Total:	2							

Table 1-5
Aircraft Information Table Model 737-8V3 Aircraft
Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8V3	174,200 pounds	**Detail Specification:**	D6-38808-1 Rev C, dated 5-4-05	
Engine Model/Thrust:	CFM56-7B26	26,400 pounds	**Airframe Price Base Year/Escalation Formula:**	Jul-04	ECI-MFG/CPI N/A
Airframe Price:		**Material Redacted**	**Engine Price Base Year/Escalation Formula:**	N/A	N/A
Optional Features:		**Material Redacted**	**Airframe Escalation Data:**		
Sub-Total of Airframe and Features:		**Material Redacted**	**Base Year Index (ECI):**	**Material Redacted**	
Engine Price (Per Aircraft):		**Material Redacted**	**Base Year Index (CPI):**	**Material Redacted**	
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**			
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**			
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**			
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**			

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing 1%	24 Mos. 4%	21/18/12/9/6 Mos. 5%	Total 30%
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Total:	4							

Table 1-6
Aircraft Information Table for Model 737-8V3
Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8V3	174,200 pounds	**Detail Specification:**	D6-38808-1 Rev C, dated 5-4-05	
Engine Model/Thrust:	CFM56-7B26	26,400 pounds	**Airframe Price Base Year/Escalation Formula:**	Jul-06	ECI-MFG/CPI
Airframe Price:		**Material Redacted**	**Engine Price Base Year/Escalation Formula:**	N/A	N/A
Optional Features:		**Material Redacted**	**Airframe Escalation Data:**		
Sub-Total of Airframe and Features:		**Material Redacted**	**Base Year Index (ECI):**	**Material Redacted**	
Engine Price (Per Aircraft):		**Material Redacted**	**Base Year Index (CPI):**	**Material Redacted**	
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**			
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**			
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**			
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**			

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing 1%	24 Mos. 4%	21/18/12/9/6 Mos. 5%	Total 30%
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Total:	4							

The Boeing Company
P.O. Box 3707
Seattle, WA 98124-2207

6-1162-LAJ-982R4

COPA HOLDINGS, S.A.
Apartado 1572
Avenida Justo Arosemena y Calle 39
Panama 1, Panama

Subject: Special Matters

Reference: Purchase Agreement No. 2191 (the Purchase Agreement) between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) relating to Model 737 aircraft (the Aircraft)

This Letter Agreement amends and supplements the Purchase Agreement. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-MJB-0017. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement. In consideration of the Aircraft orders, Boeing provides the following to Customer.

1. **Material Redacted**

2. **Material Redacted**

3. **Material Redacted**

4. **Material Redacted**

5. **Material Redacted**

6. **Material Redacted**

7. **Material Redacted**

8. **Material Redacted**

9. **Material Redacted**

10. **Material Redacted**

11. **Material Redacted**

12. **Material Redacted**

13. **Material Redacted**
14. **Material Redacted**
15. **Material Redacted**
16. **Material Redacted**
17. **Material Redacted**
18. **Material Redacted**
19. **Material Redacted**
20. **Material Redacted**

ACCEPTED AND AGREED TO this

Date: _____ , 2007

THE BOEING COMPANY

Material Redacted

By _____

Its Attorney-In-Fact

COPA HOLDINGS, S.A.

By _____

Its Chief Executive Officer

The Boeing Company
P.O. Box 3707
Seattle, WA 98124-2207

6-1162-RLL-3958

COPA HOLDINGS, S.A.
Apartado 1572
Avenida Justo Arosemena y Calle 39
Panama 1, Panama

Subject: Option Aircrraft

Reference: Purchase Agreement No. 2191 (the Purchase Agreement) between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) relating to Model 737 aircraft (the Aircraft)

This Letter Agreement amends the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

Boeing agrees to manufacture and sell to Customer additional Model 737 aircraft as **Option Aircraft**. The delivery months, number of aircraft, Advance Payment Base Price per aircraft and advance payment schedule are listed in Table 1-7 to this Letter Agreement. The Airframe Price shown includes the Engine Price.

1. Aircraft Description and Changes

   Material Redacted

2. Price

   Material Redacted

2.2 Price Adjustments.

** Material Redacted**

3. Payment.

3.1 Customer will pay a deposit to Boeing in the amount shown in Table 1-7 for each Option Aircraft (Deposit), on the date of this Letter Agreement. If Customer exercises an option, the Deposit will be credited against the first advance payment due. If Customer does not exercise an option, Boeing will retain the Deposit for that Option Aircraft.

3.2 Following option exercise, advance payments in the amounts and at the times listed in Table 1-7 will be payable for the Option Aircraft. The remainder of the Aircraft Price for the Option Aircraft will be paid at the time of delivery.

4. Option Exercise.

Material Redacted

5. Contract Terms.

Boeing and Customer will promptly confirm Customer's exercise of its rights in respect to an Option Aircraft by entering into a definitive agreement for the purchase of an Option Aircraft, including the terms and conditions contained in this Letter Agreement, in the Purchase Agreement, and other terms and conditions as may be agreed upon. **Material Redacted**

ACCEPTED AND AGREED TO this

Date: _____, 2007

By **Material Redacted**

Its Attorney-In-Fact

COPA HOLDINGS, S.A.

By _____

Its Chief Executive Officer

Attachment — Table 1-7

Table 1-7
RLL-3958 — Option Aircraft
Aircraft Information Table for Model 737-8V3
Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8V3	174,200 pounds	**Detail Specification:**	D6-38808-1 Rev C, dated 5-4-05	
Engine Model/Thrust:	CFM56-7B26	26,400 pounds	**Airframe Price Base Year/Escalation Formula:**	Jul-06	ECI-MFG/CPI
Airframe Price:		**Material Redacted**	**Engine Price Base Year/Escalation Formula:**	N/A	N/A
Optional Features:		**Material Redacted**	**Airframe Escalation Data:**		
Sub-Total of Airframe and Features:		**Material Redacted**	**Base Year Index (ECI):**	**Material Redacted**	
Engine Price (Per Aircraft):		**Material Redacted**	**Base Year Index (CPI):**	**Material Redacted**	
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**			
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**			
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**			
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**			

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing 1%	24 Mos. 4%	21/18/12/9/6 Mos. 5%	Total 30%
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Total:	3							

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT
BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT
TREATS AS PRIVATE OR CONFIDENTIAL

Supplemental Agreement No. 14

to

Purchase Agreement No. 2191

between

The Boeing Company

and

COPA Holdings, S.A., Inc. Relating to

Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT entered into as of _____, 2007 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A., INC. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998 (the Agreement), as amended and supplemented, relating to Boeing Model 737-7V3 and 737-8V3 aircraft (the Aircraft); and

WHEREAS, Customer and Boeing have come to agreement on the **Material Redacted** and to correct two typographical errors in Supplemental Agreement Number 13; and

WHEREAS, Boeing and Buyer have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1.1. Table of Contents and Tables:

1.2. Remove and replace, in its entirety the "Table of Contents", with the "Table of Contents" attached hereto and hereby made a part of the Agreement, to reflect the changes made by this Supplemental Agreement.

1.3. Table 1-4 entitled "Aircraft Information Table for Model 737- 7V3 Aircraft " is attached hereto to reflect **Material Redacted** 737-7V3 aircraft from this table.

1.4. Table 1-5 entitled "Aircraft Information Table for Model 737- 8V3 Aircraft " is attached hereto to reflect **Material Redacted** aircraft to this table.

1.5. Page 1 of Supplemental Agreement No 13 is removed and replaced with a new page 1 that corrects the **Material Redacted** in accordance with the agreement between the parties.

1.6. Page 7 of Letter Agreement 6-1162-LAJR4, Article 17.5 is removed and replaced with a new page 7 that changes **Material Redacted** in accordance with the agreement between the parties.

The Purchase Agreement will be deemed to be supplemented to the extent herein provided as of the date hereof and as so supplemented will continue in full force and effect.

Boeing and Customer have each caused this Supplemental Agreement to be duly executed as of the day and year first written above.

THE BOEING COMPANY	COPA HOLDINGS, S.A.
By: _____	By: _____
Its: Attorney-In-Fact	Its: Chief Executive Officer

TABLE OF CONTENTS

Table 1-4
Aircraft Information Table Model 737-7V3 Aircraft
Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-700	154,500
Engine Model:	CFM56-7B22	
Airframe Price:		**Material Redacted**
Optional Features:		**Material Redacted**
Sub-Total of Airframe and Features:		**Material Redacted**
Engine Price (Per Aircraft):		**Material Redacted**
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**
Detail Specification:	D6-38808-42-1 (4/30/2004)	
Airframe Price Base Year/Escalation Formula:	Jul-04	ECI-MFG/CPI
Engine Price Base Year/Escalation Formula:	N/A	N/A
Airframe Escalation Data:		
Base Year Index (ECI):		**Material Redacted**
Base Year Index (CPI):		**Material Redacted**

					Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Manufacturer Serial Number**	**Escalation Estimate Adv Payment Base Price Per A/P**	**At Signing 1%**	**24 Mos. 4%**	**21/18/12/9/6 Mos. 5%**	**Total 30%**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Total:	1							

Table 1-5
Aircraft Information Table Model 737-8V3 Aircraft
Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8V3	174,200 pounds
Engine Model/Thrust:	CFM56-7B26	26,400 pounds
Airframe Price:		**Material Redacted**
Optional Features:		**Material Redacted**
Sub-Total of Airframe and Features:		**Material Redacted**
Engine Price (Per Aircraft):		**Material Redacted**
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**
Detail Specification:	D6-38808-1 Rev C, dated 5-4-05	
Airframe Price Base Year/Escalation Formula:	Jul-04	ECI-MFG/CPI
Engine Price Base Year/Escalation Formula:	N/A	N/A
Airframe Escalation Data:		
Base Year Index (ECI):		**Material Redacted**
Base Year Index (CPI):		**Material Redacted**

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing 1%	24 Mos. 4%	21/18/12/9/6 Mos. 5%	Total 30%
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Total:	4							

Supplemental Agreement No. 13

to

Purchase Agreement No. 2191

between

The Boeing Company and

COPA Holdings, S.A., Inc. Relating to

Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT entered into as of , 2007 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A., INC. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998 (the Agreement), as amended and supplemented, relating to Boeing Model 737-7V3 and 737-8V3 aircraft (the Aircraft); and

WHEREAS, Customer and Boeing have come to agreement on **Material Redacted** and **Material Redacted**; and

WHEREAS, Boeing and Buyer have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1.1. Table of Contents, Tables and Letter Agreements:

1.2. Remove and replace, in its entirety the "Table of Contents", with the "Table of Contents" attached hereto and hereby made a part of the Agreement, to reflect the changes made by this Supplemental Agreement.

1.3. Table 1-4 entitled "Aircraft Information Table for Model 737- 7V3 Aircraft " is attached hereto to reflect the **Material Redacted** for the **Material Redacted** 737-7V3 Aircraft.

1.4. Table 1-5 entitled "Aircraft Information Table for Model 737- 8V3 Aircraft " is attached hereto to reflect the **Material Redacted** 737-8V3 Aircraft.

1.5. Table 1-6 entitled "Aircraft Information Table for Model 737- 8V3 Aircraft " is attached hereto to reflect the scheduled delivery months for the 737-8V3 Aircraft of **Material Redacted**.

17.5 **Material Redacted**

17.6 **Material Redacted**

18. **Material Redacted**

19. **Material Redacted**

20. Confidentiality. Customer understands that certain commercial and financial information contained in this Letter Agreement are considered by Boeing as confidential. Customer agrees that it will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of Boeing, disclose this Letter Agreement or any information contained herein to any other person or entity except its counsel and/or auditors or as otherwise required by law or legal process.

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT
BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT
TREATS AS PRIVATE OR CONFIDENTIAL

Supplemental Agreement No. 15

to

Purchase Agreement No. 2191

between

The Boeing Company

and

COPA Holdings, S.A., Inc. Relating to

Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT entered into as of _____, 2008 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A., INC. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998 (the Agreement), as amended and supplemented, relating to Boeing Model 737-7V3 and 737-8V3 aircraft (the Aircraft); and

WHEREAS, Customer and Boeing have come to agreement on the **Material Redacted**; and

WHEREAS, Boeing and Buyer have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1.1. Table of Contents and Tables :

1.2. Remove and replace, in its entirety the " Table of Contents ", with the " Table of Contents " attached hereto and hereby made a part of the Agreement, to reflect the changes made by this Supplemental Agreement.

1.3. Table 1-4 entitled " Aircraft Information Table for Model 737-7V3 Aircraft " is attached hereto to reflect **Material Redacted** 737-7V3 aircraft from this table.

1.4. Table 1-5 entitled " Aircraft Information Table for Model 737-8V3 Aircraft " is attached hereto to reflect **Material Redacted** 737-8V3 aircraft to this table.

The Purchase Agreement will be deemed to be supplemented to the extent herein provided as of the date hereof and as so supplemented will continue in full force and effect.

Boeing and Customer have each caused this Supplemental Agreement to be duly executed as of the day and year first written above.

THE BOEING COMPANY	COPA HOLDINGS, S.A.
By **Material Redacted**	By:
Its: Attorney-In-Fact	Its: Chief Executive Officer

TABLE OF CONTENTS

Table 1-4
Aircraft Information Table Model 737-7V3 Aircraft
Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-700	154,500
Engine Model:	CFM56-7B22	
Airframe Price:		**Material Redacted**
Optional Features:		**Material Redacted**
Sub-Total of Airframe and Features:		**Material Redacted**
Engine Price (Per Aircraft):		**Material Redacted**
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**
Airframe Price Base Year/Escalation Formula:	Jul-04	ECI-MFG/CPI
Engine Price Base Year/Escalation Formula:	N/A	N/A
Airframe Escalation Data:		
Base Year Index (ECI):		**Material Redacted**
Base Year Index (CPI):		**Material Redacted**

					Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Manufacturer Serial Number**	**Escalation Estimate Adv Payment Base Price Per A/P**	**At Signing 1%**	**24 Mos. 4%**	**21/18/12/9/6 Mos. 5%**	**Total 30%**
Total:	0							

** Material Redacted**

Table 1-5
Aircraft Information Table Model 737-8V3 Aircraft
Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8V3	174,200 pounds
Engine Model/Thrust:	CFM56-7B26	26,400 pounds
Airframe Price:		**Material Redacted**
Optional Features:		**Material Redacted**
Sub-Total of Airframe and Features:		**Material Redacted**
Engine Price (Per Aircraft):		**Material Redacted**
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**
Detail Specification:	D6-38808-1 Rev C, dated 5-4-05	
Airframe Price Base Year/Escalation Formula:	Jul-04	ECI-MFG/CPI
Engine Price Base Year/Escalation Formula:	N/A	N/A
Airframe Escalation Data:M		
Base Year Index (ECI):		**Material Redacted**
Base Year Index (CPI):		**Material Redacted**

					Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Escalation Manufacturer Serial Number**	**Escalation Estimate Adv Payment Base Price Per A/P**	**At Signing 1%**	**24 Mos. 4%**	**21/18/12/9/6 Mos. 5%**	**Total 30%**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Total:	6							

EXHIBIT 4.19

CONFIDENTIAL TREATMENT

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT
BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT
TREATS AS PRIVATE OR CONFIDENTIAL

Supplemental Agreement No. 16

to

Purchase Agreement No. 2191

between

The Boeing Company

and

COPA Holdings, S.A., Inc. Relating to

Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT entered into as of _____, 2008 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A., INC. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998 (the Agreement), as amended and supplemented, relating to Boeing Model 737-7V3 and 737-8V3 aircraft (the Aircraft); and

WHEREAS, Customer and Boeing have come to agreement on the **Material Redacted**; and

WHEREAS, Boeing and Buyer have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1.1. Table of Contents, Tables and Letter Agreements:

1.2. Remove and replace, in its entirety the "Table of Contents", with the "Table of Contents" attached hereto and hereby made a part of the Agreement, to reflect the changes made by this Supplemental Agreement.

1.3. Table 1-8 entitled "Aircraft Information Table for Model 737- 8V3 Aircraft " is attached hereto to reflect **Material Redacted**.

1.4. Letter Agreement No. 6-1162-LAJ-982R5 entitled "Special Matters" has been revised to **Material Redacted**.

The Purchase Agreement will be deemed to be supplemented to the extent herein provided as of the date hereof and as so supplemented will continue in full force and effect.

Boeing and Customer have each caused this Supplemental Agreement to be duly executed as of the day and year first written above.

THE BOEING COMPANY	COPA HOLDINGS, S.A.
By _____	By: _____
Its: Attorney-In-Fact	Its: Chief Executive Officer

TABLE OF CONTENTS

LETTER AGREEMENTS		SA NUMBER
2191-01	Demonstration Flight Waiver	
2191-02	Escalation Sharing	
2191-03	Seller Purchased Equipment	
RESTRICTED LETTER AGREEMENTS		
6-1162-DAN -0123	Performance Guarantees	
6-1162-DAN -0124	Special Matters	
6-1162-DAN -0155	Airframe Escalation Revision	
6-1162-DAN -0156	Year 2000 Ready Software, Hardware and Firmware	
6-1162-DAN -0157	Miscellaneous Matters	
6-1162-MJB-0017	Special Matters	
6-1162-MJB-0030	Special Matters	
6-1162-LAJ-874R	Special Matters	SA 5
6-1162-LAJ-874R1	Special Matters	SA 6
6-1162-LAJ-874R2	Special Matters	SA 7
6-1162-LAJ-982	Special Matters	SA 8
6-1162-LAJ-982R3	Special Matters	SA 11
6-1162-RLL-3852	737-800 Performance Guarantees	SA 9
6-1162-LAJ-982R4	Special Matters	SA 13
6-1162-RLL-3958	737-8V3 Option Aircraft	SA 13
6-1162-LAJ-982R5	Special Matters	SA 16

SUPPLEMENTAL AGREEMENTS	**DATED AS OF:**
Supplemental Agreement No. 1	June 29, 2001
Supplemental Agreement No. 2	December 21, 2001
Supplemental Agreement No. 3	June 14, 2002
Supplemental Agreement No. 4	December 20, 1002
Supplemental Agreement No. 5	October 31, 2003
Supplemental Agreement No. 6	September 9, 2004
Supplemental Agreement No. 7	December 9, 2004
Supplemental Agreement No. 8	April 15, 2005
Supplemental Agreement No. 9	March 16, 2006
Supplemental Agreement No. 10	May 8, 2006
Supplemental Agreement No. 11	August 30 , 2006
Supplemental Agreement No. 12	February 26, 2007
Supplemental Agreement No. 13	April 23, 2007
Supplemental Agreement No. 14	August 31, 2007
Supplemental Agreement No. 15	February 21, 2008
Supplemental Agreement No. 16	_____, 2008

Table 1-8
Aircraft Information Table for 737-8V3
Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-800	174200 pounds	
Engine Model/Thrust:	CFM56-7B26	26400 pounds	
Airframe Price:		**Material Redacted**	
Optional Features:		**Material Redacted**	
Sub -Total of Airframe and Features:		**Material Redacted**	
Engine Price (Per Aircraft):			
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**	
Buyer Furnished Equipment (BFE) Estimate:			
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**	
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**	
Detail Specification:	D6-38808-43-1	(5/4/2005)	
Airframe Price Base Year/Escalation Formula:		Jul -07	ECI-MFG/CPI
Engine Price Base Year/Escalation Formula:		N/A	N/A
Airframe Escalation Data:			
Base Year Index (ECI):		**Material Redacted**	
Base Year Index (CPI):		**Material Redacted**	

						Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):	
Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Escalation Estimate Adv Payment Base Price Per A/P**	**At Signing 1%**	**24 Mos. 4%**	**21/18/12 /9/6 Mos. 5%**	**Tota 30%**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
TOTAL:	**Material Redacted**						

6-1162-LAJ-982R5

COPA HOLDINGS, S.A.
Apartado 1572
Avenida Justo Arosemena y Calle 39
Panama 1, Panama

Subject: Special Matters

Reference: Purchase Agreement No. 2191 (the Purchase Agreement) between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) relating to Model 737 aircraft (the Aircraft)

This Letter Agreement amends and supplements the Purchase Agreement. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-MJB-0017. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement. In consideration of the Aircraft orders, Boeing provides the following to Customer.

1. **Material Redacted**
2. **Material Redacted**
3. **Material Redacted**
4. **Material Redacted**
5. **Material Redacted**
6. **Material Redacted**
7. **Material Redacted**
8. **Material Redacted**
9. **Material Redacted**
10. **Material Redacted**
11. **Material Redacted**
12. Confidentiality. Customer understands that certain commercial and financial information contained in this Letter Agreement are considered by Boeing as confidential. Customer agrees that it will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of Boeing, disclose this Letter

Agreement or any information contained herein to any other person or entity except its counsel and/or auditors or as otherwise required by law or legal process.

ACCEPTED AND AGREED TO this

Date: _____, 2008

THE BOEING COMPANY

By _____
Its Attorney-In-Fact

COPA HOLDINGS, S.A.

By _____
Its Chief Executive Officer

EXHIBIT 4.20

CONFIDENTIAL TREATMENT

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Supplemental Agreement No. 17

to

Purchase Agreement No. 2191

between

The Boeing Company

and

COPA Holdings, S.A., Inc. Relating to

Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT entered into as of , 2008 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A., INC. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998 (the Agreement), as amended and supplemented, relating to Boeing Model 737-7V3 and 737-8V3 aircraft (the Aircraft); and

WHEREAS, Customer and Boeing have come to agreement on the **Material Redacted**; and

WHEREAS, Customer and Boeing have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1.1. Table of Contents, Tables and Letter Agreements:

1.2. Remove and replace, in its entirety the "Table of Contents", with the "Table of Contents" attached hereto and hereby made a part of the Agreement, to reflect the changes made by this Supplemental Agreement.

1.3. Table 1-9 entitled "Aircraft Information Table for Model 737- 8V3 Aircraft " is attached hereto to reflect **Material Redacted**.

1.4. Letter Agreement No. 6-1162-LAJ-982R6 entitled "Special Matters" has been revised as follows: **Material Redacted**.

1.5. Letter Agreement No. 6-1162-RLL-4092 entitled "Advance Payment Matters for Aircraft listed in Table 1- 9" is attached hereto to reflect **Material Redacted**.

The Purchase Agreement will be deemed to be supplemented to the extent herein provided as of the date hereof and as so supplemented will continue in full force and effect.

Boeing and Customer have each caused this Supplemental Agreement to be duly executed as of the day and year first written above.

THE BOEING COMPANY

By _____
Its: Attorney-In-Fact

COPA HOLDINGS, S.A.

By: _____
Its: Chief Executive Officer

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SUPPLEMENTAL AGREEMENTS	**DATED AS OF:**
Supplemental Agreement No. 1	June 29, 2001
Supplemental Agreement No. 2	December 21, 2001
Supplemental Agreement No. 3	June 14, 2002
Supplemental Agreement No. 4	December 20, 1002
Supplemental Agreement No. 5	October 31, 2003
Supplemental Agreement No. 6	September 9, 2004
Supplemental Agreement No. 7	December 9, 2004
Supplemental Agreement No. 8	April 15, 2005
Supplemental Agreement No. 9	March 16, 2006
Supplemental Agreement No. 10	May 8, 2006
Supplemental Agreement No. 11	August 30, 2006
Supplemental Agreement No. 12	February 26, 2007
Supplemental Agreement No. 13	April 23, 2007
Supplemental Agreement No. 14	August 31, 2007
Supplemental Agreement No. 15	February 21, 2008
Supplemental Agreement No. 16	June 30, 2008
Supplemental Agreement No. 17	December , 2008

Table 1-9
Aircraft Information Table for 737-8V3
Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-800	174200 pounds
Engine Model/Thrust:	CFM56-7B26	26400 pounds
Airframe Price:		**Material Redacted**
Optional Features:		**Material Redacted**
Sub -Total of Airframe and Features:		**Material Redacted**
Engine Price (Per Aircraft):		
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**
Buyer Furnished Equipment (BFE) Estimate:		
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**
Refundable Deposit/Aircraft at Proposal Accept:	**Material Redacted**	
Detail Specification:	D6-38808-43-1 Rev. d (7/20/2007) + changes accepted thru MSN 35125	
Airframe Price Base Year/Escalation Formula:	Jul -08	ECI-MFG/CPI
Engine Price Base Year/Escalation Formula:	N/A	N/A
Airframe Escalation Data:		
Base Year Index (ECI):	**Material Redacted**	
Base Year Index (CPI):	**Material Redacted**	

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing 1%	24 Mos. 4%	21/18/12/9/6 Mos. 5%	Total 30%
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
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TOTAL:	**Material Redacted**						

6-1162-LAJ-982R6

COPA HOLDINGS, S.A.
Apartado 1572
Avenida Justo Arosemena y Calle 39
Panama 1, Panama

Subject: Special Matters

Reference: Purchase Agreement No. 2191 (the Purchase Agreement) between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) relating to Model 737 aircraft (the Aircraft)

This Letter Agreement amends and supplements the Purchase Agreement. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-MJB-0017. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement. In consideration of the Aircraft orders, Boeing provides the following to Customer.

1. **Material Redacted**
2. **Material Redacted**
3. **Material Redacted**
4. **Material Redacted**
5. **Material Redacted**
6. **Material Redacted**
7. **Material Redacted**
8. **Material Redacted**
9. **Material Redacted**
10. **Material Redacted**
11. **Material Redacted**
12. **Material Redacted**
13. Confidentiality. Customer understands that certain commercial and financial information contained in this Letter Agreement are considered by Boeing as confidential. Customer agrees that it will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of Boeing, disclose this Letter Agreement or any information contained herein to any other person or entity except its counsel and/or auditors or as otherwise required by law or legal process.

ACCEPTED AND AGREED TO this

Date: , 2008

THE BOEING COMPANY

By _____
Its Attorney-In-Fact

COPA HOLDINGS, S.A.

By _____
Its Chief Executive Officer

The Boeing Company
P.O. Box 3707
Seattle, WA 98124-2207

6-1162-RLL-4092R1

COPA HOLDINGS, S.A.
Apartado 1572
Avenida Justo Arosemena y Calle 39
Panama 1, Panama

Subject: Advance Payment Matters for Aircraft listed in Table 1-9

Reference: Purchase Agreement No. 2191 (the Purchase Agreement) between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) relating to Model 737 aircraft (the Aircraft)

This Letter Agreement amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement. In consideration of the Aircraft orders, Boeing provides the following to Customer.

Material Redacted

1. **Material Redacted**

2. **Material Redacted**

3. **Material Redacted**

4. Confidential Treatment. Customer understands that certain commercial and financial information contained in this Letter Agreement is considered by Boeing as confidential. Customer agrees that it will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of Boeing, disclose this Letter Agreement or any information contained herein to any other person or entity.

Very truly yours,

THE BOEING COMPANY

By _____
Its Attorney-In-Fact

P.A. No. 2191

Advance Payment Matters for Aircraft listed in Table 1-9

ACCEPTED AND AGREED TO this

Date: , 2009

COPA HOLDINGS, S.A.

By _____
Its Chief Executive Officer

P.A. No. 2191

Advance Payment Matters for Aircraft listed in Table 1-9

EXHIBIT 4.21

CONFIDENTIAL TREATMENT

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Supplemental Agreement No. 18

to

Purchase Agreement No. 2191

between

The Boeing Company

and

COPA Holdings, S.A., Inc. Relating to

Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT entered into as of , 2009 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A., INC. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998 (the Agreement), as amended and supplemented, relating to Boeing Model 737-7V3 and 737-8V3 aircraft (the Aircraft); and

WHEREAS, Customer and Boeing have come to agreement on the purchase of **Material Redacted**; and

WHEREAS, Customer and Boeing have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1.1. Remove and replace, in its entirety the "Table of Contents", with the "Table of Contents" attached hereto and hereby made a part of the Agreement, to reflect the changes made by this Supplemental Agreement.

1.2. Table 1-10 entitled "Aircraft Information Table for Model 737- 8V3 Aircraft ", attached hereto, is added to the Agreement to reflect the scheduled delivery months for the 737-8V3 **Material Redacted**.

1.3. Exhibit A-3, Aircraft Configuration for Customer's 737-8V3 Aircraft is added which represents the changes included in Customer's Detail Specification number **Material Redacted** dated April 24, 2009.

1.4. Supplemental Agreement BFE1, Buyer Furnished Equipment Variables, paragraph 2 is revised as stated below to add the preliminary on-dock dates for the Incremental Aircraft delivering in 2012. Preliminary on-dock dates for later delivery positions are not available as they are outside the current production schedule. My Boeing Configuration (MBC) can provide on-dock dates as each Incremental Aircraft implements into the Integrated BFE Accountability System (IBAS).

Preliminary On-dock Dates

	Material Redacted	**Material Redacted**	**Material Redacted**
Seats	**Material Redacted**	**Material Redacted**	**Material Redacted**
Galleys/Furnishings	**Material Redacted**	**Material Redacted**	**Material Redacted**
Antennas and Mounting Equipment	**Material Redacted**	**Material Redacted**	**Material Redacted**
Avionics Equipment	**Material Redacted**	**Material Redacted**	**Material Redacted**
Cabin Systems Equipment	**Material Redacted**	**Material Redacted**	**Material Redacted**
Miscellaneous/ Emergency Equipment	**Material Redacted**	**Material Redacted**	**Material Redacted**
Textiles/Raw Material	**Material Redacted**	**Material Redacted**	**Material Redacted**
Cargo Systems	**Material Redacted**	**Material Redacted**	**Material Redacted**
Provision Kits	**Material Redacted**	**Material Redacted**	**Material Redacted**
Radomes	**Material Redacted**	**Material Redacted**	**Material Redacted**

1.5. **Material Redacted**

1.6. **Material Redacted**

1.7. Letter Agreement No. 6-1162-RLL-3958 entitled “737-8V3 Option Aircraft” is revised to add Table 1-11 which provides the delivery positions for **Material Redacted** Option Aircraft, a copy of the revised Letter 6-1162-RLL- 3985R1 is attached.

1.8. Letter Agreement 6-1162-6417 entitled “Boeing Offer Related to New Interior” is added to the Agreement.

1.9. **Material Redacted**

1.10. **Material Redacted**.

The Purchase Agreement will be deemed to be supplemented to the extent herein provided as of the date hereof and as so supplemented will continue in full force and effect.

Boeing and Customer have each caused this Supplemental Agreement to be duly executed as of the day and year first written above.

THE BOEING COMPANY	COPA HOLDINGS, S.A.
By: _____	By: _____
Its: Attorney-In-Fact	Its: Chief Executive Officer

CONFIDENTIAL TREATMENT

TABLE OF CONTENTS

CONFIDENTIAL TREATMENT

CONFIDENTIAL TREATMENT

SUPPLEMENTAL AGREEMENTS	DATED AS OF:
Supplemental Agreement No. 1	June 29, 2001
Supplemental Agreement No. 2	December 21, 2001
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Supplemental Agreement No. 4	December 20, 1002
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Supplemental Agreement No. 11	August 30, 2006
Supplemental Agreement No. 12	February 26, 2007
Supplemental Agreement No. 13	April 23, 2007
Supplemental Agreement No. 14	August 31, 2007
Supplemental Agreement No. 15	February 21, 2008
Supplemental Agreement No. 16	June 30, 2008
Supplemental Agreement No. 17	December 15, 2008
Supplemental Agreement No. 18	July 2009

Table 1-10A
Aircraft Information Table for Model 737-8V3 Aircraft
Delivery, Description and Advance Payments

Airframe Model/MTOW:	737-800	174200 pounds	**Detail Specification:**		
Engine Model/Thrust:	CFM56-7B26	26400 pounds	**Airframe Price Base Year/Escalation Formula:**	Jul-08	ECI-MFG/CPI
Airframe Price:		**Material Redacted**	**Engine Price Base Year/Escalation Formula:**	N/A	N/A
Optional Features:		**Material Redacted**			
Sub-Total of Airframe and Features:		**Material Redacted**	**Airframe Escalation Data:**		
Engine Price (Per Aircraft):		$0	**Base Year Index (ECI):**	103.1	
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**	**Base Year Index (CPI):**	208.2	
Buyer Furnished Equipment (BFE) Estimate:		$0			
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**			
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**			

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Serial Number	Escalation	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						Material Redacted **Material Redacted**	**Material Redacted** **Material Redacted**	**Material Redacted** **Material Redacted**	**Material Redacted** **Material Redacted**
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Total	**Material Redacted**								

CONFIDENTIAL TREATMENT

Table 1-10B
Aircraft Information Table for Model 737-8V3 Aircraft
Delivery, Description and Advance Payments

Airframe Model/MTOW:	737-800	174200 pounds	**Detail Specification:**		
Engine Model/Thrust:	CFM56-7B26	26400 pounds	**Airframe Price Base Year/Escalation Formula:**	Jul-06	ECI-MFG/CPI
Airframe Price:		**Material Redacted**	**Engine Price Base Year/Escalation Formula:**	N/A	N/A
Optional Features:		**Material Redacted**			
Sub-Total of Airframe and Features:		**Material Redacted**	**Airframe Escalation Data:**		
Engine Price (Per Aircraft):			**Base Year Index (ECI):**	180.3	
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**	**Base Year Index (CPI):**	195.4	
Buyer Furnished Equipment (BFE) Estimate:					
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**			
Option Deposit Paid		**Material Redacted**			

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Serial Number	Escalation	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing	24 Mos.	21/18/12/9/ 6 Mos.	Total
						Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
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Total:	**Material Redacted**								

Table 1-11
Aircraft Information Table for Model 737-8V3 Aircraft
Delivery, Description and Advance Payments

Airframe Model/MTOW:	737-800	174200 pounds	**Detail Specification:**		
Engine Model/Thrust:	CFM56-7B26	26400 pounds	**Airframe Price Base Year/Escalation Formula:**	Jul-08	ECI-MFG/CPI
Airframe Price:		**Material Redacted**	**Engine Price Base Year/Escalation Formula:**	N/A	N/A
Optional Features:		**Material Redacted**			
Sub-Total of Airframe and Features:		**Material Redacted**	**Airframe Escalation Data:**		
Engine Price (Per Aircraft):			**Base Year Index (ECI):**	103.1	
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**	**Base Year Index (CPI):**	208.2	
Buyer Furnished Equipment (BFE) Estimate:					
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**			
Non-Refundable Deposit/Aircraft at Def Agreemt:		**Material Redacted**			

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Serial Number	Escalation	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing	24 Mos.	21/18/12/9/6 Mos.	Total
						Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**
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Total:	**Material Redacted**								

CONFIDENTIAL TREATMENT

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

COPA HOLDINGS, S.A., INC.

Exhibit A-3 to Purchase Agreement Number 2191

BOEING PROPRIETARY

AIRCRAFT CONFIGURATION

Dated July 2009

relating to

BOEING MODEL 737-8V3 AIRCRAFT

The Detail Specification is **Material Redacted** dated April 24, 2009. Such Detail Specification incorporates the Options listed below, including the effects on Manufacturer's Empty Weight (MEW) and Operating Empty Weight (OEW). The Aircraft Basic Price reflects and includes all effects of such Options, except such Aircraft Basic Price does not include the price effects of any Buyer Furnished Equipment or Seller Purchased Equipment.

Customer has accepted the proposal for the New Interior. This revision to the Detail Specification does not include the New Interior changes nor any price change associated with the New Interior. Exhibit A will be revised at a later date to include the changes related to the New Interior.

SUPPLEMENTAL EXHIBITS
BFE Variables

Customer COP COPA Airlines
Model 737-800
Engine CFM56-7B26

2008$

Config Item No.	Title	AF Price
Material Redacted	**Material Redacted**	**Material Redacted**
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SUPPLEMENTAL EXHIBITS
BFE Variables

Config Item No.	Title	AF Price
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SUPPLEMENTAL EXHIBITS
BFE Variables

Config Item No.	Title	AF Price
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SUPPLEMENTAL EXHIBITS
BFE Variables

Config Item No.	Title	AF Price
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SUPPLEMENTAL EXHIBITS
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CONFIDENTIAL TREATMENT

SUPPLEMENTAL EXHIBITS
BFE Variables

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CONFIDENTIAL TREATMENT

COPA HOLDINGS, S.A
6-1162-RLL-3958R1

6-1162-RLL-3958R1

COPA HOLDINGS, S.A.
Apartado 1572
Avenida Justo Arosemena y Calle 39
Panama 1, Panama

Subject: Option Aircraft

Reference: Purchase Agreement No. 2191 (the Purchase Agreement) between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) relating to Model 737 aircraft (the Aircraft)

This Letter Agreement amends the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

Boeing agrees to manufacture and sell to Customer additional Model 737 aircraft as **Option Aircraft**. The options for Option Aircraft listed in Table 1-7 have been exercised as part of this Supplemental Agreement 18. New option delivery positions are provided in Table 1-11. The delivery months, number of aircraft, Advance Payment Base Price per aircraft and advance payment schedule for these new option positions are listed in Table 1-11 to this Letter Agreement. The Airframe Price shown includes the Engine Price.

1. Aircraft Description and Changes

1.1 Aircraft Description: The Option Aircraft are described by the Detail Specification listed in Table 1-11.

1.2 Changes: The Detail Specification will be revised to include:

(i) Changes applicable to the basic Model 737 aircraft which are developed by Boeing between the date of the Detail Specification and the signing of the definitive agreement to purchase the Option Aircraft;

(ii) Changes required to obtain required regulatory certificates; and

(iii) Changes mutually agreed upon.

COPA HOLDINGS, S.A
6-1162-RLL-3958R1

2. Price

2.1 The pricing elements of the Option Aircraft are listed Table 1-11.

2.2 Price Adjustments.

2.2.1 Optional Features. The price for Optional Features selected for the Option Aircraft will be adjusted to Boeing's current prices as of the date of execution of the definitive agreement for the Option Aircraft.

2.2.2 Escalation Adjustments. The Airframe Price and the price of Optional Features for Option Aircraft will be escalated on the same basis as the Aircraft, and will be adjusted to Boeing's current escalation provisions as of the date of execution of the definitive agreement for the Option Aircraft.

2.2.3 Base Price Adjustments. The Airframe Price of the Option Aircraft will be adjusted to Boeing's current price as of the date of execution of the definitive agreement for the Option Aircraft.

3. Payment.

3.1 Customer will pay a deposit to Boeing in the amount shown in Table 1-11 for each Option Aircraft (Deposit), on the date of this Letter Agreement. If Customer exercises an option, the Deposit will be credited against the first advance payment due. If Customer does not exercise an option, Boeing will retain the Deposit for that Option Aircraft.

3.2 Following option exercise, advance payments in the amounts and at the times listed in Table 1-11 will be payable for the Option Aircraft. The remainder of the Aircraft Price for the Option Aircraft will be paid at the time of delivery.

4. Option Exercise.

4.1 Customer may exercise an option by giving written notice to Boeing **Material Redacted**.

4.2 **Material Redacted**

5. Contract Terms.

Material Redacted

CONFIDENTIAL TREATMENT

COPA HOLDINGS, S.A
6-1162-RLL-3958R1

Very truly yours,

THE BOEING COMPANY

By: _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: , 2009

COPA HOLDINGS, S.A., INC.

By: _____
Its _____

Attachment — Table 1-11

CONFIDENTIAL TREATMENT

Boeing Commercial Airplanes
P.O. Box 3707
Seattle, WA 98124-2207

6-1162-LAJ-982R7

COPA HOLDINGS, S.A.
Apartado 1572
Avenida Justo Arosemena y Calle 39
Panama 1, Panama

Subject: Special Matters

Reference: Purchase Agreement No. 2191 (the Purchase Agreement) between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) relating to Model 737 aircraft (the Aircraft)

This Letter Agreement amends and supplements the Purchase Agreement and supersedes and replaces in its entirety Letter Agreement 6-1162-LAJ-982R6. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement. In consideration of the Aircraft orders, Boeing provides the following to Customer. For purposes of this Letter Agreement "Incremental Aircraft" are "Aircraft" or "Table 1-10A&B Aircraft".

1. **Material Redacted**
2. **Material Redacted**
3. **Material Redacted**
4. **Material Redacted**
5. **Material Redacted**
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10. **Material Redacted**
11. **Material Redacted**

12. **Material Redacted**

13. **Material Redacted**

14. **Material Redacted**

15. **Material Redacted**

16. Confidentiality. Customer understands that certain commercial and financial information contained in this Letter Agreement are considered by Boeing as confidential. Customer agrees that it will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of Boeing, disclose this Letter Agreement or any information contained herein to any other person or entity except its counsel and/or auditors or as otherwise required by law or legal process.

ACCEPTED AND AGREED TO this

Date: , 2009

THE BOEING COMPANY

By: _____
Its Attorney-In-Fact

COPA HOLDINGS, S.A.

By: _____
Its Chief Executive Officer

ACCEPTED AND AGREED TO this

Date: , 2009

BOEING COMMERCIAL AIRPLANE GROUP

By: _____
Its Attorney-In-Fact

COPA HOLDINGS, S.A.

By: _____
Its Chief Executive Officer

Attachment — Table 1-11

CONFIDENTIAL TREATMENT

Boeing Commercial Airplanes
P.O. Box 3707
Seattle, WA 98124-2207

June 1, 2009
6-1162-KSW-6417

COPA HOLDINGS, S.A.
Business Park, Torre Norte,
Urbanizacion Costa del Este,
Apdo: 0816-06819
Republic of Panama

Subject: Boeing Proposal relating to the Boeing Sky Interior **(Proposal)**

Reference: Purchase Agreement No. 2191 dated November 25, 1998 **(Purchase Agreement)** between The Boeing Company (**Boeing**) and COPA HOLDINGS, S.A.
(Customer) relating to the sale of Boeing Model 737-800 aircraft

Dear Sir**:**

Boeing is pleased to offer a new interior of the 737 aircraft to further improve the flying experience for passengers **(Boeing Sky Interior)**. The Boeing Sky Interior includes the following features:

- Color LED Ceiling Lighting
- Forward and Aft Cove Lighting
- New Pivot Bins
- New Sculpted Sidewalls and Color LED Sidewall Lighting
- New PSUs with LED Reading Lights
- Brighter Color and Décor
- New Window Reveal
- Touch Screen Attendant Panel
- Improved Operational Security Features
- Quieter Cabin

1. Implementation.

Boeing is offering Customer the Boeing Sky Interior for implementation beginning on your March 2011 Model 737-800 aircraft (**Aircraft**), subject to prior sale, production constraint, or other disposition and acceptance in accordance with paragraph 4 below.

2. Boeing Sky Interior Price.

Material Redacted

3. Big Bin Existing Interior.

Material Redacted

4. Proposal Acceptance.

Customer may accept this proposal by providing its authorized signature in the space provided below and returning a copy to Boeing by no later than July 29, 2009. Upon receipt of this countersigned Proposal by the aforementioned date, Boeing will reserve the Boeing Sky Interior for the Aircraft or advise Customer of an alternate implementation schedule for the Boeing Sky Interior. Upon Customer's and Boeing's agreement of the applicable Aircraft the parties shall agree to amend Exhibit A and other affected provisions of the Purchase Agreement (including the Aircraft Basic Price) in the form of a supplemental agreement.

5. Expiration of Offer.

Unless expressly withdrawn, this Proposal will expire on June 9, 2009 if not accepted in accordance with the provisions set forth in paragraph 3 above by such date.

6. Confidential Treatment.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. By receiving this Proposal, Customer agrees to limit the disclosure of its contents to employees of Customer with a need to know the contents for purposes of helping Customer evaluate or respond to the Proposal and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

If you have any questions regarding this Proposal, please feel free to contact me.

Very truly yours,

The Boeing Company

THE BOEING COMPANY

By: _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: , 2009

COPA HOLDINGS, S.A.

Signature: _____

Printed Name: _____

Title: _____

CONFIDENTIAL TREATMENT

Boeing Commercial Airplanes
P.O. Box 3707
Seattle, WA 98124-2207

6-1162-KSW-6419

COPA HOLDINGS, S.A., INC.
Apartado 1572
Avenida Justo Arosemena y Calle 39
Panama 1, Panama

Subject: **Material Redacted**

Reference: Purchase Agreement No. 2191, including without limitation all exhibits, attachments and amendments thereto (the Purchase Agreement), between The Boeing Company (Boeing) and COPA HOLDINGS, S.A., INC. (Customer) relating to Model 737-8V3 aircraft (the Aircraft)

Material Redacted

Recitals: **Material Redacted**

Agreement:

1. **Material Redacted**

2. **Material Redacted**

3. **Material Redacted**

4. **Material Redacted**

5. **Material Redacted**

6. The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer will limit the disclosure of its contents to employees of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

COPA HOLDINGS, S.A.
6-1162-KSW-6419

Very truly yours,

THE BOEING COMPANY

By: _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: , 2009

COPA HOLDINGS, S.A.

By: _____
Its _____

EXHIBIT 4.22

CONFIDENTIAL TREATMENT

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Supplemental Agreement No. 19

to

Purchase Agreement No. 2191

between

The Boeing Company

and

COPA Holdings, S.A., Inc. Relating to

Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT entered into as of , 2009 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A., INC. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998 (the Agreement), as amended and supplemented, relating to Boeing Model 737-7V3 and 737-8V3 aircraft (the Aircraft); and

WHEREAS, Customer and Boeing have agreed to accelerate the delivery of Aircraft serial number 40664 from June 2010 to May 2010.

WHEREAS, Customer and Boeing have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1. The "Table of Contents" is revised to reflect the changes made by this Supplemental Agreement.

2. Table 1-9 entitled "Aircraft Information Table for Model 737-8V3 Aircraft", is revised to **Material Redacted**. The revised Table 1-9 is attached hereto.

3. **Material Redacted**

CONFIDENTIAL TREATMENT

The Purchase Agreement will be deemed to be supplemented to the extent herein provided as of the date hereof and as so supplemented will continue in full force and effect.

Boeing and Customer have each caused this Supplemental Agreement to be duly executed as of the day and year first written above.

THE BOEING COMPANY	COPA HOLDINGS, S.A.
By: _____	By: _____
Its: Attorney-In-Fact	Its: Chief Executive Officer

CONFIDENTIAL TREATMENT

TABLE OF CONTENTS

CONFIDENTIAL TREATMENT

CONFIDENTIAL TREATMENT

SUPPLEMENTAL AGREEMENTS	**DATED AS OF:**
Supplemental Agreement No. 1	June 29, 2001
Supplemental Agreement No. 2	December 21, 2001
Supplemental Agreement No. 3	June 14, 2002
Supplemental Agreement No. 4	December 20, 1002
Supplemental Agreement No. 5	October 31, 2003
Supplemental Agreement No. 6	September 9, 2004
Supplemental Agreement No. 7	December 9, 2004
Supplemental Agreement No. 8	April 15, 2005
Supplemental Agreement No. 9	March 16, 2006
Supplemental Agreement No. 10	May 8, 2006
Supplemental Agreement No. 11	August 30, 2006
Supplemental Agreement No. 12	February 26, 2007
Supplemental Agreement No. 13	April 23, 2007
Supplemental Agreement No. 14	August 31, 2007
Supplemental Agreement No. 15	February 21, 2008
Supplemental Agreement No. 16	June 30, 2008
Supplemental Agreement No. 17	December 15, 2008
Supplemental Agreement No. 18	July 15, 2009
Supplemental Agreement No. 19	August 2009

Table 1-9
Aircraft Information Table for Model 737-8V3 Aircraft
Delivery, Description and Advance Payments

Airframe Model/MTOW:	737-800	174200 pounds	**Detail Specification:**			
Engine Model/Thrust:	CFM56-7B26	26400 pounds	**Airframe Price Base Year/Escalation Formula:**		Jul-08	ECI-MFG/CPI
Airframe Price:		**Material Redacted**	**Engine Price Base Year/Escalation Formula:**		N/A	N/A
Optional Features:		**Material Redacted**				
Sub-Total of Airframe and Features:		**Material Redacted**	**Airframe Escalation Data:**			
Engine Price (Per Aircraft):		**Material Redacted**	**Base Year Index (ECI):**		103.1	
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**	**Base Year Index (CPI):**		208.2	
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**				
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**				
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**				

					Escalation Estimate	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Serial Number**	**Escalation**	**Adv Payment Base Price Per A/P**	**At Signing **Material Redacted****	**24 Mos. **Material Redacted****	**21/18/12/9/6 Mos. **Material Redacted****	**Total **Material Redacted****
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Total:	**Material Redacted**								

EXHIBIT 4.23

CONFIDENTIAL TREATMENT

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Supplemental Agreement No. 20

to

Purchase Agreement No. 2191

between

The Boeing Company

and

COPA Holdings, S.A., Inc. Relating to

Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT No. 20 ("Supplemental Agreement 20") is entered into as of November 19, 2009 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A., INC. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998 , (as amended and supplemented and together with all exhibits, schedules and letter agreements pertaining thereto, the "Purchase Agreement"), relating to Boeing Model 737-7V3 and 737-8V3 aircraft (collectively, the "Aircraft" and each an "Aircraft");

WHEREAS, **Material Redacted**;

WHEREAS, **Material Redacted**.

WHEREAS, Customer and Boeing have agreed **Material Redacted**; and,

WHEREAS, Customer and Boeing have agreed that **Material Redacted**;

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

1. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

2. The "Table of Contents" of the Purchase Agreement is revised to reflect the changes made by this Supplemental Agreement and a copy of such Table of Contents, as so revised is attached hereto.

3. Table 1-10A entitled "Aircraft Delivery, Description, Price and Advance Payments", is revised so as to: **Material Redacted**. Table 1-10A as amended in accordance with this paragraph 3 is attached hereto.

4. Table 1-10B entitled "Aircraft Delivery, Description, Price and Advance Payments for Exercised Options", is revised so as to: (A) **Material Redacted**; (B) **Material Redacted** and (C) add at the bottom the following note, "**Material Redacted**. The revised Table 1-10B as amended in accordance with this paragraph 4 is attached hereto.

5. **Material Redacted**

6. Letter Agreement 6-1162-RLL-3958R1, Option Aircraft, is revised so as to **Material Redacted**. The revised Letter Agreement 6-1162-RLL-3958R2 is attached hereto.

7. Letter Agreement 2191-03, Seller Purchased Agreement, is revised to **Material Redacted**. The revised Letter Agreement 2191-034R1 is attached hereto.

8. Attachments A and B were inadvertently left out of the signed original of Letter Agreement 6-1162-KSW-6419, **Material Redacted**. Letter Agreement 6-1162-KSW-6419 including Attachments A and B is attached hereto.

9. **Material Redacted**

10. **Material Redacted**

The Purchase Agreement will be deemed to be supplemented and revised to the extent herein provided as of the date hereof and as so supplemented and revised will continue in full force and effect.

Boeing and Customer have each caused this Supplemental Agreement to be duly executed as of the day and year first written above.

THE BOEING COMPANY	COPA HOLDINGS, S.A.
By: _____	By: _____
Its: Attorney-In-Fact	Its: Chief Executive Officer

CONFIDENTIAL TREATMENT

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Supplemental Agreement No. 15	February 21, 2008
Supplemental Agreement No. 16	June 30, 2008
Supplemental Agreement No. 17	December 15, 2008
Supplemental Agreement No. 18	July 15, 2009
Supplemental Agreement No. 19	August , 2009
Supplemental Agreement No. 20	November , 2009

CONFIDENTIAL TREATMENT

Table 1-10A
Aircraft Information Table for Model 737-8V3 Aircraft
Delivery, Description and Advance Payments

Airframe Model/MTOW:	737-800	174200 pounds
Engine Model/Thrust:	CFM56-7B26	26400 pounds
Airframe Price:		**Material Redacted**
Optional Features:		**Material Redacted**
Sub-Total of Airframe and Features:		**Material Redacted**
Engine Price (Per Aircraft):		**Material Redacted**
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**
Refundable Deposit/Aircraft at Proposal Accept:		**Material Redacted**

Detail Specification:		
Airframe Price Base Year/Escalation Formula:	Jul -08	ECI-MFG/CPI
Engine Price Base Year/Escalation Formula:	N/A	N/A
Airframe Escalation Data:		
Base Year Index (ECI):	103.1	
Base Year Index (CPI):	208.2	

						Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Serial Number**	**Escalation**	**Escalation Estimate Adv Payment Base** **Material Redacted**	**At Signing** **Material Redacted**	**24 Mos.** **Material Redacted**	**21/18/12/9/6 Mos.** **Material Redacted**	**Total** **Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Total:	**Material Redacted**								

Table 1-11
Aircraft Information Table for Model 737-8V3 Option Aircraft
Delivery, Description and Advance Payments

Airframe Model/MTOW:	737-800	174200 pounds
Engine Model/Thrust:	CFM56-7B26	26400 pounds
Airframe Price:		**Material Redacted**
Optional Features:		**Material Redacted**
Sub-Total of Airframe and Features:		**Material Redacted**
Engine Price (Per Aircraft):		
Aircraft Basic Price (Excluding BFE/SPE):		**Material Redacted**
Buyer Furnished Equipment (BFE) Estimate:		**Material Redacted**
Seller Purchased Equipment (SPE) Estimate:		**Material Redacted**
Non -Refundable Deposit/Aircraft at Def Agreemt:		**Material Redacted**

Detail Specification:		
Airframe Price Base Year/Escalation Formula:	Jul -08	ECI-MFG/CPI
Engine Price Base Year/Escalation Formula:	N/A	N/A
Airframe Escalation Data:		
Base Year Index (ECI):	103.1	
Base Year Index (CPI):	208.2	

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Serial Number	Escalation	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing	24 Mos.	21/18/12/9/6 Mos.	Total
						Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Material Redacted	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**	**Material Redacted**
Total:	**Material Redacted**								

CONFIDENTIAL TREATMENT

Boeing Commercial Airplanes
P.O. Box 3707
Seattle, WA 98124-2207

2191-03R1

COPA HOLDINGS, S.A.
Apartado 1572
Avenida Justo Arosemena y Calle 39
Panama 1
Panama

Subject: Seller Purchased Equipment

Reference: Purchase Agreement No. 2191 (as supplemented and amended the Purchase Agreement) between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) relating to Model 737-7V3 aircraft (the Aircraft)

This Letter Agreement amends and supplements the Purchase Agreement and cancels and supercedes Letter Agreement 2191-03. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

Definition of Terms:

Material Redacted

1. Price.

Advance Payments. An estimated SPE price is included in the Advance Payment Base Prices shown in Table 1 for the purpose of establishing the advance payments for the Aircraft.

Aircraft Price. **Material Redacted**

2. **Material Redacted**

3. **Material Redacted**

4. **Material Redacted**

5. **Material Redacted**

6. **Material Redacted**

COPA HOLDINGS, S.A
6-1162-RLL-3958R2

7. **Material Redacted**

8. **Material Redacted**

Very truly yours,

THE BOEING COMPANY

By: _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: , 2009

COPA HOLDINGS, S.A.

By: _____
Its _____

CONFIDENTIAL TREATMENT

Boeing Commercial Airplanes
P.O. Box 3707
Seattle, WA 98124-2207

6-1162-RLL-3958R2

COPA HOLDINGS, S.A.
Apartado 1572
Avenida Justo Arosemena y Calle 39
Panama 1, Panama

Subject: Option Aircraft

Reference: Purchase Agreement No. 2191 (the Purchase Agreement) between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) relating to Model 737 aircraft (the Aircraft)

This Letter Agreement amends the Purchase Agreement and supersedes and replaces in its entirety Letter Agreement 6-1162-RLL- 3958R1. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

Material Redacted

1. Aircraft Description and Changes

1.1 Aircraft Description: The Option Aircraft are described by the Detail Specification listed in Table 1-11.

1.2 Changes: The Detail Specification will be revised to include:

(i) Changes applicable to the basic Model 737 aircraft which are developed by Boeing between the date of the Detail Specification and the signing of the definitive agreement to purchase the Option Aircraft;

(ii) Changes required to obtain required regulatory certificates; and

(iii) Changes mutually agreed upon.

COPA HOLDINGS, S.A
6-1162-RLL-3958R2

2. Price

2.1 The pricing elements of the Option Aircraft are listed Table 1-11.

2.2 Price Adjustments.

2.2.1 Optional Features. The price for Optional Features selected for the Option Aircraft will be adjusted to Boeing's current prices as of the date of execution of the definitive agreement for the Option Aircraft.

2.2.2 Escalation Adjustments. The Airframe Price and the price of Optional Features for Option Aircraft will be escalated on the same basis as the Aircraft, and will be adjusted to Boeing's current escalation provisions as of the date of execution of the definitive agreement for the Option Aircraft.

2.2.3 Base Price Adjustments. The Airframe Price of the Option Aircraft will be adjusted to Boeing's current price as of the date of execution of the definitive agreement for the Option Aircraft.

3. Payment.

3.1 Customer will pay a deposit to Boeing in the amount shown in Table 1-11 for each Option Aircraft (Deposit), on the date of this Letter Agreement. If Customer exercises an option, the Deposit will be credited against the first advance payment due. If Customer does not exercise an option, Boeing will retain the Deposit for that Option Aircraft.

3.2 Following option exercise, advance payments in the amounts and at the times listed in Table 1-11 will be payable for the Option Aircraft. The remainder of the Aircraft Price for the Option Aircraft will be paid at the time of delivery.

COPA HOLDINGS, S.A
6-1162-RLL-3958R2

4. Option Exercise.

4.1 Customer may exercise an option by giving written notice to Boeing on or before the **Material Redacted** in Table 1- 11 (Option Exercise Date). For the two Quarterly Options delivering in 2012 written notice of the Option Exercise **Material Redacted**.

4.2 **Material Redacted**.

5. **Material Redacted**.

6. Contract Terms.

Boeing and Customer will use their best efforts to reach a definitive agreement for the purchase of an Option Aircraft, including the terms and conditions contained in this Letter Agreement, in the Purchase Agreement, and other terms and conditions as may be agreed upon. In the event the parties have not entered into a definitive agreement within 30 days following option exercise, either party may terminate the purchase of such Option Aircraft by giving written notice to the other within 5 days. If Customer and Boeing fail to enter into such definitive agreement, Boeing will retain the Deposit for that Option Aircraft.

COPA HOLDINGS, S.A
6-1162-RLL-3958R2

Very truly yours,

THE BOEING COMPANY

By: _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: , 2009

COPA HOLDINGS, S.A., INC.

By: _____
Its _____

Attachment — Table 1-11

CONFIDENTIAL TREATMENT

6-1162-KSW-6419

COPA HOLDINGS, S.A., INC.
Apartado 1572
Avenida Justo Arosemena y Calle 39
Panama 1, Panama

Subject: **Material Redacted**

Reference: **Material Redacted**

Material Redacted

Recitals:

Material Redacted

Agreement:

1. **Material Redacted**
2. **Material Redacted**
3. **Material Redacted**
4. **Material Redacted**
5. **Material Redacted**

6. The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer will limit the disclosure of its contents to employees of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

Very truly yours,

THE BOEING COMPANY

By: _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: , 2009

COPA HOLDINGS, S.A., INC.

By: _____

Its _____

Material Redacted

Material Redacted

CONFIDENTIAL TREATMENT

Boeing Commercial Airplanes
P.O. Box 3707
Seattle, Washington 98124-2207
U.S.A.

Reference: Purchase Agreement No. 2191 dated as of November 25, 1998, between The Boeing Company (Boeing) and COPA HOLDINGS, S.A., INC. (the Purchase Agreement)

Attention: Vice President — Contracts
Mail Code 21-34

Material Redacted

THE BOEING COMPANY

By: _____
Its Attorney-in-Fact

Dated _____

EXHIBIT 4.24

CONFIDENTIAL TREATMENT

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Supplemental Agreement No. 21

to

Purchase Agreement No. 2191

between

The Boeing Company

and

COPA Holdings, S.A., Inc. Relating to

Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT No. 21 ("Supplemental Agreement 21") is entered into as of May 28, 2010 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A., INC. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998, (as amended and supplemented and together with all exhibits, schedules and letter agreements pertaining thereto, the "Purchase Agreement") relating to Boeing Model 737-7V3 and 737-8V3 aircraft (collectively, the "Aircraft" and each an "Aircraft");

WHEREAS, Customer has exercised one (1) [***] Option Aircraft and one (1) [***] Option Aircraft; and

[***]

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

1. The one (1) [***] and one (1) [***] Aircraft that Customer has exercised will deliver one (1) [***] with serial number [***] and one (1) in [***]with serial number [***].

2. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

3. The "Table of Contents" of the Purchase Agreement is revised to reflect the changes made by this Supplemental Agreement 21 and to delete Restricted Letter Agreement "6-1162-LAJ-982R8. . . .Special Matters . . . .SA-20" from the Table of Contents since it was not included in SA-20. A copy of the revised Table of Contents is attached hereto.

4. The following changes are made to the Aircraft Delivery, Description, Price and Advance Payments Tables to incorporate the [***].

4.1. Tables 1-6, 1-9 and 1-10B are revised to change the features price and SPE price as discussed in paragraph 4 above. Tables 1-6, 1-9 and 1-10B as revised in accordance with this paragraph 4 are attached hereto.

4.2. Table 1-8 is revised to change the features price and SPE price as discussed in paragraph 4 above for the August 2011 Aircraft only. Table 1-8, as revised, is attached hereto.

4.3. Table 1-10A is revised to create two Tables. Table 1-10A(1) lists only the [***] Aircraft which continue to have the features from Exhibit A-3. Table 1-10A(2) lists the remainder of the Aircraft from Table 1-10A and includes the revised features pricing and SPE estimate as discussed in paragraph 4 above. Table 1-10A(1) and Table 1-10A(2) are attached hereto.

4.4. Table 1-12, attached hereto, provides the pricing information for the exercised [***] Aircraft.

5. Exhibit A-4 entitled "Aircraft Configuration for Customer's 737-8V3 Aircraft with Deliveries [***]", attached hereto, provides the features for Aircraft with deliveries [***] including the [***]. These changes will be included in Customer's Detail Specification number [***].

6. Supplemental Agreement BFE1, Buyer Furnished Equipment Variables, paragraph 2 is revised as stated below to add the preliminary on-dock dates for the [***] Aircraft. Preliminary On dock Dates for the [***] Aircraft are found in Supplemental Agreement 18.

	[***] Aircraft
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

7. [***]

8. Letter Agreement 6-RLL-3958R2, Table 11 entitled "Option Aircraft Delivery, Description, Price and Advance Payments", is revised to [***]. The revised Table 11 dated May 2010 is attached hereto

9. [***]

10. [***]

11. At signing of this Supplemental Agreement _____is due.

The Purchase Agreement will be deemed to be supplemented and revised to the extent herein provided as of the date hereof and as so supplemented and revised will continue in full force and effect.

Boeing and Customer have each caused this Supplemental Agreement to be duly executed as of the day and year first written above.

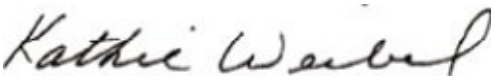
THE BOEING COMPANY	COPA HOLDINGS, S.A.
By 	By: _____
Its: Attorney-In-Fact	Its: Chief Executive Officer

TABLE OF CONTENTS

SUPPLEMENTAL EXHIBITS

LETTER AGREEMENTS

RESTRICTED LETTER AGREEMENTS

SUPPLEMENTAL AGREEMENTS	DATED AS OF:
Supplemental Agreement No. 1	June 29, 2001
Supplemental Agreement No. 2	December 21, 2001
Supplemental Agreement No. 3	June 14, 2002
Supplemental Agreement No. 4	December 20, 1002
Supplemental Agreement No. 5	October 31, 2003
Supplemental Agreement No. 6	September 9, 2004
Supplemental Agreement No. 7	December 9, 2004
Supplemental Agreement No. 8	April 15, 2005
Supplemental Agreement No. 9	March 16, 2006
Supplemental Agreement No. 10	May 8, 2006
Supplemental Agreement No. 11	August 30, 2006
Supplemental Agreement No. 12	February 26, 2007
Supplemental Agreement No. 13	April 23, 2007
Supplemental Agreement No. 14	August 31, 2007
Supplemental Agreement No. 15	February 21, 2008
Supplemental Agreement No. 16	June 30, 2008
Supplemental Agreement No. 17	December 15, 2008
Supplemental Agreement No. 18	July 15, 2009
Supplemental Agreement No. 19	August 31, 2009
Supplemental Agreement No. 20	November 19, 2009

Table 1-6
Aircraft Delivery, Description, Price and Advance Payments
(BSI Interior)

Airframe Model/MTOW: 737-800	[***]	**Detail Specification:**	[***]		
Engine Model/Thrust: CFM56-7B26	[***]	**Airframe Price Base Year/Escalation Formula:**	[***]	[***]	
Airframe Price:	[***]	**Engine Price Base Year/Escalation Formula:**	[***]	[***]	
Optional Features:	[***]	**[***]**			
Sub-Total of Airframe and Features:	[***]	**Airframe Escalation Data:**	[***]		
Engine Price (Per Aircraft):	$ 0	**Base Year Index (ECI):**	[***]		
Aircraft Basic Price (Excluding BFE/SPE):	[***]	**Base Year Index (CPI):**	[***]		
Buyer Furnished Equipment (BFE) Estimate:	$ 0				
Seller Purchased Equipment (SPE) Estimate:	[***]				
Refundable Deposit/Aircraft at Proposal Accept:	[***]				

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Serial Number		Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): [***] [***]	[***] [***]	[***] [***]	[***] [***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Total:	4								

Table 1-8
Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW: 737-800	[***]	**Detail Specification:** see PA 2191	
Engine Model/Thrust: CFM56-7B26	[***]	**Airframe Price Base Year/Escalation Formula:**	[***] [***]
Airframe Price*: see note below	[***]	**Engine Price Base Year/Escalation Formula:**	[***] [***]
Optional Features:	[***]	**[***]**	
Sub-Total of Airframe and Features:	[***]	**Airframe Escalation Data:**	[***]
Engine Price (Per Aircraft):	$ 0	**Base Year Index (ECI):**	[***]
Aircraft Basic Price (Excluding BFE/SPE):	[***]	**Base Year Index (CPI):**	[***]
Buyer Furnished Equipment (BFE) Estimate:	$ 0		
Seller Purchased Equipment (SPE) Estimate:	[***]		
Refundable Deposit/Aircraft at Proposal Accept:	[***]		

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Serial Number		Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): [***] [***]	[***] [***]	[***] [***]	[***] [***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Total:	2								
[***]									
[***]									

Table 1-9
Aircraft Delivery, Description, Price and Advance Payments
(BSI Interior)

Airframe Model/MTOW: 737-800	[***]	**Detail Specification:**	[***] [***]
Engine Model/Thrust: CFM56-7B26	[***]	**Airframe Price Base Year/Escalation Formula:**	[***] [***]
Airframe Price:	[***]	**Engine Price Base Year/Escalation Formula:**	[***] [***]
Optional Features:	[***]	**[***]**	
Sub-Total of Airframe and Features:	[***]	**Airframe Escalation Data:**	[***]
Engine Price (Per Aircraft):	$ 0	**Base Year Index (ECI):**	[***]
Aircraft Basic Price (Excluding BFE/SPE):	[***]	**Base Year Index (CPI):**	[***]
Buyer Furnished Equipment (BFE) Estimate:	$ 0		
Seller Purchased Equipment (SPE) Estimate:	[***]		

Refundable Deposit/Aircraft at Proposal Accept: [***]

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Serial Number		Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): [***] [***]	[***] [***]	[***] [***]	[***] [***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Total:	2								

Table 1-10A(1)
Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW: 737-800	[***]	**Detail Specification:**	[***]		
Engine Model/Thrust: CFM56-7B26	[***]	**Airframe Price Base Year/Escalation Formula:**	[***]	[***]	
Airframe Price:	[***]	**Engine Price Base Year/Escalation Formula:**	[***]	[***]	
Optional Features:	[***]				
Sub-Total of Airframe and Features:	[***]	**Airframe Escalation Data:**			
Engine Price (Per Aircraft):	$ 0	**Base Year Index (ECI):**	[***]		
Aircraft Basic Price (Excluding BFE/SPE):	[***]	**Base Year Index (CPI):**	[***]		
Buyer Furnished Equipment (BFE) Estimate:	$ 0				
Seller Purchased Equipment (SPE) Estimate:	[***]				

Refundable Deposit/Aircraft at Proposal Accept: [***]

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Serial Number	Escalation	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): [***] [***]	[***] [***]	[***] [***]	[***] [***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Total:	2								
[***]									
[***]									
[***]									

Table 1- 10A(2)
Aircraft Delivery, Description, Price and Advance Payments (BSI/Winglets)

Airframe Model/MTOW: 737-800	[***]	**Detail Specification:**	[***]	
Engine Model/Thrust: CFM56-7B26	[***]	**Airframe Price Base Year/Escalation Formula:**	[***]	[***]
Airframe Price:	[***]	**Engine Price Base Year/Escalation Formula:**	[***]	[***]
Optional Features:	[***]			
Sub-Total of Airframe and Features:	[***]	**Airframe Escalation Data:**		
Engine Price (Per Aircraft):	$ 0	**Base Year Index (ECI):**	[***]	
Aircraft Basic Price (Excluding BFE/SPE):	[***]	**Base Year Index (CPI):**	[***]	
Buyer Furnished Equipment (BFE) Estimate:	$ 0			
Seller Purchased Equipment (SPE) Estimate:	[***]			
Refundable Deposit/Aircraft at Proposal Accept:	[***]			

						Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Serial Number**	**Fixed Escalation**	**Escalation Estimate Adv Payment Base Price Per A/P**	**[***] [***]**	**[***] [***]**	**[***] [***]**	**[***] [***]**
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Total:	10								
[***]									
[***]									

Table 1-10B
Aircraft Delivery, Description, Price and Advance Payments
(BSI Interior)

Airframe Model/MTOW: 737-800	[***]	**Detail Specification:**	[***]		
Engine Model/Thrust: CFM56-7B26	[***]	**Airframe Price Base Year/Escalation Formula:**	[***]	[***]	
Airframe Price:	[***]	**Engine Price Base Year/Escalation Formula:**	[***]	[***]	
Optional Features:	[***]				
Sub-Total of Airframe and Features:	[***]	**Airframe Escalation Data:**			
Engine Price (Per Aircraft):	$ 0	**Base Year Index (ECI):**	[***]		
Aircraft Basic Price (Excluding BFE/SPE):	[***]	**Base Year Index (CPI):**	[***]		
Buyer Furnished Equipment (BFE) Estimate:	$ 0				
Seller Purchased Equipment (SPE) Estimate:	[***]				
Option Deposit Paid	[***]				

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Serial Number	Escalation*	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): [***] [***]	[***] [***]	[***] [***]	[***] [***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Total:	3								

[***]
[***]

Table 1-12
Aircraft Delivery, Description, Price and Advance Payments
(BSI Interior)

Airframe Model/MTOW: 737-800	[***]	**Detail Specification:**	[***]
Engine Model/Thrust: CFM56-7B26	[***]	**Airframe Price Base Year/Escalation Formula:**	[***] [***]
Airframe Price:	[***]	**Engine Price Base Year/Escalation Formula:**	[***] [***]
Optional Features:	[***]		
Sub-Total of Airframe and Features:	[***]	**Airframe Escalation Data:**	
Engine Price (Per Aircraft):	$ 0	**Base Year Index (ECI):**	[***]
Aircraft Basic Price (Excluding BFE/SPE):	[***]	**Base Year Index (CPI):**	[***]
Buyer Furnished Equipment (BFE) Estimate:	$ 0		
Seller Purchased Equipment (SPE) Estimate:	[***]		
Option Deposit	[***]		

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Serial Numbers		Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): [***] [***]	[***] [***]	[***] [***]	[***] [***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]								

Table 1-11
Aircraft Delivery, Description, Price and Advance Payments
(BSI Interior)

Airframe Model/MTOW: 737-800	[***]	**Detail Specification:**	[***]	
Engine Model/Thrust: CFM56-7B26	[***]	**Airframe Price Base Year/Escalation Formula:**	[***]	[***]
Airframe Price:	[***]	**Engine Price Base Year/Escalation Formula:**	[***]	[***]
Optional Features:	[***]			
Sub-Total of Airframe and Features:	[***]	**Airframe Escalation Data:**		
Engine Price (Per Aircraft):	$ 0	**Base Year Index (ECI):**	[***]	
Aircraft Basic Price (Excluding BFE/SPE):	[***]	**Base Year Index (CPI):**	[***]	
Buyer Furnished Equipment (BFE) Estimate:	$ 0			
Seller Purchased Equipment (SPE) Estimate:	[***]			
Non-Refundable Deposit/Aircraft at Def Agreemt:	[***]			

						Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**			**Escalation Estimate Adv Payment Base Price Per A/P**	**[***] [***]**	**[***] [***]**	**[***] [***]**	**[***] [***]**
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]

AIRCRAFT CONFIGURATION FOR AIRCRAFT
WITH DELIEVERIES [***]

Between

THE BOEING COMPANY

And

COPA HOLDINGS, S.A., INC.

Exhibit A-4 to Purchase Agreement Number 2191

AIRCRAFT CONFIGUARTION
WITH DELIEVERIES BEGINNING IN 2011

Dated May 2010

relating to

BOEING MODEL 737-8V3 AIRCRAFT

Exhibit A-4 provides the Options for Customer's Aircraft [***]. These Aircraft will have the [***]. The Detail Specification will be [***]. Such Detail Specification will incorporate the Options listed below, including the [***]. The aircraft Basic Price reflects and includes all effects of such Options, except such Aircraft Basic Price does not include the price effects of any Buyer Furnished Equipment or Seller Purchased Equipment. Exhibit A-4 is [***] used in the pricing Tables.

Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-06
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-06
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-06
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	**Title**	**[***] Price Per A/C**
[***]	[***]	[***]
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-06
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-06
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-06
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
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CONFIDENTIAL

Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-06
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-07
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-07
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-07
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-07
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-07
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log: COP38W0003-07
Customer: COP — COPA Airlines
Model: 737-800
Base Date: [***]
Qty of A/C: [***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-07
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log: COP38W0003-08
Customer: COP — COPA Airlines
Model: 737-800
Base Date: [***]
Qty of A/C: [***]

CR	Title	[***] Price Per A/C
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-08
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-08
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-08
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log: COP38W0003-08
Customer: COP — COPA Airlines
Model: 737-800
Base Date: [***]
Qty of A/C: [***]

CR	Title	[***] Price Per A/C
[***]	[***]	[***]
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-08
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
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Exhibit A To
Boeing Purchase Agreement

Customer Log:	COP38W0003-08
Customer:	COP — COPA Airlines
Model:	737-800
Base Date:	[***]
Qty of A/C:	[***]

CR	Title	[***] Price Per A/C
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MODEL 737-8V3 [***]

FOR COPA (COPA HOLDINGS, S.A. INC.)

SECTION	**CONTENTS**
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CONFIDENTIAL

The Boeing Company
P.O. Box 3707
Seattle, WA 98124-2207

LA-1000842
COPA HOLDINGS, S.A.
Apartado 1572
Avenida Justo Arosemena y Calle 390
Panama 1, Paname

Subject: Installation of Cabin Systems Equipment

Reference: Purchase Agreement No. 2191 (Purchase Agreement) between The Boeing Company (Boeing) and COPA HOLDINGS, S.A (Customer) relating to Model 737-8V3 Aircraft [***]

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement will have the same meaning as in the Purchase Agreement.

	[***]		
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CONFIDENTIAL

COPA HOLDINGS, S.A.,INC.
LA-1 000842

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CONFIDENTIAL
COPA HOLDINGS, S.A.,INC.
LA-1 000842

Very truly yours,

THE BOEING COMPANY

By Kathie Weibel
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: May ____, 2010

COPA (COPA HOLDINGS, S.A., INC.

By _____
Its _____

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EXHIBIT 4.25

CONFIDENTIAL TREATMENT

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Supplemental Agreement No. 22

to

Purchase Agreement No. 2191

between

The Boeing Company

and

COPA Holdings, S.A.

Relating to Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT No. 22 ("Supplemental Agreement 22") is entered into as of September 24, 2010 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998, (as amended and supplemented and together with all exhibits, schedules and letter agreements pertaining thereto, the "Purchase Agreement") relating to Boeing Model 737-7V3 and 737-8V3 aircraft (collectively, the "Aircraft" and each an "Aircraft");

WHEREAS, Customer is purchasing [***] aircraft [***];

WHEREAS, Customer and Boeing have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

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

1. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement. The [***] 737-8V3 aircraft that Customer is purchasing are hereinafter defined as the Table 1-13 Aircraft.

2. The "Table of Contents" of the Purchase Agreement is revised to reflect the changes made by this Supplemental Agreement 22 and a copy of such revised Table of Contents is attached hereto.

3. Table 1-13, "Aircraft Delivery, Description, Price and Advance Payments", attached hereto, is added to the Purchase Agreement providing the delivery and pricing information for the Table 1-13 Aircraft.

6. Exhibit A-4 entitled "Aircraft Configuration for Customer's 737-8V3 [***]" provides the configuration for the Table 1-13 Aircraft.

CONFIDENTIAL TREATMENT

7. Supplemental Exhibit BFE1, Buyer Furnished Equipment Variables is not revised because preliminary on-dock dates for these delivery positions are not available as they are outside the current production schedule. [***]

8. [***]

9. Letter Agreement 6-RLL-1162-3958R2, entitled "Option Aircraft Delivery, Description, Price and Advance Payments", is [***]. The revised letter agreement 6-1962-RLL-3958R3 is attached hereto

10. [***]

11. [***]

12. Letter Agreement COP-2191-LA-10001606 entitled [***] attached hereto, is added to the Purchase Agreement.

[***]

The Purchase Agreement will be deemed to be supplemented and revised to the extent herein provided as of the date hereof and as so supplemented and revised will continue in full force and effect.

CONFIDENTIAL TREATMENT

Boeing and Customer have each caused this Supplemental Agreement to be duly executed as of the day and year first written above.

THE BOEING COMPANY	COPA HOLDINGS, S.A.
By _____	By: _____
Its: Attorney-In-Fact	Its: Chief Executive Officer

TABLE OF CONTENTS

SUPPLEMENTAL EXHIBITS

LETTER AGREEMENTS

RESTRICTED LETTER AGREEMENTS

SUPPLEMENTAL AGREEMENTS	DATED AS OF:
Supplemental Agreement No. 1	June 29, 2001
Supplemental Agreement No. 2	December 21, 2001
Supplemental Agreement No. 3	June 14, 2002
Supplemental Agreement No. 4	December 20, 2002
Supplemental Agreement No. 5	October 31, 2003
Supplemental Agreement No. 6	September 9, 2004
Supplemental Agreement No. 7	December 9, 2004
Supplemental Agreement No. 8	April 15, 2005
Supplemental Agreement No. 9	March 16, 2006
Supplemental Agreement No. 10	May 8, 2006
Supplemental Agreement No. 11	August 30, 2006
Supplemental Agreement No. 12	February 26, 2007
Supplemental Agreement No. 13	April 23, 2007
Supplemental Agreement No. 14	August 31, 2007
Supplemental Agreement No. 15	February 21, 2008
Supplemental Agreement No. 16	June 30, 2008
Supplemental Agreement No. 17	December 15, 2008
Supplemental Agreement No. 18	July 15, 2009
Supplemental Agreement No. 19	August 31, 2009
Supplemental Agreement No. 20	November 19, 2009
Supplemental Agreement No. 21	**May 28, 2010**

Table 1-13
Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW: 737-800	[***]	**Detail Specification:**	[***]	
Engine Model/Thrust: CFM56-7B26	[***]	**Airframe Price Base Year/Escalation Formula:**	[***]	[***]
Airframe Price:	[***]	**Engine Price Base Year/Escalation Formula:**	[***]	[***]
Optional Features:	[***]			
Sub-Total of Airframe and Features:	[***]	**Airframe Escalation Data:**		
Engine Price (Per Aircraft):	$ 0	**Base Year Index (ECI):**	[***]	
Aircraft Basic Price (Excluding BFE/SPE):	[***]	**Base Year Index (CPI):**	[***]	
Buyer Furnished Equipment (BFE) Estimate:	$ 0			
Seller Purchased Equipment (SPE) Estimate:	[***]			
Refundable Deposit/Aircraft at Proposal Accept:	[***]			

						Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						[***]	**[***]**	**[***]**	**[***]**
Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Serial Number**	**Escalation**	**Escalation Estimate Adv Payment Base Price Per A/P**	**[***]**	**[***]**	**[***]**	**[***]**
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
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Boeing Commercial Airplanes
P.O. Box 3707
Seattle, WA 98124-2207

6-1162-LAJ-982R8

COPA HOLDINGS, S.A.
Urbanizacion Costa del Este
P.O. Box 0816-06819
Panama, Republic of Panama

Subject: Special Matters

Reference: Purchase Agreement No. 2191 as amended to date, including without limitation all exhibits, attachments, schedules and letter agreements thereto (the Purchase Agreement) between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) relating to Model 737 aircraft (the Aircraft)

This Letter Agreement amends and supplements the Purchase Agreement and supersedes and replaces in its entirety Letter Agreement 6-1162-LAJ-982R7. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement. For purposes of this Letter Agreement "Incremental Aircraft" as defined in Supplemental Agreement 18 are "Aircraft" or "Table 1-10A&B Aircraft"; the exercised Option Aircraft in Supplemental Agreement 21 are "Table 1-12 Aircraft" and "Aircraft" and the "Table 1-13 Aircraft" are "Table 1-13 Aircraft" and "Aircraft".

[***]

COPA HOLDINGS, S.A.
6-1162-LAJ-982R8

13. Confidentiality. The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Except as otherwise required by applicable law, regulation or legal process, Customer will limit the disclosure of its contents to employees, counsel and auditors of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement or advising Customer with respect thereto and who understand they are not to disclose its contents to any other person or entity in violation of the provisions of this Paragraph 13.

Very truly yours,

THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 2010

COPA HOLDINGS, S.A.

By _____
Its _____

Boeing Commercial Airplanes
P.O. Box 3707
Seattle, WA 98124-2207

6-1162-RLL-3958R3

COPA HOLDINGS, S.A.
Urbanizacion Costa del Este
P.O. Box 0816-06819
Panama, Republic of Panama

Subject: Option Aircraft

Reference: Purchase Agreement No. 2191 as amended to date, including without limitation all exhibits, attachments, schedules and letter agreements thereto (the Purchase Agreement) between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) relating to Model 737 aircraft (the Aircraft)

This Letter Agreement amends the Purchase Agreement and supersedes and replaces in its entirety Letter Agreement 6-1162-RLL- 3958R2. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

[***]

1. Aircraft Description and Changes

1.1 Aircraft Description: The Option Aircraft are described by the Detail Specification [***].

1.2 Changes: The Detail Specification will be revised to include:

[***]

COPA HOLDINGS, S.A.
6-1162-RLL-3958R3

2. Price

[***]

2.2 [***]

3. Payment.

[***]

COPA HOLDINGS, S.A
6-1162-RLL-3958R3

4. Option Exercise.

4.1 [***]

4.2 [***]

5. [***]

5.1 [***]

6. Contract Terms.

[***]

COPA HOLDINGS, S.A
6-1162-RLL-3958R3

Very truly yours,

THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: September , 2010

COPA HOLDINGS, S.A.

By _____
Its _____

Attachment — Table 1-11 and 1-14

Table 1-11
Option Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW: 737-800	[***]	**Detail Specification:**	[***]		
Engine Model/Thrust: CFM56-7B26	[***]	**Airframe Price Base Year/Escalation Formula:**		[***]	[***]
Airframe Price:	[***]	**Engine Price Base Year/Escalation Formula:**		[***]	[***]
Optional Features:	[***]				
Sub-Total of Airframe and Features:	[***]	**Airframe Escalation Data:**			
Engine Price (Per Aircraft):	$ 0	**Base Year Index (ECI):**		[***]	
Aircraft Basic Price (Excluding BFE/SPE):	[***]	**Base Year Index (CPI):**		[***]	
Buyer Furnished Equipment (BFE) Estimate:	$ 0				
Seller Purchased Equipment (SPE) Estimate:	[***]				
Non-Refundable Deposit/Aircraft at Def Agreemt:	[***]				

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)			Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): [***] [***]	[***] [***]	[***] [***]	[***] [***]
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Attachment to
6-1162-RLL-3958R3

Table 1-14
Option Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW: 737-800	[***]	**Detail Specification:**	[***]	
Engine Model/Thrust: CFM56 -7B26	[***]	**Airframe Price Base Year/Escalation Formula:**	[***]	[***]
Airframe Price:	[***]	**Engine Price Base Year/Escalation Formula:**	[***]	[***]
Optional Features:	[***]			
Sub-Total of Airframe and Features:	[***]	**Airframe Escalation Data:**		
Engine Price (Per Aircraft):	$ 0	**Base Year Index (ECI):**	[***]	
Aircraft Basic Price (Excluding BFE/SPE):	[***]	**Base Year Index (CPI):**	[***]	
Buyer Furnished Equipment (BFE) Estimate:	$ 0			
Seller Purchased Equipment (SPE) Estimate:	[***]			
Non-Refundable Deposit/Aircraft at Def Agreemt:	[***]			

Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Escalation Estimate Adv Payment Base Price Per A/P**	**Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):**			
				[***]	**[***]**	**[***]**	**[***]**
				[***]	**[***]**	**[***]**	**[***]**
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]

CONFIDENTIAL

Boeing Commercial Airplanes
P.O. Box 3707
Seattle, WA 98124-2207

6-1162-KSW-6419R1

COPA HOLDINGS, S.A.
Urbanizacion Costa del Este
P.O. Box 0816-06819
Panama, Republic of Panama

Subject: [***]

Reference: Purchase Agreement No. 2191, as amended to date, including without limitation all exhibits, attachments, schedules and letter agreements thereto (the Purchase Agreement), between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (Customer) relating to Model 737-8V3 aircraft (the Aircraft)

[***]

6. The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Except as otherwise required by applicable law, regulation or legal process, Customer will limit the disclosure of its contents to employees, counsel and auditors of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement or advising Customer with respect thereto and who understand they are not to disclose its contents to any other person or entity in violation of the provisions of this Paragraph 6.

Very truly yours,

THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 2010

COPA HOLDINGS, S.A.

By _____
Its _____

Attachment A to Letter Agreement 6-1162-KSW-6419R1

[***]

Airframe Model 737-800
Engine Model: CFM56-7B26
Airframe Price Base Year [***]
Engine Price Base Year [***]

Delivery Month and Year	Subject Aircraft Serial Number	Applicable Combined Airframe/Engine Escalation Provisions	Election Period
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]

Attachment A to Letter Agreement 6-1162-KSW-6419R1

[***]

Delivery Month and Year	Subject Aircraft Serial Number	Applicable Combined Airframe/Engine Escalation Provisions	Election Period
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]

Boeing Commercial Airplanes
P.O. Box 3707
Seattle, Washington 98124-2207
U.S.A.

Reference: Purchase Agreement No. 2191 dated as of November 25, 1998, as amended to date, including all exhibits, attachments, schedules and letter agreements thereto, between The Boeing Company (Boeing) and COPA HOLDINGS, S.A. (the Purchase Agreement)

Attention: Vice President — Contracts
Mail Code 21-34

Pursuant to Article 2 of Letter Agreement 6-1162-KSW-6419 (Letter Agreement) to the Purchase Agreement and subject to the provisions of Article 3 of such Letter Agreement, COPA HOLDINGS, S.A. [***]:

Airframe Model: **Airframe Price Base Year:**

Engine Model: **Engine Price Base Year:** [***]

Delivery Month and Year	**Candidate Aircraft Serial Number**	**Combined Airframe/Engine Escalation Factor**

COPA HOLDINGS, S.A.

By _____
Its _____

Dated _____

[***]

THE BOEING COMPANY

By _____
Its Attorney-in-Fact

Dated _____

The Boeing Company
P.O. Box 3707
Seattle, WA 98124-2207

LA-1001606

COPA HOLDINGS S.A.
Urbanización Costa del Este
P.O. Box 0816-06819
Panama, Republic of Panama

Subject: [***]

Reference: Purchase Agreement No. PA-2191 as amended to date, including without limitation all exhibits, attachments, schedules and letter agreements thereto (Purchase Agreement) between The Boeing Company (Boeing) and COPA Holdings S.A. (Customer) relating to Model 737-800 aircraft (Aircraft)

[***]

1.2 [***]

4. Confidential Treatment.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Except as otherwise required by applicable law, regulation or legal process, Customer will limit the disclosure of its contents to employees, counsel and auditors of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement or advising Customer with respect thereto and who understand they are not to disclose its contents to any other person or entity in violation of the provisions of this Paragraph 4.

Very truly yours,

THE BOEING COMPANY

By _____
Its Attorney-in -Fact

ACCEPTED AND AGREED TO this

Date: _____

COPA Holdings, S.A.

By _____
Its _____

EXHIBIT 4.26

CONFIDENTIAL TREATMENT

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Supplemental Agreement No. 23

to

Purchase Agreement No. 2191

between

The Boeing Company

and

COPA Holdings, S.A.

Relating to Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT No. 23 ("Supplemental Agreement 23") is entered into as of October , 2010 by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and COPA HOLDINGS, S.A. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2191 dated November 25, 1998, (as amended and supplemented and together with all exhibits, schedules and letter agreements pertaining thereto, the "Purchase Agreement") relating to Boeing Model 737-7V3 and 737-8V3 aircraft (collectively, the "Aircraft" and each an "Aircraft");

[***];

WHEREAS, Customer and Boeing have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

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

1. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

2. The "Table of Contents" of the Purchase Agreement is revised to reflect the changes made by this Supplemental Agreement 23 and a copy of such revised Table of Contents is attached hereto.

3. [***].

3. Tables 1-10A(2) and 1-10B, "Aircraft Delivery, Description, Price and Advance Payments", attached hereto, [***].

6. Attachment A of Letter Agreement 6-1162-KSW-6419R1 [***].

The Purchase Agreement will be deemed to be supplemented and revised to the extent herein provided as of the date hereof and as so supplemented and revised will continue in full force and effect.

Boeing and Customer have each caused this Supplemental Agreement to be duly executed as of the day and year first written above.

CONFIDENTIAL TREATMENT

THE BOEING COMPANY

By: _____
Its: Attorney-In-Fact

COPA HOLDINGS, S.A.

By: _____
Its: Chief Executive Officer

CONFIDENTIAL TREATMENT

TABLE OF CONTENTS

CONFIDENTIAL TREATMENT

CONFIDENTIAL TREATMENT

SUPPLEMENTAL AGREEMENTS	DATED AS OF:
Supplemental Agreement No. 1	June 29, 2001
Supplemental Agreement No. 2	December 21, 2001
Supplemental Agreement No. 3	June 14, 2002
Supplemental Agreement No. 4	December 20, 2002
Supplemental Agreement No. 5	October 31, 2003
Supplemental Agreement No. 6	September 9, 2004
Supplemental Agreement No. 7	December 9, 2004
Supplemental Agreement No. 8	April 15, 2005
Supplemental Agreement No. 9	March 16, 2006
Supplemental Agreement No. 10	May 8, 2006
Supplemental Agreement No. 11	August 30, 2006
Supplemental Agreement No. 12	February 26, 2007
Supplemental Agreement No. 13	April , 2007
Supplemental Agreement No. 14	August 31, 2007
Supplemental Agreement No. 15	February 21, 2008
Supplemental Agreement No. 16	June 30, 2008
Supplemental Agreement No. 17	December 15, 2008
Supplemental Agreement No. 18	July 15, 2009
Supplemental Agreement No. 19	August 31, 2009
Supplemental Agreement No. 20	November 19, 2009
Supplemental Agreement No. 21	**May 28, 2010**

Table 1-10A(2)
Aircraft Delivery, Description, Price and Advance Payments (BSI/Winglets)

Airframe Model/MTOW: 737-800	[***]	**Detail Specification:**	[***]	
Engine Model/Thrust: CFM56-7B26	[***]	**Airframe Price Base Year/Escalation Formula:**	[***]	[***]
Airframe Price:	[***]	**Engine Price Base Year/Escalation Formula:**	[***]	[***]
Optional Features:	[***]			
Sub-Total of Airframe and Features:	[***]	**Airframe Escalation Data:**		
Engine Price (Per Aircraft):	$ 0	**Base Year Index (ECI):**	[***]	
Aircraft Basic Price (Excluding BFE/SPE):	[***]	**Base Year Index (CPI):**	[***]	
Buyer Furnished Equipment (BFE) Estimate:	$ 0			
Seller Purchased Equipment (SPE) Estimate:	[***]			
Refundable Deposit/Aircraft at Proposal Accept:	[***]			

						Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						[***]	[***]	[***]	[***]
Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Serial Number**	**Fixed Escalation**	**Escalation Estimate Adv Payment Base Price Per A/P**	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Total:	10								
[***]									
[***]									
[***]									

Table 1-10B
Aircraft Delivery, Description, Price and Advance Payments
(BSI Interior)

Airframe Model/MTOW: 737-800	[***]	**Detail Specification:**	[***]		
Engine Model/Thrust: CFM56-7B26	[***]	**Airframe Price Base Year/Escalation Formula:**	[***]		[***]
Airframe Price:	[***]	**Engine Price Base Year/Escalation Formula:**	[***]		[***]
Optional Features:	[***]				
Sub-Total of Airframe and Features:	[***]	**Airframe Escalation Data:**			
Engine Price (Per Aircraft):	$ 0	**Base Year Index (ECI):**		[***]	
Aircraft Basic Price (Excluding BFE/SPE):	[***]	**Base Year Index (CPI):**		[***]	
Buyer Furnished Equipment (BFE) Estimate:	$ 0				
Seller Purchased Equipment (SPE) Estimate:	[***]				
Option Deposit Paid	[***]				

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Serial Number	Escalation*	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): [***] [***]	[***] [***]	[***] [***]	[***] [***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Total:	3								
[***]									
[***]									
[***]									

Attachment A to Letter Agreement 6-1162-KSW-6419R1

[***]

Airframe Model 737-800
Engine Model: CFM56-7B26
Airframe Price Base Year [***]
Engine Price Base Year [***]

Delivery Month and Year	Subject Aircraft Serial Number	Applicable Combined Airframe/Engine Escalation Provisions	Election Period
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]

CONFIDENTIAL TREATMENT **EXHIBIT 4.27**

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

OnPoint[sm] Solutions

RATE PER ENGINE FLIGHT HOUR ENGINE SERVICES AGREEMENT

BETWEEN

GE ENGINE SERVICES, LLC

AND

COMPANIA PANAMENA DE AVIACION, S.A. and Lease Management Services, LLC

Agreement Number: 1-2637292281
Dated: April 15, 2012

PROPRIETARY INFORMATION NOTICE

TABLE OF CONTENTS

OnPoint[SM] Solutions Engine Services Agreement

THIS ENGINE SERVICES AGREEMENT is made and is effective as of this day of , 2012 (the "Effective Date") by and between Compania Panamena de Aviacion SA, having its principal place of business at Po Box 1572 Panama 1 Ave.

Justo Arosemena Y Calle 3, Panama ("Customer"), Lease Management Services, LLC., having its principal place of business in Delaware, USA, ("Fleet Manager") and GE Engine Services, LLC, having its principal place of business at One Neumann Way, Cincinnati, Ohio 45215 ("GE") (either a "Party" or collectively, the "Parties").

ARTICLE 1 – DEFINITIONS

Capitalized terms used in this Agreement and not otherwise defined have the meaning set forth in Exhibit A.

ARTICLE 2 – TERM/ENGINES/SERVICES

2.1 Term. Each Party's obligation to perform will commence upon March 1, 2012 (the "Commencement Date") and such obligation will continue, unless sooner terminated, for a period of fifteen (15) years, through April 30, 2026 (the "Initial Term"). Parties may renew or extend this Agreement upon mutual agreement prior to the end of the Initial Term.

2.2 Engines. The Engines covered by this Agreement are set forth on Exhibit B. During the term of this Agreement, GE shall be the exclusive provider of both Rate Per EFH and Supplemental Work Services for the Engines.

2.3 Services Provided. GE will provide Services to restore Engines to Serviceable condition in accordance with the Repair Specification, the Workscope and the terms of this Agreement.

2.4 Eligibility. New Engines are eligible for Rate Per EFH Services and Supplemental Work Services on the date of their delivery. Any Used Engines covered under this Agreement are eligible for Supplemental Services as of the Commencement Date and are eligible for Rate Per EFH Services either as of the date of the completion of a Qualifying Shop Visit ("QSV") or, if GE has determined that a QSV is not necessary, as of the Commencement Date. For the avoidance of doubt, all Engines installed on aircraft listed in Exhibit B shall be considered "New Engines" for purposes of this Agreement provided they have not undergone a shop visit.

ARTICLE 3 – RATE PER EFH SERVICES

3.1 Covered Services. GE will provide the following Services (the "Rate Per EFH Services") at a shop visit on a Rate Per EFH basis:

a. Provide, either at a Repair Station, an approved subcontractor, or such other location as agreed by Customer and GE, all labor, materials and parts necessary to return an Engine to a Serviceable condition, including Engine test.

b. **[***]**

c. Recommend, as appropriate, the replacement of a Delivered Engine with a Serviceable replacement Engine of like configuration and condition. If Customer agrees to such replacement, title to the removed Engine will vest with GE and title to the replacement Engine will vest with Customer (or its designee), provided the terms of such replacement comply with any aircraft lease or other financing arrangement applicable to such replaced Engine. Each Party will make its best commercial efforts to facilitate such title passage.

d. **[***]**

e. Repair CFM approved LRU's identified in Exhibit I received with an Engine for a Rate Per EFH Shop Visit and which were installed on the Engine when it was removed from the aircraft for Services, as evidenced by records provided in accordance with Article 9.

f. **[***]**

g. **[***]**

3.2 Rate per EFH Shop Visit. Engines that require maintenance or repair that cannot be performed on-wing (as determined by Customer and GE's Customer Program Manager or delegate), will be eligible for a shop visit at which GE will provide Rate Per EFH Services (a "Rate Per EFH Shop Visit") if the shop visit is necessary to:

a. After troubleshooting by Customer in accordance with the Aircraft Maintenance Manual (AMM) and/or Fault Isolation Manual (FIM), correct a known deficiency or performance deterioration which has created an Unserviceable condition; or

b. Comply with an AD if such AD mandates compliance prior to the next scheduled shop visit per the Removal Schedule.

3.3 Transportation. **[***]**

3.4 **[***]**

a. **[***]**

- [***]
- Within 24 hours of being notified by Customer that the AOG situation exists, GE will use its best efforts to advise Customer of the location of the closest available lease engine.
- [***]
- GE's obligation to provide such lease engine will terminate when the AOG condition is corrected by the Redelivery of an Engine to Customer, subject to Customer's obligation to return the lease engine set forth below.
- [***]
- [***]

b. Lease Engine Condition. GE's provision of such lease engine is predicated upon the following:

- The Parties have established a mutually agreeable Removal Schedule;
- [***]
- Customer has executed a lease agreement in form and substance satisfactory to Customer with GE, or a GE affiliate, in respect of the lease engine;
- Customer is not in material breach of this Agreement.

c. [***]

d. Sole Remedy. The foregoing provisions of this Article 3.4 will constitute the sole remedy of Customer and the sole liability of GE for lease engine availability and resolution of AOG conditions under this Agreement.

3.5 **[***]**

a. **[***]**

b. **[***]**

c. **[***]**

d. **[***]**

e. **[***]**

f. **[***]**

g. **[***]**

Any information provided to Customer by GE for use in troubleshooting and managing operations is advisory only. GE is not responsible for line maintenance or other actions resulting from such advice. Customer is responsible for identifying and resolving any aircraft or Engine faults or adverse trends.

3.6 **[***]**

ARTICLE 4 – SUPPLEMENTAL WORK

4.1 Supplemental Work. Supplemental Work will include, but will not be limited to:

a. Any and all Services not covered under Article 3 as Rate Per EFH Services or Rate Per EFH Shop Visits;

b. Any Services provided on Engines not eligible for Rate Per EFH Services or Rate Per EFH Shop Visits;

c. Services required as a result of:

(i) **[***]**

(ii) **[***]**

(iii) **[***]**

(iv) **[***]**

(v) [***]

(vi) [***]

(vii) [***]

(viii) [***]

(ix) [***]

(x) [***]

(xi) [***]

(xii) [***]

d. [***]

e. [***]

f. Services provided at a shop visit for which Customer Delivered an Engine for Services against the advice and consent of GE's Customer Program Manager or delegate unless it is determined after Delivery of the Engine that such shop visit does qualify as a Rate Per EFH Shop Visit under Article 3.2.

ARTICLE 5 – PRICING

5.1 Rate Per EFH Pricing. Unless otherwise stated, all rates and prices are in January 2011. Rate Per EFH Services will be performed by GE at the Rate Per EFH as follows:

[***] [***]

[***] [***]

[***] [***]

[***]

5.2 Rate Per EFH Operating Parameters. The Rate Per EFH is predicated on the following parameters:

[***]	[***]	[***] [***]	[***]	[***] [***]
[***]	[***]		[***]	

5.3 Rate Per EFH Adjustment

a. Escalation. All rates shall adjust on an annual basis on January 1 of each year in accordance with the escalation formula set forth on Exhibit C. **[***]**

b. Severity. The Rate Per EFH will be adjusted when there is a deviation from the parameters in Article 5.2 per the Price Adjustment Matrix. Customer will provide information regarding the above parameters on a monthly basis and in a mutually agreed upon format in accordance with Article 6.

5.4 Supplemental Pricing. Supplemental Work Services will be performed by GE in accordance with pricing provisions set forth on Exhibit E. This rate shall adjust on an annual basis in accordance with the escalation formula set forth on Exhibit F.

5.5 a. Service Credits. **[***]:**

[***] [***]

[***] [***]

[***] [***]

[***] [***]

[***] [***]

b. [***]

c. [***]

d. [***]

e. [***]

ARTICLE 6 – INVOICING AND PAYMENT

6.1 Rate Per EFH Payments. *Monthly Billing.* **[***]** This rate, multiplied by the total EFH for each Engine elapsed in the prior month, will be provided to the Customer in the monthly invoice no later than the twentieth (20th) of each month. Customer will make payment within five (5) days of receipt of such invoice but in no event will Customer be required to make payment prior to the 25th day of the month.

[***]

6.2 EFH Minimum. **[***]**

6.3 Supplemental Work Payments.

a. Initial Invoice. Upon completion of Supplemental Work Services, **[***]**. All invoices shall be payable by Customer in arrears in satisfaction of GE's performance of Supplemental Work Services.

b. Final Invoice. Following Redelivery, GE will issue a final invoice for Supplemental Work Services based on actual charges to complete the Services, including any credits due Customer. Such invoice will be reconciled with the initial invoice and Customer's payment. **[***]**

6.4 Late Payment Remedies. **[***]** In the event of a bona fide dispute regarding any the amount to be paid pursuant to any invoice, or any portion thereof, Customer shall within fifteen (15) working Days of receipt of such invoice give written notice to GE of such disputed invoice, or dispute portion thereof, together with reasonable substantiation of such dispute and any supporting documentation. GE and Customer shall use their respective best efforts and allocate sufficient resources to resolve such dispute within thirty (30) working Days or as soon as practicable thereafter. In the event the Parties fail to resolve any such dispute invoice within such period, the dispute shall be resolved by designating senior managers to reach a resolution. Upon resolution, GE shall credit Customer, or Customer shall pay to GE, as applicable, settled amount of the disputed portion of the invoice within seven (7) calendar days. For clarification, Customer shall be required to pay the undisputed portion of any invoice in accordance with the payment terms for undisputed invoices set forth in this Agreement. To the extent Customer complies with the requirements of this Article 6.4, GE shall not charge a fee for late payment, as set forth above, during that period of time such amount is disputed by the Parties.

6.5 Remittance. All payments under this Agreement will be made in United States Dollars, immediately available for use, without any right of set-off or deduction, via wire transfer by Customer to the bank account and address designated below:

GE Engine Services, LLC
Account No. **[***]**
ABA # **[***]**
[***]
[***]

ARTICLE 7 – FLEET MANAGEMENT

7.1 Program Manager. GE will assign a Customer Program Manager who will be the point of contact for Customer with respect to Services and who will:

a. Work with the Customer, on a monthly basis, to develop a Removal Schedule which will identify by serial number the Engine(s) to be removed during the following six (6) month period, the anticipated reason for removal of each, and the schedule for Delivery.

b. Work with the Customer to develop a Repair Specification which is consistent with the CFM Workscope Planning Guide. Customization beyond the recommendations in the Workscope Planning Guide can be addressed but may result in an adjustment in the pricing set forth in Article 5. Any subsequent changes or amendments to the Repair Specification will be mutually agreed by the Parties and may result in an adjustment in the pricing set forth in Article 5.

7.2 Workscope. Prior to Induction, GE will prepare a Workscope and provide it to Customer for approval.

7.3 Line Maintenance. Customer will provide all line maintenance and repair and line station support, consistent with Customer's historical maintenance practices and OEM recommendations.

7.4 Monitoring Equipment. Customer will provide an automated method to transfer operational and maintenance data to GE for the monitoring and diagnosis of Engine condition. If the aircraft is equipped with air-to-ground equipment such as ACARS, the Customer will forward the data directly to the GE SITA/ARINC address. If air-ground equipment is not available, GE will work with Customer to establish an alternate electronic means of providing this data.

7.5 Designated Repair Station. **[***]** GE may change the DRS upon Customer's consent which shall not be unreasonably withheld or delayed. GE may provide Services at a location other than a Repair Station including performance of repairs on-wing or on-site. If GE changes the DRS, Customer's obligations under this Agreement will be no greater than if Services were performed at the original DRS.

7.6 Subcontracting. All Services performed under the Agreement will be performed by GE or its designated subcontractors at maintenance and repair facilities that are properly licensed and certified by the AAA to perform the Services. GE will obtain Customer's consent, which shall not be unreasonably withheld or delayed, prior to subcontracting Services on an entire Engine assembly. However, GE shall not be required to obtain Customer's consent to subcontract Services on individual components of an Engine. If GE does subcontract Services, the Customer obligations under this Agreement will be no greater than if such Services were performed at the DRS. Customer will, at its sole expense, have the right to review GE's quality system audit report(s) for such subcontractor(s). Subcontracting of any Services will not relieve GE of its performance obligations set forth in this Agreement.

7.7 Parts Replacement Procedures

a. Missing Parts. Upon Delivery, GE will notify Customer of any (A) components or LRU's missing from Engines, and (B) parts found to have been damaged during transportation of the Engine. GE will replace such missing items at Customer's expense as Supplemental Work, unless Customer notifies GE in writing within a reasonable period of time of receiving GE's notice that Customer wishes to furnish such missing within a period of time specified by GE.

b. Parts Replacement. **[***]**

c. Life Limited Parts. **[***]**

d. Customer Furnished Equipment ("CFE"). **[***]**

e. Title to Parts or Material. **[***]**

f. Scrapped Parts. GE will dispose of all Scrapped Parts at its sole expense and without any further adjustment to Customer.

ARTICLE 8 – WARRANTY

8.1 Workmanship Warranties.

a. Services Warranty

[***]

[***]

i) Repair or replacement of such defective workmanship using its own forces or subcontractor or, upon submission of a written quote which includes total costs, and upon prior written approval from GE, or pay Customer's quoted costs for such repairs, and ii) reimburse Customer for transportation expenses reasonably incurred and adequately documented by Customer in connection with the warranty claim. The warranty period for the repaired or replaced workmanship will be the remainder of the original warranty period.

b. Conditions and Limitations – Applicable to Services Warranty

Any warranty for Engines or parts, LRU's, components and material thereof, including the design, material or engineering defects of a manufacturer, will be the warranty, if any, of the manufacturer of such Engines or parts, LRU's, components or material thereof. **[***]**

THE WARRANTIES SET FORTH HEREIN ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, ORAL, EXPRESSED, IMPLIED OR STATUTORY (INCLUDING ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE).

8.2 Designation of GE as Warranty Claims Administrator and Beneficiary. Customer will designate GE as a claims administrator and beneficiary for all applicable Engine warranties and guarantees using the designation letter attached as Exhibit K. Such designation letter will automatically terminate upon the termination of the Agreement.

8.3 Pre - existing Warranties. Customer will assure that any requested repair of an Engine, accessory or component that is covered under a third-party warranty to which GE is not designated as the claims administrator and beneficiary will be performed directly by that person at no expense to GE. Notwithstanding the above, GE may accept a purchase order for the time and material repair of a warranted item from Customer or the person giving the warranty.

ARTICLE 9 – DELIVERY/REDELIVERY

9.1 Delivery. [***]

9.2 External Engine Configuration. Prior to the first shop visit under this Agreement, the Parties shall agree upon an external Engine configuration specification. Upon Delivery of each Engine, GE will notify Customer of any deviations from the configuration specification of Engines Delivered for Service, and GE and Customer will work to resolve the deviations.

9.3 Engine Documentation. Upon Delivery of each Engine, Customer will provide to GE the information and records set forth as mutually agreed. Customer's failure to timely furnish the required information may delay Induction of the Engine for Service, may cause an Excusable Delay and may result in premature LLP replacement.

9.4 Packaging. Customer is responsible for all packaging, labeling and associated documentation of the Engine at Delivery, in accordance with the International Civil Aviation Organizations (ICAO) Technical Instructions for the Safe Transport of Dangerous Goods by Air, and if the Engine is to be transported over the United States of America, the US Department of Transport Regulations 48 CFR 171-180. If required by applicable law or regulations, Customer will further provide a material safety data sheet to GE at Delivery of the Engine indicating any substances contained within the Engine to be consigned. Customer will indemnify, defend and hold harmless GE from all or any claims, liabilities, damages, judgments, costs, penalties, fines and/or any punitive damages imposed, alleged, or assessed by any third party against GE and caused by and to the extent of Customer's non-compliance with this Article 9.4.

9.5 Shipping Stands. Customer will provide and maintain all shipping stands, shipping containers, mounting adapters, inlet plugs and covers, required to package the Engine for Redelivery. Customer is responsible for preparing the engine for shipment.

9.6 Redelivery. After completion of Services, GE will prepare and package the Engine for Redelivery to Customer and provide a Services records package that complies with AAA regulations.

ARTICLE 10 – ADDITION OF ENGINES

10.1. Addition of Engines. Customer and GE may agree to amend Exhibit B to add Engines to the Agreement after the Commencement Date.

[***]

a. **[***]**

b. **[***]**

10.2. Adjustment of Rate. **[***]**

ARTICLE 11 – REMOVAL OF ENGINES

11.1. Removal of Engines. **[***]**

a. **[***]**

b. **[***]**

c. **[***]**.

In all cases of Engine removal, GE and Customer must mutually agree on which Engine will be removed, unless Customer's lessor dictates otherwise. Any Engine removal will be subject to reconciliation provisions set forth below.

11.2. Reconciliation.

a. **[***]**

b. **[***]**

11.3. Adjustment of Rate. **[***]**.

ARTICLE 12 – TERMINATION

12.1 Insolvency. Either Party may terminate or suspend performance of all or any portion of this Agreement if the other Party: (A) makes any agreement with creditors due to its inability to make timely payments of its debts; (B) enters into bankruptcy or liquidation, whether compulsory or voluntary; (C) becomes insolvent; or (D) becomes subject to the appointment of a receiver of the whole or material part of its assets

12.2 Material Provisions. **[***]** Either Party may terminate this Agreement upon ninety (90) Days written notice to the other for failure to comply with any material provision of this Agreement, unless the failure will have been cured or the Party in breach has substantially effected all acts required to cure the failure prior to **[***]**

12.3 Other Agreements. Customer's material breach of this Agreement, if not cured hereunder, will, at GE's option, be a material breach of all other agreements and contracts between Customer and GE. In such an event, GE may: (A) suspend performance under this Agreement, and any or all of the other agreements and contracts until a reasonable time after all defaults have been cured; (B) terminate this Agreement and any or all other such agreements and contracts; and/or (C) pursue any other remedy with respect to this Agreement or the other agreements and contracts which the law permits.

12.4.1 Maximum Removals. If the number of Engines decreases to less than fifty percent (50%) of the highest number of Engines at any time during the term of this Agreement, GE may terminate this Agreement.

12.5 Payment for Services Performed. In the event of termination of this Agreement for any reason, Customer will pay GE, in addition to any other remedy allowable under this Agreement or applicable law, for all Services or work performed by GE up to the time of such termination under the applicable terms and prices of this Agreement including all costs, fees, and charges incurred by GE in providing support and material under this Agreement including lease engines. In addition, the terms of the reconciliation of Rate Per EFH Payments under the removal of Engines provisions of Article 11 will apply.

12.6 Work in Process, Redelivery of Customer's Engines. Upon the termination or expiration of this Agreement, GE will complete all work in process in a diligent manner and Redeliver all Engines, parts and related documentation, provided that Customer (a) has paid in full all charges for all such Services and material, plus all costs, fees and penalties, incurred by GE in providing support, including any lease engines, and (b) has returned all lease engines provided under this Agreement.

ARTICLE 13 – REPRESENTATIONS

13.1.1 Customer represents to GE that it is a corporation, duly organized and validly existing under the laws of Panama. GE represents that it is a limited liability company, duly organized, validly existing and in good standing under the laws of State of Delaware.

13.1.2 Customer and GE each represent that the execution and delivery of this Agreement has been duly and validly authorized by all requisite action on their part. This Agreement has been duly executed and delivered on behalf of Customer and GE, and constitutes a legal, valid and binding obligation of Customer and GE enforceable in accordance with its terms.

13.3 Customer and GE each represent that they have had an opportunity to review this Agreement and consult with legal counsel prior to execution, and the final form of this Agreement is the result of good faith, arms length negotiations. Customer and GE each represent that this Agreement is fair and commercially reasonable, and is an ordinary maintenance agreement in their respective industries. Customer further represents that this Agreement is supported by mutual consideration and promises that benefits Customer even though GE may only be required to provide minimal Service during any given month. Similarly, GE represents that this Agreement is supported by mutual consideration and promises that benefits GE even though GE may be required to provide extensive Service during any given month.

ARTICLE 14 – GENERAL TERMS AND CONDITIONS

The General Terms and Conditions are set forth on Exhibit J.

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

GENGINE SERVICES, LLC
AVIACION, S.A.

BY: _____

Printed Name: _____

Title: _____

COMPANIA PANAMENA DE

BY: _____

Printed Name: _____

Title: _____

LMS

By: _____

Printed Name: _____

Title: _____

EXHIBIT A: DEFINITIONS

Capitalized terms used in the recitals and elsewhere in the Agreement but not otherwise defined in this Agreement will have the following meanings:

"ADM"—Average daily minimum temperature by airport as such data is set forth in the Boeing Aircraft Company Red Book.

"Agreement"—This Rate Per EFH Engine Services Agreement, as the same may be amended or supplemented from time to time, including all its Exhibits.

"Aircraft Accident"—An occurrence caused by the operation of an aircraft in which any person suffers a fatal injury or serious injury as a result of being in or upon the aircraft or by direct contact with the aircraft or anything attached to the aircraft, or in which the aircraft receives substantial damage or a third party's property is damaged in any way.

"Aircraft Incident"—An occurrence, other than an Aircraft Accident, caused by the operation of an aircraft that affects or could affect the safety of operations and that is investigated and reported.

"Airworthiness Directive" or "AD"—A document issued by the AAA having jurisdiction over the Engines, identifying an unsafe condition relating to such Engines and, as appropriate, prescribing inspections and the conditions and limitations, if any, under which the Engines may continue to operate.

"Approved Aviation Authority" or "AAA"—As applicable, the Federal Aviation Administration of the United States ("FAA"), the European Aviation Safety Authority ("EASA") or, as identified by Customer and agreed in writing by GE, such other equivalent foreign aviation authority having jurisdiction over the performance of Services provided hereunder.

"Beyond Economic Repair" or "BER"—When the cost, calculated on a Supplemental Work basis, to restore an Engine to the requirements of the Repair Specification exceeds 65% of the fair market value of a comparable Serviceable Engine.

"CLP"—The manufacturer's Current catalog or manufacturer's Current list price pertaining to a new Engine or part thereof.

"Commencement Date"—March 1, 2011

"Current"—As of the time of the applicable Service or determination.

"Day"—Calendar day unless expressly stated otherwise in writing. If performance is due on a recognized public holiday, performance will be postponed until the next business day.

"Delivery"—**[***]**.

"Designated Repair Station" or "DRS"—The primary Repair Station designated by GE where GE performs Services on Engines. "Dollars" or "$"—The lawful currency of the United States of America.

"Engine"—Each bare engine assembly or, as applicable, Engine module, which is the subject of this Agreement and identified in Exhibit B, including its essential LRU's as listed in Exhibit I, controls, accessories and parts as described in the engine manufacturer's specification manuals.

"Engine Flight Hour" or "EFH"—Engine flight hour expressed in hourly increments of aircraft flight from wheels up to wheels down.

"Foreign Object Damage" or "FOD"—Damage to any portion of the Engine caused by impact with or ingestion of a non-Engine object such as birds, hail, ice or normal runway debris. FOD may be further classified as a "Major FOD," which means FOD that causes an out of limit condition per the Aircraft Maintenance Manual, and which, either immediately or over time, requires the Engine to be removed from service or prevents the reinstallation of the Engine.

"Induction"—The date work commences on the Engine at the DRS when all of the following have taken place: (i) GE's receipt of the Engine and required data (ii) Parties' approval of the Workscope (iii) Parties' agreement on use of the Customer Furnished Equipment; and (iv) receiving inspection (including pre-testing if needed).

"Life Limited Part" or "LLP"—A part with a limitation on use established by the OEM or the AAA, stated in cumulative EFH or cycles.

"Line Replaceable Unit" or "LRU"—A major control or accessory identified in Exhibit I that is mounted on the external portion of an Engine, which can be replaced while the Engine is on-wing.

"New Engine"—An Engine which has not undergone a shop visit, which has less than 100 EFH since new and which contains only CFM approved parts and CFM approved repairs.

"OEM"—The original manufacturer of an Engine or part thereof.

"Performance Restoration"—The Services performed during a shop visit in which, at a minimum, the High Pressure Compressor, the combustor and high-pressure turbine are exposed and subsequently refurbished, consistent with the Repair Specification.

"Price Adjustment Matrix"—The matrix set forth on Exhibit D by which the Rate Per EFH is adjusted based on Customer's operating parameters.

"Qualifying Shop Visit"—A Repair Station visit during which the initial Performance Restoration is performed on an Engine on a Supplemental Work basis and which shall include the removal of all non-CFM parts and non-CFM approved LRU's, parts and repairs. The purpose of the Qualifying Shop Visit is to qualify such Engine for the Rate Per EFH fixed rate pricing for subsequent shop visits.

"Rate Per EFH"—The Rate Per EFH as set forth in Article 5.

"Rate Per EFH Services"—Those Services provided pursuant to Article 3.

"Rate Per EFH Payments"—Any payments made pursuant to Article 6.

"Redelivery"—**[***]**

"Removal Schedule"—The schedule jointly developed by GE and Customer for Engine removals for Services or Engine removal from operation.

"Repair Specification"—The [mutually agreed repair specification] which establishes the minimum baseline to which an Engine or part thereof will be inspected, repaired, modified, reassembled and tested to make and Engine Serviceable. Such Repair Specification will meet or exceed the recommendations of the OEM's operational specifications, applicable OEM maintenance or overhaul manuals and Customer's maintenance plan that has been approved by the AAA.

"Repair Station"—One or more of the repair facilities owned by GE or its affiliates, now or in the future, which are certified by an appropriate AAA to perform the applicable Service hereunder. A list of such repair facilities will be provided upon request.

"Repairable"—Capable of being made Serviceable.

"Rotable Part"—A new or used Serviceable part drawn from a common pool of parts used to support one or more customers. A Rotable Part replaces a like part removed from an Engine when such removed part requires repair.

"Scrapped Parts"—Those parts determined by GE to be Unserviceable and BER.

"Service(s)"—With respect to an Engine or part thereof, all or any part of those maintenance, repair and overhaul services provided under this Agreement as either Rate Per EFH Services or Supplemental Work Services. "Serviced" will be construed accordingly.

"Service Bulletin" or "SB"—The document issued and identified as a Service Bulletin by an OEM to notify the operator of modifications, substitution of parts, special inspections, special checks, amendment of existing life limits or establishment of first time life limits, or conversion of an Engine from one model to another.

"Serviceable"—Meeting all OEM and AAA specified standards for airworthiness.

"Static Temperature Adjusted to Sea Level"—The twelve (12) month rolling average of total air temperature data collected at every available take- off using snapshot data, adjusted in each case to zero aircraft speed and sea level elevation; provided that (i) in the event take-off snap shot data is not available, static airport temperature and airport altitude shall be obtained from the ADM database using Customer airport city-pair data, adjusted in each case to sea level elevation, and (ii) the ADM database shall be used for the first twelve (12) months of this Agreement or until twelve (12) months of take-off snapshot data is available, whichever is first to occur.

"Supplemental Work Services"—Those Services provided pursuant to Article 4.

"Take-Off Derate"—**[***]**

"Termination"—The ending of this Agreement before the expiration of the Initial Term or extension thereof.

"Turn Around Time"—**[***]**

"Unserviceable"—Not meeting all OEM and AAA specified standards for airworthiness.

"Used Engine"—An Engine which has undergone a shop visit or which has more than 100 EFH since new.

"Workscope"—The document written by GE and approved by Customer describing the prescribed repair or approach to repair of an Engine to meet the requirements of the Repair Specification, including appropriate reliability and performance enhancements.

"Workscope Planning Guide"—The document published by GE-Aviation which describes the "on condition" maintenance concept for the engines. This document communicates the timing and extent of work required to enable operators to achieve reliability, performance, and maintenance cost goals.

EXHIBIT B: ENGINES COVERED

[***]

[***]

[***]

EXHIBIT C: RATE ADJUSTMENT

[***]

EXHIBIT D: PRICE ADJUSTMENT MATRIX

[***]
[***]

[***]

EXHIBIT E: SUPPLEMENTAL WORK PRICING

[***]

EXHIBIT F: SUPPLEMENTAL WORK PRICING—ANNUAL ADJUSTMENT

[***]

EXHIBIT G: SUPPLEMENTAL WORK PRICING—FIXED PRICE LABOR SCHEDULE

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EXHIBIT H: SUPPLEMENTAL ON-WING SUPPORT

SERVICES

[***]

EXHIBIT I: LINE REPLACEABLE UNITS

The following list contains LRU that are repaired during a Rate Per EFH Shop Visit in accordance with Article 3.1(e).

[***]	[***]
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EXHIBIT J: GENERAL TERMS AND CONDITIONS

1.0 LIMITATION OF LIABILITY AND INDEMNIFICATION

1.1 Total Liability. The total liability of GE for any and all claims, whether in contract, warranty, tort (including simple negligence but excluding willful misconduct, or gross negligence), product liability, patent infringement or otherwise, for any damages arising out of, connected with or resulting from the performance or non-performance of any Service or from the manufacture, sale, Redelivery, resale, repair, overhaul, replacement or use of the Engine or any item or part thereof, will not exceed **[***]** Notwithstanding the foregoing, in no event will GE have any liability hereunder, whether as a result of breach of contract, warranty, tort (including simple negligence but excluding willful misconduct or gross negligence), product liability, or otherwise, for any special, consequential, incidental, resultant or indirect damages (including, without limitation, loss of use, profit, revenue or goodwill) or punitive or exemplary damages.

In no event will GE have any liability hereunder, whether as a result of breach of contract, warranty, tort (including negligence), product liability, patent liability, or otherwise, for the design, material, workmanship, engineering defects or product liability and any damages whatsoever, including damages to personal property and for personal injury or death, caused in any way by the manufacturer of an Engine, or the parts, LRU's, components or material, thereof, or related thereto.

In the event Customer uses non CFM parts or non CFM approved LRU's, parts or repairs in an Engine and such LRU's, parts or repairs cause personal injury, death or property damage to third parties, Customer shall indemnify and hold harmless GE from all claims and liabilities associated therewith. The preceding indemnity shall apply whether or not GE was provided a right under this Agreement to remove such LRU's, parts or repairs, and irrespective of the exercise by GE of such right.

1.2 Definition. For the purpose of this Article 1, the term "GE" is deemed to include GE and its parent and affiliated companies, the subcontractors and suppliers of any Services furnished hereunder, and the directors, officers, employees, agents and representatives of each.

2.0 EXCUSABLE DELAY

2.1 Excusable Delay. Either Party will be excused from, and will not be liable for, any delay in performance or failure to perform hereunder (except for the obligation to pay money or credit or debit an account which will not be excused hereunder), and will not be deemed to be in default for any delay in or failure of performance hereunder due to causes beyond its reasonable control. Such causes will be conclusively deemed to include, but not be limited to **[***]** (including disruption of technology resources), or transportation shortages (each an "Excusable Delay"). **[***]**

2.2 Continuing Obligations. Section 2.1 will not, however, relieve either Party from using its best commercial efforts to avoid or remove such causes of delay and continue performance with reasonable dispatch when such causes are removed. **[***]**

2.3 Extended Delay Termination. If delay resulting from any of the foregoing causes extends for more than **[***]** and the Parties have not agreed upon a revised basis for continuing the Services, including any adjustment of the price, then either Party, upon **[***]** written notice to the other, may terminate the performance of Services with respect to the Engine for which Services were delayed.

3.0 NOTICES

3.1 Acknowledgment. All notices required or permitted under this Agreement will be in writing and will be delivered personally, via first class return receipt requested mail, by facsimile, by courier service, or by express mail, addressed as follows, or to such other address as either Party may designate in writing to the other Party from time to time:

GE Engine Services, LLC

Attn:

Phone:

Fax:

Copy to:
Senior Counsel, GE Engine Services Inc.

MD F-125, Cincinnati, Ohio 45215

[[Customer]]

Attn:

Phone:

Fax:

Copy to:

3.2 Effect of Notices. Notices will be effective and will be deemed to have been given to (or "received by") the recipient: (A) upon delivery, if sent by courier, express mail, or delivered personally; (B) on the next business day following receipt, if sent by facsimile; or (C) on the fifth (5th) day after posting (or on actual receipt, if earlier) in the case of a letter sent prepaid first class mail.

4.0 TAXES AND OTHER

4.1 Taxes, Duties or Charges. In addition to the price for the Services, Customer agrees to pay, upon demand, all taxes (including, without limitation, sales, use, excise, turnover or value added taxes), duties, fees, charges or assessments of any nature (but excluding any income taxes) ("Taxes") assessed or levied in connection with performance of this Agreement.

4.2 Withholdings. All payments by Customer to GE under this Agreement will be free of all withholdings of any nature whatsoever except to the extent otherwise required by law, and if any such withholding is so required, Customer will pay an additional amount such that after the deduction of all amounts required to be withheld, the net amount received by GE will equal the amount that GE would have received if such withholding had not been required.

5.0 DISPUTE RESOLUTION, ARBITRATION

5.1 Dispute Resolution. If any dispute arises relating to this Agreement, the Parties will endeavor to resolve the dispute amicably, including by designating senior managers who will meet and use commercially reasonable efforts to resolve any such dispute. If the Parties' senior managers do not resolve the dispute within sixty (60) days of first written request, either party may request that the dispute be settled and finally determined by binding arbitration, in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "AAA") in New York, New York,. before three arbitrators in accordance with the Commercial Arbitration Rules of the AAA. Each of GE and Customer shall select one arbitrator and the two arbitrators so selected will select the third arbitrator. If the two arbitrators fail to reach agreement on the selection of third arbitrator within thirty (30) days, then such third arbitrator shall be appointed by the AAA. The arbitrator(s) will have no authority to award punitive damages, attorney's fees and related costs or any other damages not measured by the prevailing party's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of the Agreement and applicable law. The award of the arbitrator(s) will be final, binding and non-appealable, and judgment may be entered thereon in any court of competent jurisdiction. All statements made or materials produced in connection with this dispute resolution process and arbitration are confidential and will not be disclosed to any third party except as required by law or subpoena. The Parties intend that the dispute resolution process set forth in this Article will be their exclusive remedy for any dispute arising under or relating to this Agreement or its subject matter.

5.2 Exception. Either Party may at any time, without inconsistency with this Article, seek from a court of competent jurisdiction any equitable, interim, or provisional relief to avoid irreparable harm or injury. This Article will not apply to and will not bar litigation regarding claims related to a party's proprietary or intellectual property rights, nor will this Article be construed to modify or displace the ability of the Parties to effectuate any termination contemplated in Article 12 of the Agreement.

6.0 NONDISCLOSURE OF PROPRIETARY DATA

6.1 Non- Disclosure. Unless the Parties otherwise agree in writing, any written information or data that is marked proprietary or confidential which the Parties have or may disclose to each other shall be held in confidence and may not be either disclosed or used for any purpose, except that GE may disclose the same to its affiliates, subsidiaries, joint venture participants, engineering service provider, or consultants as needed to perform the Services provided under this Agreement. Customer may disclose it to its affiliates, and subsidiaries, and permitted assignees in accordance with Section 9.1 (ii). The preceding clause will not apply to information which (1) is or becomes part of the general public knowledge or literature otherwise than as a result of breach of any confidentiality obligation to GE, or (2) was, as shown by written records, known to the receiving party prior to receipt from the disclosing party.

6.2 Intellectual Property. Nothing contained in this Agreement will convey to either Party the right to use the trademarks of the other, or convey or grant to Customer any license under any patent owned or controlled by GE.

7.0 PATENTS

7.1 Claims. GE shall indemnify Customer and Customer's subsidiaries, affiliates, directors, officers, subcontractors, employees, successors and assigns (collectively, the "Indemnitees"), and defend and hold each Indemnitee harmless from and against any and all liabilities, losses, damages, settlements, claims, actions, suits, penalties, fines, costs and expenses (including, without limitation, reasonable attorneys' fees and other expenses of litigation) incurred by any Indemnitee, relating to or arising from any claim that any material or process or part thereof used in the repair of any items under this Agreement constitutes **[***]**.

7.2 Liability. Customer shall promptly notify GE in writing of any such claims. To the extent Customer fails to so notify GE, such failure will relieve GE of its obligations under this Article 7 only to the extent that GE's ability to defend the applicable claim is prejudiced by such lack of notice. GE's liability under this Article 7 is expressly conditioned upon Customer giving GE reasonable authority, information and assistance (at GE expense) for the handling, defense or settlement of any claim, suit or proceeding. In case such material or process is held in such suit to constitute infringement and the use of said material or process is enjoined, GE will, at GE's own expense and at GE's option, either, (1) settle or defend such claim or suit or proceeding arising therefrom, or (2) procure for Customer the right to continue using said material or process in the item repaired under this Agreement, or (3) replace or modify such item with an item incorporating non-infringing material or process.

7.3 Indemnification. The preceding Section 7.2 will not apply to any material or process or part thereof of Customer design or specification, or used at Customer's direction in any repair under this Agreement. As to any material or process or use described in the preceding sentence, GE assumes no liability whatsoever for patent or copyright infringement, and Customer will, in the same manner as GE is obligated to Customer above, indemnify, defend and hold GE harmless from and against any claim or liability, including costs and expense in defending any such claim or liability in respect thereto.

7.4 Remedy. THE FOREGOING WILL CONSTITUTE CUSTOMER'S SOLE REMEDY AND GE'S SOLE LIABILITY FOR PATENT OR COPYRIGHT INFRINGEMENT BY ANY MATERIAL OR PROCESS AND IS SUBJECT TO THE LIMITATION OF LIABILITY SET FORTH IN ARTICLE 1, "LIMITATION OF LIABILITY"; PROVIDED, HOWEVER, THERE WILL BE NO EXCLUSION OF CONSEQUENTIAL DAMAGES CLAIMED BY THE PATENT HOLDER. THE PATENT WARRANTY OBLIGATIONS RECITED ABOVE ARE IN LIEU OF ALL OTHER PATENT WARRANTIES WHATSOEVER, WHETHER ORAL, WRITTEN, EXPRESSED, IMPLIED OR STATUTORY (INCLUDING ANY WARRANTY OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE OR ANY IMPLIED WARRANTY ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE, OR USAGE OF TRADE).

8.0 LIENS

8.1 Liens. Customer: (i) acknowledges that GE may have the legal right to assert mechanic's liens or other statutory or common law liens under applicable law (foreign or domestic) against Engines following performance of Services under this Agreement. With respect to Engines leased by Customer, GE understands that Customer has been authorized and required by the owners to cause Services to be performed. GE may, at its option, notify the owners of

9.0 GENERAL PROVISIONS

9.1 Assignment. This Agreement, any related purchase order or any rights or obligations hereunder may not be assigned without the prior written consent of the other Party, except that (i) Customer's consent will not be required for an assignment by GE to one of GE's affiliates (provided that GE remains primarily liable hereunder). In the event of any such substitution, Customer will be so advised in writing. Any assignment in contradiction of this clause will be considered null and void.

9.2 Governing Law, Waiver of Immunity. The Agreement will be interpreted and applied in accordance with the substantive laws of the State of New York, without giving effect to its choice of law or conflict of law provisions, rules or procedures (except to the extent that the validity, perfection or creation of any lien or security interest hereunder and the exercise of rights or remedies with respect of such lien or security interest for a particular item of equipment are governed by the laws of a jurisdiction other than New York). **[***]**

9.3 Savings Clause. If any portion of this Agreement will be determined to be a violation of or contrary to any controlling law, rule or regulation issued by a court of competent jurisdiction, then that portion will be unenforceable in such jurisdiction. However, the balance of this Agreement will remain in full force and effect.

9.4 Beneficiaries. Except as herein expressly provided to the contrary, the provisions of this Agreement are for the Parties' mutual benefit and not for the benefit of any third party.

9.5 Controlling Language. The English language will be used in the interpretation and performance of this Agreement. All correspondence and documentation arising out of or connected with this Agreement and any related purchase order(s), including Engine records and Engine logs, will be in the English language.

9.6 Non-Waiver of Rights and Remedies. Any failure or delay in the exercise of rights or remedies hereunder will not operate to waive or impair such rights or remedies. Any waiver given will not be construed to require future or further waivers.

9.7 Titles/Subtitles. The titles and subtitles given to the sections of the Agreement are for convenience. They do not limit or restrict the context of the article or section to which they relate.

9.8 Currency Judgment. This is an international transaction in which the specification of United States Dollars is of the essence. No payments required to be made under this Agreement will be discharged by payments in any currency other than United States Dollars, whether pursuant to a judgment, arbitration award or otherwise.

9.9 No Agency Fees. Customer represents and warrants that no officer, employee, representative or agent of Customer has been or will be paid a fee or otherwise has received or will receive any personal compensation or consideration by or from GE in connection with the obtaining, arranging or negotiation of this Agreement or other documents entered into or executed in connection herewith.

9.10 On-Site Representative. Subject to the following conditions, GE agrees to permit one Designated Representative, from time to time during the term of this Agreement, to enter onto its premises at the Designated Repair Station for the purpose of supporting the Services on Engines. GE will furnish such Designated Representative the use of a non-exclusive workspace, including the use of a local telephone line and parking accommodations. Costs incurred by such Designated Representative, including long distance telephone charges, fax or computer charges will be the responsibility of Customer, and if charged to GE in the first instance, will be invoiced to Customer.

9.11 No Agency. Nothing in this Agreement will be interpreted or construed to create a partnership, agency or joint venture between GE and Customer.

9.12 Entire Agreement. This Agreement, together with its Exhibits, contains and constitutes the entire understanding and agreement between the Parties hereto respecting the subject matter hereof, and supersedes and cancels all previous negotiations, agreements, representations and writings in connection herewith. This Agreement may not be released, discharged, abandoned, supplemented, modified or waived, in whole or in part, in any manner, orally or otherwise, except by a writing of concurrent or subsequent date signed and delivered by a duly authorized officer or representative of each of the Parties hereto making specific reference to this Agreement and the provisions hereof being released, discharged, abandoned, supplemented, modified or waived.

9.13 Counterparts. This Agreement may be executed in one or more counterparts, all of which counterparts will be treated as the same binding agreement, which will be effective as of the date set forth on the first page hereof, upon execution and delivery by each Party hereto to the other Party of one or more such counterparts.

9.14 Governmental Authorization. Customer will be the importer and/or exporter of record and will be responsible for timely obtaining any import license, export license, exchange permit or other required governmental authorization relating to the Engine. At Customer's request and expense, GE will assist Customer in its application for any required U.S. export licenses. GE will not be liable if any authorization is not renewed or is delayed, denied, revoked or restricted, and Customer will not thereby be relieved of its obligation to pay for Services performed by GE. All transported Engines will be subject to the U.S. Export Administration Regulations and/or International Traffic in Arms Regulations. Customer agrees not to dispose of U.S. origin items provided by GE other than in and to the country of ultimate destination and/or as identified in an approved government license or authorization, except as said laws and regulations may permit.

EXHIBIT K: DESIGNATION LETTER

[Customer Letterhead]

[Name and address of Original Engine Manufacturer]

Attn: Manager Warranty Programs

Re: Designation of GEES as Claims Administrator and Engine Benefits Recipient.

1. *[ ]* ("Customer") and *[ ]* ("OEM") entered into General Terms Agreement Number *[ ]* dated *[ ]* (the "GTA"), for the purchase by Customer of *[ ]* ("Engine") equipped *[ ]* ("Aircraft") and spare engines. Pursuant to the GTA, OEM provides Customer various warranties, guarantees and other Engine related benefits introduced via Service Bulletins and other special offerings (specifically described in paragraph 3 hereof, the "Engine Benefits")

2. Customer and GE Engine Services, LLC ("GEES") have entered into a separate agreement, Number Number *[ ]* dated *[ ]* ("Maintenance Agreement") for the maintenance, repair and overhaul of Engines. The Maintenance Agreement specifies that Customer shall, during the term of the Agreement, designate GEES to act as claims administrator and Engine Benefits recipient. Accordingly, Customer hereby authorizes GEES from and after the date of the Maintenance Agreement to: (a) negotiate and enter into final settlements with OEM for Engine Benefits and (b) receive from OEM in the name of GEES all proceeds of such Engine Benefits. Customer warrants to OEM that all actions undertaken by GEES pursuant to this authorization shall be binding on Customer and that OEM may rely thereon.

3. Engine Benefits are specifically limited to the following, all as more fully defined in the GTA:

a. **[***]**

b. **[***]**

c. **[***]**

d. **[***]**

4. OEM consents to the disclosure by Customer to GEES of Engine Benefits in the GTA, Service Bulletins or other notices. GEES agrees to hold in confidence all such Engine Benefits information, or other OEM proprietary information, provided to GEES in order to give effect to the Engine Benefits information. This Letter may only be amended or modified by the written agreement of the parties hereto, and shall remain in effect throughout the term (including extensions) of the Maintenance Agreement.

Customer **GEES** **OEM**

By:		**By:**		**By:**	
Title:		**Title:**		**Title:**	
Date:		Date:		Date:	

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Exhibit 4.28

PURCHASE AGREEMENT NUMBER PA-03774

between

THE BOEING COMPANY

and

COPA HOLDINGS S.A.

Relating to Boeing Model 737 MAX Aircraft

BOEING PROPRIETARY

TABLE OF CONTENTS

LETTER AGREEMENTS	SA NUMBER
LA-1207593R1	SA-10
LA-1207596	
LA-1207601R1	SA-10
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LA-1207605	
LA-1207607R1	SA-10
LA-1702975	SA-10

RESTRICTED LETTER AGREEMENTS:	SA NUMBER
LA-1207594R1	SA-10
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LA-1700960	SA-10
LA-1702992	SA-10
LA-1703174	SA-10
LA-1743401	SA-10

SUPPLEMENTAL AGREEMENTS	DATED AS OF:
Supplemental Agreement No. 1	30 May 2013
Supplemental Agreement No. 2	28 November 2013
Supplemental Agreement No. 3	10 October 2014
Supplemental Agreement No. 4	23 February 2015
Supplemental Agreement No. 5	23 March 2015
Supplemental Agreement No. 6	12 August 2015
Supplemental Agreement No. 7	30 October 2015
Supplemental Agreement No. 8	31 March 2016
Supplemental Agreement No. 9	30 May 2016
Supplemental Agreement No. 10	31 May 2017
Supplemental Agreement No. 11	

Purchase Agreement No. PA-03774

between

The Boeing Company

and

COPA HOLDINGS S.A.

This Purchase Agreement No. PA-03774 between The Boeing Company, a Delaware corporation, (**Boeing**) and COPA HOLDINGS S.A., a Panama corporation, (**Customer**) relating to the purchase and sale of Boeing Model 737 MAX aircraft together with all tables, exhibits, supplemental exhibits, letter agreements and other attachments thereto, if any, (together, the " **Purchase Agreement** ") incorporates the terms and conditions (except as specifically set forth below) of the Aircraft General Terms Agreement dated as of November 25, 1998 between the parties, identified as AGTA/COP (**AGTA**).

1. Quantity, Model and Description.

The aircraft to be delivered to Customer will be designated as Model 737-8 MAX or 737-9 MAX aircraft (collectively, the **Aircraft** and each an **Aircraft**). Boeing will manufacture and sell to Customer Aircraft conforming to the configuration described in Exhibit A in the quantities listed in Table 1 to the Purchase Agreement, as the same may be amended from time to time in accordance with the provisions of this Purchase Agreement.

2. Delivery Schedule.

The scheduled months of delivery of the Aircraft are listed in the attached Table 1. Exhibit B describes certain responsibilities for both Customer and Boeing in order to accomplish the delivery of the Aircraft.

3. Price .

3.1 Aircraft Basic Price. The Aircraft Basic Price is listed in Table 1 and is subject to escalation in accordance with the terms of this Purchase Agreement.

3.2 Advance Payment Base Prices. The Advance Payment Base Prices listed in Table 1 were calculated using the 737-8 Airframe Price and average optional features price as of the date of this Purchase Agreement escalated at a rate of three percent (3%) per year to the scheduled delivery year.

4. Payment.

4.1 Boeing acknowledges receipt of a deposit in the amount shown in Table 1 for each Aircraft (**Deposit**).

4.2 The standard advance payment schedule for the Aircraft requires Customer to make certain advance payments, expressed in a percentage of the Advance Payment Base Price of each Aircraft beginning with a payment of one percent (1%), less the Deposit, on the effective date of the Purchase Agreement for the Aircraft. Additional advance payments for each Aircraft are due as specified in and on the first business day of the months listed in the attached Table 1.

4.3 For any Aircraft whose scheduled month of delivery is less than twenty-four (24) months from the date of this Purchase Agreement, the total amount of advance payments due for payment upon signing of this Purchase Agreement will include all advance payments which would have become due and payable on or before the date hereof, in accordance with the standard advance payment schedule set forth in paragraph 4.2 above.

4.4 Customer will pay the balance of the Aircraft Price of each Aircraft at delivery.

5. Additional Terms.

5.1 Aircraft Information Table. Table 1 consolidates information contained in Articles 1, 2, 3 and 4 with respect to (i) quantity of Aircraft, (ii) applicable Detail Specification, (iii) month and year of scheduled deliveries, (iv) Aircraft Basic Price, (v) applicable escalation factors and (vi) Advance Payment Base Prices and advance payments and their schedules.

5.2 Escalation Adjustment/Airframe and Optional Features. Supplemental Exhibit AE1 contains the applicable airframe and optional features escalation formula. The provisions of Exhibit D to the AGTA are not applicable to this Purchase Agreement.

5.3 Buyer Furnished Equipment Variables. Supplemental Exhibit BFE1 contains supplier selection dates, on dock dates and other variables applicable to the Aircraft.

5.4 Customer Support Variables. Information, training, services and other things furnished by Boeing in support of introduction of the Aircraft into Customer's fleet are described in Supplemental Exhibit CS1. The level of support to be provided under Supplemental Exhibit CS1 (Entitlements) assumes that at the time of delivery of Customer's first Aircraft under the Purchase Agreement, Customer has not taken possession of a Boeing Model 737 aircraft whether such 737 aircraft was purchased, leased or otherwise obtained by Customer from Boeing or another party. If prior to the delivery of Customer's first Aircraft, Customer has taken possession of a 737 aircraft, Boeing will revise the Entitlements to reflect the level of support normally provided by Boeing to operators already operating such aircraft. Under no circumstances under the Purchase Agreement or any other agreement will Boeing provide the Entitlements more than once to support Customer's operation of 737 aircraft.

5.5 Engine Escalation Variables. Supplemental Exhibit EE1 describes the applicable engine escalation formula and contains the engine warranty and the engine patent indemnity for the Aircraft.

5.6 Service Life Policy Component Variables. Supplemental Exhibit SLP1 lists the SLP Components covered by the Service Life Policy for the Aircraft.

5.7 Public Announcement. Boeing reserves the right to make a public announcement regarding Customer's purchase of the Aircraft upon written approval of Boeing's press release by Customer's public relations department or other authorized representative.

5.8 Negotiated Agreement; Entire Agreement. This Purchase Agreement, including the provisions of Article 8.2 of the AGTA relating to insurance, and Article 11 of Part 2 of Exhibit C of the AGTA relating to DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES, has been the subject of discussion and negotiation and is understood by the parties; the Aircraft Price and other agreements of the parties stated in this Purchase Agreement were arrived at in consideration of such provisions. This Purchase Agreement, including the AGTA, contains the entire agreement between the parties and supersedes all previous proposals, understandings, commitments or representations whatsoever, oral or written, with respect to the purchase by customer and manufacture, sale and delivery by Boeing of the Aircraft and may be changed only in writing signed by authorized representatives of the parties.

AGREED AND ACCEPTED this

June 27, 2012

Date

THE BOEING COMPANY	COPA HOLDINGS S.A.
Signature	Signature
David L. Gossard	
Printed name	Printed name
Attorney-in-Fact	
Title	Title

Table 1 To
Purchase Agreement No. PA-03774
Aircraft Delivery, Description, Price and Advance Payments

Airframe Mode/MTOW: 737-8

Engine Model/Thrust: CFMLEAP-1B25

Airframe Price:

Optional Features:

Sub-Total of Airframe and Features:

Engine Price (Per Aircraft):

Aircraft Basic Price (Excluding BFE/SPE):

Buyer Furnished Equipment (BFE) Estimate:

Seller Purchased Equipment (SPE) Estimate:

Deposit per Aircraft: **$140,000**

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Escalation Estimate Adv Payment Base Price Per A/P	Advanced Payment Per Aircraft (Amts. Due/ Mos. Prior to Delivery):					
				At Signing 1%	36/30 Mos. 2%	24 Mos. 3%	21/15 Mos. 5%	9 Mos. 2%	Total 20%
May-2020	1								
Jun-2020	1								
Jul-2020	1								
Aug-2020	1								
Sep-2020	2								
Oct-2020	2								
Nov-2020	1								
Apr-2022	1								
May-2022	2								
Jun-2022	1								
Aug-2022	1								
Sep-2022	2								
Oct-2022)	1								
Nov-2022	1								

Table 1 To
Purchase Agreement No. PA-03774
Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Escalation Estimate Adv Payment Base Price Per A/P	Advanced Payment Per Aircraft (Amts. Due/ Mos. Prior to Delivery):					
				At Signing 1%	36/30 Mos. 2%	24 Mos. 3%	21/15 Mos. 5%	9 Mos. 2%	Total 20%
Feb-2023	2								
Mar-2023	1								
Apr-2023	2								
May-2023	1								
Jun-2023	1								
Jul-2023	1								
Aug-2023	1								
Sep-2023	1								
Oct-2023	1								
Nov-2023	1								
Feb-2024	1								
Mar-2024	1								
Apr-2024	1								
May-2024	1								
Jun-2024	1								
Jul-2024	1								
Aug-2024	1								
Sep-2024	1								
Oct-2024	1								
Mar-2025	1								
Apr-2025	1								
May-2025	1								
Jun-2025	1								
Total:	43								

Notes:

1) Actual delivery months provided in accordance with LA-1207602.

Table 1 To
Purchase Agreement No. PA-03774
Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Escalation Estimate Adv Payment Base Price Per A/P	Advanced Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):					
				At Signing 1%	36/30 Mos. 2%	24 Mos. 3%	21/15 Mos. 5%	9 Mos. 2%	Total 20%

Table 1-2 To
Purchase Agreement No. PA-03774
737-9 2011 Bas Year Aircraft Delivery, Description, Price and Advance Payments

Airframe Mode/MTOW: 737-9
Engine Model/Thrust: CFMLEAP-1B28
Airframe Price:
Optional Features:
Sub-Total of Airframe and Features:
Engine Price (Per Aircraft):
Aircraft Basic Price (Excluding BFE/SPE):
Buyer Furnished Equipment (BFE) Estimate:
Seller Purchased Equipment (SPE) Estimate:
Deposit per Aircraft:

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)
Feb-2023	1	
Mar-2023	2	
Apr-2023	1	
May-2023	1	
Jun-2023	1	
Jul-2023	1	1
Aug-2023	1	
Sep-2023	2	1
Total:	10	

Table 1-3 To
Purchase Agreement No. PA-03774
Boeing 737-10 MAX
Aircraft Delivery, Description, Price and Advance Payments

Airframe Mode/MTOW: 737-10
Engine Model/Thrust: CFMLEAP-1B28
Airframe Price:
Optional Features:
Sub-Total of Airframe and Features:
Engine Price (Per Aircraft):
Aircraft Basic Price (Excluding BFE/SPE):
Buyer Furnished Equipment (BFE) Estimate:
Seller Purchased Equipment (SPE) Estimate:
Deposit per Aircraft:

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Escalation Estimate Adv Payment Base Price Per A/P	Advanced Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):					
				At Signing 1%	36/30 Mos. 2%	24 Mos. 3%	21/15 Mos. 5%	9 Mos. 2%	Total 20%
Feb-2021	1								
Mar-2021	2								
Apr-2021	1								
May-2021	2								
Jun-2021	1								
Aug-2021	1								
Sep-2021	1								
Oct-2021	2								
Nov-2021	1								
Feb-2022	1								
Mar-2022	2								
Total:	15								

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

COPA

HOLDINGS S.A.

Exhibit A to Purchase Agreement Number PA-03774

Exhibit A

AIRCRAFT CONFIGURATION

relating to

BOEING MODEL 737-8 MAX AIRCRAFT

The Detail Specification is Boeing document number D019A001, revision TBD, dated as of October 27, 2011. The Detail Specification provides further description of Customer's configuration set forth in this Exhibit A. Such Detail Specification will be comprised of Boeing configuration specification D019A001, revision TBD, dated October 27, 2011, as amended to incorporate the optional features (**Options**) yet to be defined by Customer, and the effects on Manufacturer's Empty Weight (**MEW**) and Operating Empty Weight (**OEW**). The Aircraft Basic Price reflects and includes all effects of such estimated Options, except such Aircraft Basic Price does not include the price effects of any Buyer Furnished Equipment or Seller Purchased Equipment.

The content of this Exhibit A will be defined pursuant to the provisions of Letter Agreement No. 1207602 to the Purchase Agreement, entitled "Open Matters".

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

COPA HOLDINGS S.A.

Exhibit A-1 to Purchase Agreement Number PA-03774

Exhibit A-1

AIRCRAFT CONFIGURATION

relating to

BOEING MODEL 737-9 MAX AIRCRAFT

The Detail Specification is Boeing document number D019A008, revision C, dated as of March 15, 2013. The Detail Specification provides further description of Customer's configuration set forth in this Exhibit A-1. Such Detail Specification will be comprised of Boeing configuration specification D019A008, revision C, dated as of March 15, 2013, as amended to incorporate the optional features (**Options**) yet to be defined by Customer, and the effects on Manufacturer's Empty Weight (**MEW**) and Operating Empty Weight (**OEW**). The Aircraft Basic Price reflects and includes all effects of such estimated Options, except such Aircraft Basic Price does not include the price effects of any Buyer Furnished Equipment or Seller Purchased Equipment.

The content of this Exhibit A-1 will be defined pursuant to the provisions of Letter Agreement No. 1207602 to the Purchase Agreement, entitled "Open Matters".

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

COPA HOLDINGS S.A.

Exhibit A-1- 2011 to Purchase Agreement No. PA-03774

Exhibit A-1-2011

AIRCRAFT CONFIGURATION

relating to

BOEING MODEL 737-9 2011 BASE YEAR MAX AIRCRAFT

The Detail Specification is Boeing document number D019A008, revision C, dated as of March 15, 2013. The Detail Specification provides further description of Customer's configuration set forth in this Exhibit A-1. Such Detail Specification will be comprised of Boeing configuration specification D019A008, revision C, dated as of March 15, 2013, as amended to incorporate the optional features (**Options**) yet to be defined by Customer, and the effects on Manufacturer's Empty Weight (**MEW**) and Operating Empty Weight (**OEW**). The Aircraft Basic Price reflects and includes all effects of such estimated Options, except such Aircraft Basic Price does not include the price effects of any Buyer Furnished Equipment or Seller Purchased Equipment.

AIRCRAFT CONFIGURATION
737-10

between

THE BOEING COMPANY

and
COPA HOLDINGS S.A

EXHIBIT A-2 to PURCHASE AGREEMENT
NUMBER PA-03774

EXHIBIT A-2

AIRCRAFT CONFIGURATION

relating to

BOEING MODEL 737-10 AIRCRAFT

The content of this Exhibit A-2 will be defined pursuant to the provisions of Letter Agreement No. COP-LA-03774-LA-1702975 to the Purchase Agreement, entitled "73710 Open Matters".

AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

between

THE BOEING COMPANY

and

COPA HOLDINGS S.A.
Exhibit B to Purchase Agreement Number PA-03774

Exhibit B

AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

relating to

BOEING MODEL 737 MAX AIRCRAFT

Both Boeing and Customer have certain documentation and approval responsibilities at various times during the construction cycle of each of the Customer's Aircraft that are critical to making the delivery of each Aircraft a positive experience for both parties. This Exhibit B documents those responsibilities and indicates recommended completion deadlines for the actions to be accomplished.

1. GOVERNMENT DOCUMENTATION REQUIREMENTS.

Certain actions are required to be taken by or on behalf of Customer in advance of the scheduled delivery month of each Aircraft with respect to obtaining certain government issued documentation.

1.1 Airworthiness and Registration Documents. Not later than **six (6) months prior to delivery** of each Aircraft, Customer will notify Boeing of the registration number to be painted on the side of the Aircraft. In addition, and not later than **three (3) months prior to delivery** of each Aircraft, Customer will or will cause, by letter to the regulatory authority having jurisdiction, such regulatory authority to authorize the temporary use of such registration numbers by Boeing during the pre-delivery testing of the Aircraft.

Customer is responsible for furnishing any Temporary or Permanent Registration Certificates required by any governmental authority having jurisdiction to be displayed aboard the Aircraft after delivery.

1.2 Certificate of Sanitary Construction.

Boeing will obtain from the United States Public Health Service, a United States Certificate of Sanitary Construction to be displayed aboard each Aircraft after delivery to Customer. The above Boeing obligation only applies to commercial passenger-configured aircraft.

1.3 Customs Documentation.

1.3.1 Import Documentation. If the Aircraft is intended to be exported from the United States, Customer must notify Boeing not later than **three (3) months prior to delivery** of each Aircraft of any documentation required by the customs authorities or by any other agency of the country of import.

1.3.2 General Declaration - U.S. Unless otherwise notified by Customer, Boeing will prepare Customs Form 7507, General Declaration, for execution by U.S. Customs immediately prior to the ferry flight of the Aircraft. For this purpose, Customer will furnish to Boeing not later than **twenty (20) days prior to delivery** all information required by U.S. Customs and Border Protection, including without limitation (i) a complete crew and passenger list identifying the names, birth dates, passport numbers and passport expiration dates of all crew and passengers and (ii) a complete ferry flight itinerary, including point of exit from the United States for the Aircraft.

If Customer intends, during the ferry flight of an Aircraft, to land at a U.S. airport after clearing Customs at delivery, Customer must notify Boeing not later than **twenty (20) days prior to delivery** of such intention. If Boeing receives such notification, Boeing will provide to Customer the documents constituting a Customs permit to proceed, allowing such Aircraft to depart after any such landing. Sufficient copies of completed Form 7507, along with passenger manifest, will be furnished to Customer to cover U.S. stops scheduled for the ferry flight.

1.3.3 Export Declaration - U.S. Boeing will file an export declaration electronically with U.S. Customs and Border Protection (**CBP**) in respect of each Aircraft.

2. Insurance Certificates.

Unless provided earlier, Customer will provide to Boeing not later than **thirty (30) days prior to delivery** of the first Aircraft, a copy of the requisite annual insurance certificate in accordance with the requirements of Article 8 of the AGTA.

3. NOTICE OF FLYAWAY CONFIGURATION.

Not later than **twenty (20) days prior to delivery** of an Aircraft, Customer will provide to Boeing a configuration letter stating the requested "flyaway configuration" of such Aircraft for its ferry flight. This configuration letter should include:

(i) the name of the company which is to furnish fuel for the ferry flight and any scheduled post-delivery flight training, the method of payment for such fuel, and fuel load for the ferry flight;

(ii) the cargo to be loaded and where it is to be stowed on board the Aircraft, the address where cargo is to be shipped after flyaway and notification of any hazardous materials requiring special handling;

(iii) any BFE equipment to be removed prior to flyaway and returned to Boeing BFE stores for installation on Customers subsequent Aircraft;

(iv) a complete list of names and citizenship of each crew member and non-revenue passenger who will be aboard the ferry flight; and

(v) a complete ferry flight itinerary.

4. DELIVERY ACTIONS BY BOEING.

4.1 Schedule of Inspections. All FAA, Boeing and Customer inspections will be scheduled by Boeing for completion prior to delivery of each Aircraft and, if required, all US Customs Bureau or similar inspections will be provided prior to delivery or departure (in each case as required by applicable rules and procedures of the relevant governmental agency) of the Aircraft. Customer will be informed of such schedules.

4.2 Schedule of Demonstration Flights. All FAA and Customer demonstration flights will be scheduled by Boeing for completion prior to delivery of the Aircraft.

4.3 Schedule for Customer's Flight Crew. Boeing will inform Customer of the date that a flight crew is required for acceptance routines associated with delivery of the Aircraft.

4.4 Flight Crew and Passenger Consumables. Boeing will provide reasonable quantities of food, coat hangers, towels, toilet tissue, drinking cups and soap for the first segment of the ferry flight for the Aircraft.

4.5 Delivery Papers, Documents and Data. Boeing will have available at the time of delivery of the Aircraft certain delivery papers, documents and data for execution and delivery. If title for the Aircraft will be transferred to Customer through a Boeing subsidiary and if the Aircraft will be registered with the FAA, Boeing will pre-position in Oklahoma City, Oklahoma, for filing with the FAA at the time of delivery of the Aircraft an executed original Form 8050-2, Aircraft Bill of Sale, indicating transfer of title to the Aircraft from Boeing's subsidiary to Customer.

4.6 Delegation of Authority. Boeing will present a certified copy of a Resolution of Boeing's Board of Directors, designating and authorizing certain persons to act on its behalf in connection with delivery of the Aircraft.

5. DELIVERY ACTIONS BY CUSTOMER.

5.1 Aircraft Radio Station License. At delivery Customer will provide or cause to be provided an Aircraft Radio Station License to be placed on board the Aircraft following delivery.

5.2 Aircraft Flight Log. At delivery Customer will provide or cause to be provided the Aircraft Flight Log for the Aircraft.

5.3 Delegation of Authority. Customer will present to Boeing at delivery of the Aircraft an original or certified copy of Customer's Delegation of Authority designating and authorizing certain persons to act on its behalf in connection with delivery of the specified Aircraft.

5.4 TSA Waiver Approval. Customer may be required to have an approved Transportation Security Administration (TSA) waiver for the ferry flight depending upon the Customer's en-route stop(s) and destination unless the Customer already has a TSA approved security program in place. Customer is responsible for application for the TSA waiver and obtaining TSA approval. Customer will provide a copy of the approved TSA waiver to Boeing upon arrival at the Boeing delivery center.

5.5 Electronic Advance Passenger Information System. Should the ferry flight of an Aircraft leave the United States, the Department of Homeland Security office requires Customer to comply with the Electronic Advance Passenger Information System (**eAPIS**). Customer needs to establish their own account with US Customs and Border Protection in order to file for departure. A copy of the eAPIS forms is to be provided by Customer to Boeing upon arrival of Customer's acceptance team at the Boeing delivery center.

ESCALATION ADJUSTMENT
AIRFRAME AND OPTIONAL FEATURES

between

THE BOEING COMPANY

and

COPA HOLDINGS S.A.

Supplemental Exhibit AE1
to Purchase Agreement Number PA-03774

ESCALATION ADJUSTMENT
AIRFRAME AND OPTIONAL FEATURES

relating to

BOEING MODEL 737 MAX AIRCRAFT

1. Formula.

Airframe and Optional Features price adjustments (**Airframe Price Adjustment**) are used to allow prices to be stated in current year dollars at the signing of this Purchase Agreement and to adjust the amount to be paid by Customer at delivery for the effects of economic fluctuation. The Airframe Price Adjustment will be determined at the time of Aircraft delivery in accordance with the following formula:

$$P_a = (P)(L + M) - P$$

Where:

P_a = Airframe Price Adjustment. (For Models 737, 747-8, 777-200LR, 777-F, and 777-300ER the Airframe Price includes the Engine Price at its basic thrust level.)

P = Airframe Price plus the price of the Optional Features (as set forth in Table 1 of this Purchase Agreement).

$$L = .65 \times \left(\frac{ECI}{ECI_b} \right)$$

Where:

ECI_b is the base year airframe escalation index (as set forth in Table 1 of this Purchase Agreement);

ECI is a value determined using the U.S. Department of Labor, Bureau of Labor Statistics, Employment Cost Index for NAICS Manufacturing — Total Compensation (BLS Series ID CIU20130000000001), calculated by establishing a three (3) month arithmetic average value (expressed as a decimal and rounded to the nearest tenth) using the values for the 11 th , 12 th , and 13 th months prior to the month of scheduled delivery of the applicable Aircraft. As the Employment Cost Index values are only released on a quarterly basis, the value released for the first quarter will be used for the months of January, February, and March; the value released for the second quarter will be used for the months of April, May, and June; the value released for the third quarter will be used for the months of July, August, and September; the value released for the fourth quarter will be used for the months of October, November, and December.

$$M = .35 \times \left(\frac{CPI}{CPI_b} \right)$$

Where:

CPI b is the base year airframe escalation index (as set forth in Table 1 of this Purchase Agreement); and

CPI is a value determined using the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index — All Urban Consumers (BLS Series ID CUUR0000SA0), calculated as a three (3) month arithmetic average of the released monthly values (expressed as a decimal and rounded to the nearest tenth) using the values for the 11 th , 12 th , and 13 th months prior to the month of scheduled delivery of the applicable Aircraft.

As an example, for an Aircraft scheduled to be delivered in the month of July, the months of June, July, and August of the preceding year will be utilized in determining the value of ECI and CPI.

Note:

(i) In determining the values of L and M, all calculations and resulting values will be expressed as a decimal rounded to the nearest ten-thousandth.

(ii) .65 is the numeric ratio attributed to labor in the Airframe Price Adjustment formula.

(iii) .35 is the numeric ratio attributed to materials in the Airframe Price Adjustment formula.

(iv) The denominators (**base year indices**) are the actual average values reported by the U.S. Department of Labor, Bureau of Labor Statistics. The actual average values are calculated as a three (3) month arithmetic average of the released monthly values (expressed as a decimal and rounded to the nearest tenth) using the values for the 11th, 12th, and 13th months prior to the airframe base year. The applicable base year and corresponding denominator is provided by Boeing in Table 1 of this Purchase Agreement.

(v) The final value of P a will be rounded to the nearest dollar.

(vi) The Airframe Price Adjustment will not be made if it will result in a decrease in the Aircraft Basic Price.

2. Values to be Utilized in the Event of Unavailability.

2.1 If the Bureau of Labor Statistics substantially revises the methodology used for the determination of the values to be used to determine the ECI and CPI values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Airframe Price Adjustment, the parties will, prior to the delivery of any such Aircraft, select a substitute from other Bureau of Labor Statistics data or similar data reported by non-governmental organizations. Such substitute will result in the same adjustment, insofar as possible, as would have been calculated utilizing the original values adjusted for fluctuation during the applicable time period. However, if within twenty-four (24) months after delivery of the Aircraft, the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Airframe Price Adjustment, such values will be used to determine any increase or decrease in the Airframe Price Adjustment for the Aircraft from that determined at the time of delivery of the Aircraft.

2.2 Notwithstanding Article 2.1 above, if prior to the scheduled delivery month of an Aircraft the Bureau of Labor Statistics changes the base year for determination of the ECI and CPI values as defined above, such re-based values will be incorporated in the Airframe Price Adjustment calculation.

2.3 In the event escalation provisions are made non-enforceable or otherwise rendered void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the Aircraft Price of any affected Aircraft to reflect an allowance for increases or decreases consistent with the applicable provisions of paragraph 1 of this Supplemental Exhibit AE1 in labor compensation and material costs occurring since August of the year prior to the price base year shown in the Purchase Agreement.

2.4 If within twelve (12) months of Aircraft delivery, the published index values are revised due to an acknowledged error by the Bureau of Labor Statistics, the Airframe Price Adjustment will be re-calculated using the revised index values (this does not include those values noted as preliminary by the Bureau of Labor Statistics). A credit memorandum or supplemental invoice will be issued for the Airframe Price Adjustment difference. Interest charges will not apply for the period of original invoice to issuance of credit memorandum or supplemental invoice.

Note:

(i) The values released by the Bureau of Labor Statistics and available to Boeing thirty (30) days prior to the first day of the scheduled delivery month of an Aircraft will be used to determine the ECI and CPI values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment for the Aircraft invoice at the time of delivery. The values will be considered final and no Airframe Price Adjustments will be made after Aircraft delivery for any subsequent changes in published Index values, subject always to paragraph 2.4 above.

(ii) The maximum number of digits to the right of the decimal after rounding utilized in any part of the Airframe Price Adjustment equation will be four (4), where rounding of the fourth digit will be increased to the next highest digit when the 5th digit is equal to five (5) or greater.

BUYER FURNISHED EQUIPMENT VARIABLES

between

THE BOEING COMPANY

and

COPA HOLDINGS S.A.

Supplemental Exhibit BFE1
to Purchase Agreement Number PA-03774

BOEING PROPRIETARY

BUYER FURNISHED EQUIPMENT VARIABLES

relating to

BOEING MODEL 737-8 MAX AIRCRAFT

This Supplemental Exhibit BFE1 contains supplier selection dates, on-dock dates and other requirements applicable to the Aircraft.

1. Supplier Selection.

Customer will:

Select and notify Boeing of the suppliers and part numbers of the following BFE items by the following dates:

Galley System	12 months prior to first delivery
Galley Inserts	12 months prior to first delivery
Seats (passenger)	14 months prior to first delivery
Overhead & Audio System	12 months prior to first delivery
In-Seat Video System	14 months prior to first delivery
Miscellaneous Emergency Equipment	12 months prior to first delivery
Cargo Handling Systems* (Single Aisle Programs only)	8 months prior to first delivery

*** For a new certification, supplier requires notification ten (10) months prior to Cargo Handling System on-dock date.**
**** Actual Supplier Selection dates will be provided thirty six (36) months prior to first aircraft delivery.**

Customer will enter into initial agreements with the selected Galley System, Galley Inserts, Seats, and In-Seat Video System suppliers on or before **twenty (20) calendar days** after the above supplier selection dates to actively participate with Customer and Boeing in coordination actions including the Initial Technical Coordination Meeting (**ITCM**).

2. On -dock Dates and Other Information.

On or before **nine (9) months prior to delivery of Customer's first Aircraft** , Boeing will provide to Customer the BFE Requirements electronically through My Boeing Fleet (**MBF**) in My Boeing Configuration (**MBC**). These requirements may be periodically revised, setting forth the items, quantities, on-dock dates and shipping instructions and other requirements relating to the in-sequence installation of BFE.

3. Additional Delivery Requirements - Import.

Customer will be the " **importer of record** " (as defined by the U.S. Customs and Border Protection) for all BFE imported into the United States, and as such, it has the responsibility to ensure all of Customer's BFE shipments comply with U.S. Customs Service regulations. In the event Customer requests Boeing, in writing, to act as importer of record for Customer's BFE, and Boeing agrees to such request, Customer is responsible for ensuring Boeing can comply with all U.S. Customs Import Regulations by making certain that, at the time of shipment, all BFE shipments comply with the requirements in the "International Shipment Routing Instructions", including the Customs Trade Partnership Against Terrorism (**C -TPAT**), as set out on the Boeing website referenced below. Customer agrees to include the International Shipment Routing Instructions, including C-TPAT requirements, in each contract between Customer and BFE supplier.

http://www.boeing.com/companyoffices/doingbizJsupplier portal/index general.html

CUSTOMER SUPPORT VARIABLES

between

THE BOEING COMPANY

and

COPA HOLDINGS S.A.

Supplemental Exhibit CS1
to Purchase Agreement Number PA-03774

CUSTOMER SUPPORT VARIABLES

relating to

BOEING MODEL 737 MAX AIRCRAFT

Customer and Boeing will conduct planning conferences approximately twelve (12) months prior to delivery of the first Aircraft, or as mutually agreed, in order to develop and schedule a customized Customer Support Program to be furnished by Boeing in support of the Aircraft.

The customized Customer Services Program will be based upon and equivalent to the entitlements summarized below.

1. Maintenance Training.

1.1 Mechanical/Power Plant Course; one (1) class of fifteen (15) students;

1.2 Electrical Systems Course; one (1) class of fifteen (15) students;

1.3 Avionics Systems Course; one (1) class of fifteen (15) students;

1.4 Aircraft Rigging Course; one (1) class of six (6) students;

1.5 Advanced Composite Repair Course; one (1) class of eight (8) students.

1.6 Training materials will be provided to each student. In addition, one set of training materials as used in Boeing's training program, including visual aids, Computer Based Training Courseware, instrument panel wall charts, text/graphics, video programs, etc. will be provided for use in Customer's own training program.

2. Flight Training.

2.1 Boeing will provide one classroom course to acquaint up to eight (8) students (four (4) flight crews) with operational, systems and performance differences between Customer's newly-purchased Aircraft and an aircraft of the same model currently operated by Customer.

2.2 Training materials will be provided to each student. In addition, one set of training materials as used in Boeing's training program, including Computer Based Training Courseware, instrument panel wall charts, Flight Attendant Manuals, etc. will be provided for use in Customer's own training program. Customer is authorized to duplicate and use Boeing provided training materials to train Customer's personnel in their own training program, it being understood that revision service for these materials is not provided by Boeing.

3. Planning Assistance.

3.1 Maintenance Engineering. Notwithstanding anything in Exhibit B to the AGTA seemingly to the contrary, Boeing will provide the following Maintenance Engineering support:

3.1.1 Maintenance Planning Assistance. Upon request, Boeing will provide one (1) on-site visit to Customer's main base to assist with maintenance program development and to provide consulting related to maintenance planning. Consultation with Customer will be based on ground rules and requirements information provided in advance by Customer.

3.1.2 ETOPS Maintenance Planning Assistance. Upon request, Boeing will provide one (1) on site visit to Customer's main base to assist with the development of their ETOPS maintenance program and to provide consultation related to ETOPS maintenance planning. Consultation with Customer will be based on ground rules and requirements information provided in advance by the Customer.

3.1.3 GSE/Shops/Toolinq Consulting. Upon request, Boeing will provide consulting and data for ground support equipment, maintenance tooling and requirements for maintenance shops. Consultation with Customer will be based on ground rules and requirements information provided in advance by Customer.

3.1.4 Maintenance Engineering Evaluation. Upon request, Boeing will provide one (1) on-site visit to Customer's main base to evaluate Customer's maintenance and engineering organization for conformance with industry best practices. The result of such evaluation will be documented by Boeing in a maintenance engineering evaluation presentation. Customer will be provided with a copy of the maintenance engineering evaluation presentation. Consultation with Customer will be based on ground rules and requirements information provided in advance by Customer.

3.2 Spares.

(i) Recommended Spares Parts List (RSPL). A customized RSPL, data and documents will be provided to identify spare parts required for Customers support program.

(ii) Illustrated Parts Catalog (IPC). A customized IPC in accordance with ATA 100 will be provided.

(iii) Provisioning Training. Provisioning training will be provided for Customer's personnel at Boeing's facilities, where documentation and technical expertise are available. Training is focused on the initial provisioning process and calculations reflected in the Boeing RSPL.

(iv) Spares Provisioning Conference. A provisioning conference will be conducted, normally at Boeing's facilities where technical data and personnel are available.

4. Technical Data and Documents.

The following will be provided in mutually agreed formats and quantities:

4.1 Flight Operations.

Airplane Flight Manual
Operations Manual
Quick Reference Handbook
Weight and Balance Manual
Dispatch Deviation Procedures Guide
Flight Crew Training Manual
Performance Engineer's Manual
Fault Reporting Manual
FMC Supplemental Data Document
Operational Performance Software
ETOPS Guide Vol. III

4.2 Maintenance.

Aircraft Maintenance Manual
Wiring Diagram Manual
Systems Schematics Manual
Fault Isolation Manual
Structural Repair Manual
Overhaul/Component Maintenance Manual
Standard Overhaul Practices Manual
Standard Wiring Practices Manual
Non-Destructive Test Manual
Service Bulletins and Index
Corrosion Prevention Manual
Fuel Measuring Stick Calibration Document
Power Plant Buildup Manual
Combined Index
Significant Service Item Summary
All Operators Letters
Structural Item Interim Advisory and Index
Service Letters and Index
Maintenance Tips
Production Management Data Base (PMDB)
Electrical Connectors Options Document

4.3 Maintenance Planning.

Maintenance Planning Data Document
Maintenance Task Cards and Index
Maintenance Inspection Intervals Report

4.4 Spares.

Illustrated Parts Catalog
Standards Books

4.5 Facilities and Equipment Planning.

Facilities and Equipment Planning Document
Special Tool & Ground Handling Equipment Drawings & Index
Supplementary Tooling Documentation
Illustrated Tool and Equipment Manual
Aircraft Recovery Document
Airplane Characteristics for Airport Planning Document
Aircraft Rescue and Firefighting Document
Engine Handling Document
Configuration, Maintenance and Procedures for ETOPS
ETOPS Guide Vols. I & II

4.6 Supplier Technical Data.

Service Bulletins
Ground Support Equipment Data
Provisioning Information
Component Maintenance/Overhaul Manuals and Index
Publications Index
Product Support Supplier Directory

4.7 Fleet Statistical Data and Reporting.

Fleet reliability views, charts, and reports

5. Aircraft Information.

5.1 **Aircraft Information** is defined as that data provided by Customer to Boeing which falls into one of the following categories: (i) aircraft operational information (including, but not limited to, flight hours, departures, schedule reliability, engine hours, number of aircraft, aircraft registries, landings, and daily utilization and schedule interruptions for Boeing model aircraft); (ii) summary and detailed shop findings data; (iii) line maintenance data; (iv) airplane message data, (v) scheduled maintenance data; (vi) service bulletin incorporation; and (vii) aircraft data generated or received by equipment installed on Customer's aircraft in analog or digital form including but not limited to information regarding the state, condition, performance, location, setting, or path of the aircraft and associated systems, sub-systems and components.

5.2 License Grant. To the extent Customer has or obtains rights to Aircraft Information, Customer grants to Boeing a perpetual, world-wide, non-exclusive license to use and disclose Aircraft Information and create derivatives thereof in Boeing data and information and products and services provided Customer identification information as originating from Customer is removed. Customer identification information may be retained as necessary for Boeing to provide products and services Customer has requested from Boeing or for Boeing to inform Customer of additional Boeing products and services. This grant is in addition to any other grants of rights in the agreements governing provision of such information to Boeing regardless of whether that information is identified as Aircraft Information in such agreement including any information submitted under the In Service Data Program (ISDP).

For purposes of this article, Boeing is defined as The Boeing Company and its wholly owned subsidiaries.

5.3 Customer will provide Aircraft Information to Boeing through an automated software feed necessary to support Fleet Statistical Analysis. Boeing will provide assistance to Customer under a separate agreement for mapping services to enable the automated software feed.

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY

between

THE BOEING COMPANY

and

COPA HOLDINGS S.A.

Supplemental Exhibit EE1
to Purchase Agreement Number PA-03774

ENGINE ESCALATION
ENGINE WARRANTY AND PATENT INDEMNITY

relating to

BOEING MODEL 737 MAX AIRCRAFT

1. ENGINE ESCALATION.

No separate engine escalation methodology is applicable to the 737-600, -700, 800, -900 or -900ER, -7, -8, -9 Aircraft. Pursuant to the AGTA, the engine prices for these Aircraft are included in and will be escalated in the same manner as the Airframe.

2. ENGINE WARRANTY AND PRODUCT SUPPORT PLAN.

Boeing has obtained from CFM International, Inc. (or CFM International, S.A., as the case may be) (**CFM**) the right to extend to Customer the provisions of CFM's warranty as set forth below (herein referred to as **Warranty**); subject, however, to Customer's acceptance of the conditions set forth herein. Accordingly, Boeing hereby extends to Customer and Customer hereby accepts the provisions of CFM's Warranty as hereinafter set forth, and such Warranty shall apply to all CFM56-7 and CFM-LEAP-1B type Engines (including all Modules and Parts thereof) installed in the Aircraft at the time of delivery or purchased from Boeing by Customer for support of the Aircraft except that, if Customer and CFM have executed, or hereafter execute, a General Terms Agreement which includes by its terms such engines, then the terms of that Agreement shall be substituted for and supersede the provisions of paragraphs 2.1 through 2.10 below and paragraphs 2.1 through 2.10 below shall be of no force or effect and neither Boeing nor CFM shall have any obligation arising therefrom. In consideration for Boeing's extension of the CFM Warranty to Customer, Customer hereby releases and discharges Boeing from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of such CFM56-7 and CFM-LEAP-1B type Engines and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities. In addition, Customer hereby releases and discharges CFM from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of such CFM56-7 and CFM-LEAP-1B type Engines except as otherwise expressly assumed by CFM in such CFM Warranty or General Terms Agreement between Customer and CFM and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities.

2.1 Title . CFM warrants that at the date of delivery, CFM has legal title to and good and lawful right to sell its CFM56-7 and CFM-LEAP type Engine and Products and furthermore warrants that such title is free and clear of all claims, liens and encumbrances of any nature whatsoever.

2.2 Patents.

2.2.1 CFM shall handle all claims and defend any suit or proceeding brought against Customer insofar as based on a claim that any product or part furnished under this Agreement constitutes an infringement of any patent of the United States, and shall pay all damages and costs awarded therein against Customer. This paragraph shall not apply to any product or any part manufactured to Customer's design or to the aircraft manufacturer's design. As to such product or part, CFM assumes no liability for patent infringement.

2.2.2 CFM's liability hereunder is conditioned upon Customer promptly notifying CFM in writing and giving CFM authority, information and assistance (at CFM's expense) for the defense of any suit. In case said equipment or part is held in such suit to constitute infringement and the use of said equipment or part is enjoined, CFM shall expeditiously, at its own expense and at its option, either (i) procure for Customer the rights to continue using said product or part; (ii) replace the same with a satisfactory and non-infringing product or part; or (iii) modify the same so it becomes satisfactory and non-infringing. The foregoing shall constitute the sole remedy of Customer and the sole liability of CFM for patent infringement.

2.2.3 The above provisions also apply to products which are the same as those covered by this Agreement and are delivered to Customer as part of the installed equipment on CFM56-7 and CFM-LEAP-1B powered Aircraft.

2.3 Initial Warranty. CFM warrants that CFM56-7 and CFM-LEAP-1B Engine products will conform to CFM's applicable specifications and will be free from defects in material and workmanship prior to Customer's initial use of such products.

2.4 Warranty Pass -On.

2.4.1 If requested by Customer and agreed to by CFM in writing, CFM will extend warranty support for Engines sold by Customer to commercial airline operators, or to other aircraft operators. Such warranty support will be limited to the New Engine Warranty, New Parts Warranty, Ultimate Life Warranty and Campaign Change Warranty and will require such operator(s) to agree in writing to be bound by and comply with all the terms and conditions, including the limitations, applicable to such warranties.

2.4.2 Any warranties set forth herein shall not be transferable to a third party, merging company or an acquiring entity of Customer.

2.4.3 In the event Customer is merged with, or acquired by, another aircraft operator which has a general terms agreement with CFM, the Warranties as set forth herein shall apply to the Engines, Modules, and Parts.

2.5 New Engine Warranty.

2.5.1 CFM warrants each new Engine and Module against Failure for the initial 3000 Flight Hours as follows:

(i) Parts Credit Allowance will be granted for any Failed Parts.

(ii) Labor Allowance for disassembly, reassembly, test and Parts repair of any new Engine Part will be granted for replacement of Failed Parts.

(iii) Such Parts Credit Allowance and Labor Allowance will be: One hundred percent (100%) from new to two thousand five hundred (2,500) Flight Hours and decreasing pro rata from one hundred percent (100%) at two thousand five hundred (2,500) Flight Hours to zero percent (0%) at three thousand (3,000) Flight Hours.

2.5.2 As an alternative to the above allowances, CFM shall, upon request of Customer:

(i) Arrange to have the failed Engines and Modules repaired, as appropriate, at a facility designated by CFM at no charge to Customer for the first at two thousand five hundred (2,500) Flight Hours and at a charge to Customer increasing pro rata from zero percent (0%) of CFM's repair cost at two thousand five hundred (2,500) Flight Hours to one hundred percent (100%) of such CFM repair costs at three thousand (3,000) Flight Hours.

(ii) Transportation to and from the designated facility shall be at Customer's expense.

2.6 New Parts Warranty. In addition to the warranty granted for new Engines and new Modules, CFM warrants Engine and Module Parts as follows:

2.6.1 During the first one thousand (1,000) Flight Hours for such Parts and Expendable Parts, CFM will grant one hundred percent (100%) Parts Credit Allowance or Labor Allowance for repair labor for failed Parts.

2.6.2 CFM will grant a pro rata Parts Credit Allowance for Scrapped Parts decreasing from one hundred percent (100%) at one thousand (1,000) Flight Hours Part Time to zero percent (0%) at the applicable hours designated in Table 1.

2.7 Ultimate Life Warranty.

2.7.1 CFM warrants Ultimate Life limits on the following Parts:

(i) Fan and Compressor Disks/Drums

(ii) Fan and Compressor Shafts

(iii) Compressor Discharge Pressure Seal (**CDP**)

(iv) Turbine Disks

(v) HPT Forward and Stub Shaft

(vi) LPT Driving Cone

(vii) LPT Shaft and Stub Shaft

2.7.2 CFM will grant a pro rata Parts Credit Allowance decreasing from one hundred percent (100%) when new to zero percent at twenty-five thousand (25,000) Flight Hours or fifteen thousand (15,000) Flight Cycles, whichever comes earlier. Credit will be granted only when such Parts are permanently removed from service by a CFM or a U.S. and/or French Government imposed Ultimate Life limitation of less than twenty-five thousand (25,000) Flight Hours or fifteen thousand (15,000) Flight Cycles.

2.8 Campaign Change Warranty.

2.8.1 A campaign change will be declared by CFM when a new Part design introduction, Part modification, Part Inspection, or premature replacement of an Engine or Module is required by a mandatory time compliance CFM Service Bulletin or FAA Airworthiness Directive. Campaign change may also be declared for CFM Service Bulletins requesting new Part introduction no later than the next Engine or Module shop visit. CFM will grant following Parts Credit Allowances:

Engines and Modules

(i) One hundred percent (100%) for Parts in inventory or removed from service when new or with two thousand five hundred (2,500) Flight Hours or less total Part Time.

(ii) Fifty percent (50%) for Parts in inventory or removed from service with over two thousand five hundred (2,500) Flight Hours since new, regardless of warranty status.

2.8.2 Labor Allowance - CFM will grant one hundred percent (100%) Labor Allowance for disassembly, reassembly, modification, testing, or Inspection of CFM supplied Engines, Modules, or Parts therefore when such action is required to comply with a mandatory time compliance CFM Service Bulletin or FAA Airworthiness Directive. A Labor Allowance will be granted by CFM for other CFM issued Service Bulletins if so specified in such Service Bulletins.

2.8.3 Life Controlled Rotating Parts retired by Ultimate Life limits including FAA and/or EASA Airworthiness Directive, are excluded from Campaign Change Warranty.

2.9 Limitations. THE PROVISIONS SET FORTH HEREIN ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES WHETHER WRITTEN, ORAL OR IMPLIED. THERE ARE NO IMPLIED WARRANTIES OF FITNESS OR MERCHANTABILITY. SAID PROVISIONS SET FORTH THE MAXIMUM LIABILITY OF

CFM WITH RESPECT TO CLAIMS OF ANY KIND, INCLUDING NEGLIGENCE, ARISING OUT OF MANUFACTURE, SALE, POSSESSION, USE OR HANDLING OF THE PRODUCTS OR PARTS THEREOF OR THEREFORE, AND IN NO EVENT SHALL CFM'S LIABILITY TO CUSTOMER EXCEED THE PURCHASE PRICE OF THE PRODUCT GIVING RISE TO CUSTOMER'S CLAIM OR INCLUDE INCIDENTAL OR CONSEQUENTIAL DAMAGES.

2.10 Indemnity and Contribution.

2.10.1 IN THE EVENT CUSTOMER ASSERTS A CLAIM AGAINST A THIRD PARTY FOR DAMAGES OF THE TYPE LIMITED OR EXCLUDED IN LIMITATIONS, PARAGRAPH 2.9. ABOVE, CUSTOMER SHALL INDEMNIFY AND HOLD CFM HARMLESS FROM AND AGAINST ANY CLAIM BY OR LIABILITY TO SUCH THIRD PARTY FOR CONTRIBUTION OR INDEMNITY, INCLUDING COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) INCIDENT THERETO OR INCIDENT TO ESTABLISHING SUCCESSFULLY THE RIGHT TO INDEMNIFICATION UNDER THIS PROVISION. THIS INDEMNITY SHALL APPLY WHETHER OR NOT SUCH DAMAGES WERE OCCASIONED IN WHOLE OR IN PART BY THE FAULT OR NEGLIGENCE OF CFM, WHETHER ACTIVE, PASSIVE OR IMPUTED.

2.10.2 CUSTOMER SHALL INDEMNIFY AND HOLD CFM HARMLESS FROM ANY DAMAGE, LOSS, CLAIM, AND LIABILITY OF ANY KIND (INCLUDING EXPENSES OF LITIGATION AND ATTORNEYS' FEES) FOR PHYSICAL INJURY TO OR DEATH OF ANY PERSON, OR FOR PROPERTY DAMAGE OF ANY TYPE, ARISING OUT OF THE ALLEGED DEFECTIVE NATURE OF ANY PRODUCT OR SERVICE FURNISHED UNDER THIS AGREEMENT, TO THE EXTENT THAT THE PAYMENTS MADE OR REQUIRED TO BE MADE BY CFM EXCEED ITS ALLOCATED SHARE OF THE TOTAL FAULT OR LEGAL RESPONSIBILITY OF ALL PERSONS ALLEGED TO HAVE CAUSED SUCH DAMAGE, LOSS, CLAIM, OR LIABILITY BECAUSE OF A LIMITATION OF LIABILITY ASSERTED BY CUSTOMER OR BECAUSE CUSTOMER DID NOT APPEAR IN AN ACTION BROUGHT AGAINST CFM. CUSTOMER'S OBLIGATION TO INDEMNIFY CFM HEREUNDER SHALL BE APPLICABLE AT SUCH TIME AS CFM IS REQUIRED TO MAKE PAYMENT PURSUANT TO A FINAL JUDGEMENT IN AN ACTION OR PROCEEDING IN WHICH CFM WAS A PARTY, PERSONALLY APPEARED, AND HAD THE OPPORTUNITY TO DEFEND ITSELF. THIS INDEMNITY SHALL APPLY WHETHER OR NOT CUSTOMER'S LIABILITY IS OTHERWISE LIMITED.

SERVICE LIFE POLICY COMPONENTS

between

THE BOEING COMPANY

and

COPA HOLDINGS S.A.

Supplemental Exhibit SLP1
to Purchase Agreement Number PA-03774

BOEING PROPRIETARY

SERVICE LIFE POLICY COMPONENTS

relating to

BOEING MODEL 737 MAX AIRCRAFT

This is the listing of SLP Components for the Aircraft which relate to Part 3, Boeing Service Life Policy of Exhibit C, Product Assurance Document to the AGTA and is a part of Purchase Agreement No. PA-03774.

1. Wing.

(i) Upper and lower wing skins and stiffeners between the forward and rear wing spars.

(ii) Wing spar webs, chords and stiffeners.

(iii) Inspar wing ribs.

(iv) Inspar splice plates and fittings.

(v) Main landing gear support structure.

(vi) Wing center section lower beams, spanwise beams and floor beams, but not the seat tracks attached to floor beams.

(vii) Wing-to-body structural attachments.

(viii) Engine strut support fittings attached directly to wing primary structure.

(ix) Support structure in the wing for spoilers and spoiler actuators; for aileron hinges and reaction links; and for leading edge devices and trailing edge flaps.

(x) Trailing edge flap tracks and carriages.

(xi) Aileron leading edge device and trailing edge flap internal, fixed attachment and actuator support structure.

2. Body.

(i) External surface skins and doublers, longitudinal stiffeners, longerons and circumferential rings and frames between the forward pressure bulkhead and the vertical stabilizer rear spar bulkhead and structural support and enclosure for the APU but excluding all system components and related installation and connecting devices, insulation, lining, and decorative panels and related installation and connecting devices.

(ii) Window and windshield structure but excluding the windows and windshields.

(iii) Fixed attachment structure of the passenger doors, cargo doors and emergency exits, excluding door mechanisms and movable hinge components. Sills and frames around the body openings for the passenger doors, cargo doors and emergency exits, excluding scuff plates and pressure seals.

(iv) Nose wheel well structure, including the wheel well walls, pressure deck, bulkheads, and gear support structure.

(v) Main gear wheel well structure including pressure deck and landing gear beam support structure.

(vi) Floor beams and support posts in the control cab and passenger cabin area, but excluding seat tracks.

(vii) Forward and aft pressure bulkheads.

(viii) Keel structure between the wing front spar bulkhead and the main gear wheel well aft bulkhead including splices.

(ix) Wing front and rear spar support bulkheads, and vertical and horizontal stabilizer front and rear spar support bulkheads including terminal fittings but excluding all system components and related installation and connecting devices, insulation, lining, and decorative panels and related installation and connecting devices.

(x) Support structure in the body for the stabilizer pivot and stabilizer screw.

3. Vertical Stabilizer.

(i) External skins between front and rear spars.

(ii) Front, rear and auxiliary spar chords, webs and stiffeners and attachment fittings.

(iii) Inspar ribs.

(iv) Rudder hinges and supporting ribs, excluding bearings.

(v) Support structure in the vertical stabilizer for rudder hinges, reaction links and actuators.

(vi) Rudder internal, fixed attachment and actuator support structure.

4. Horizontal Stabilizer.

(i) External skins between front and rear spars.

(ii) Front and rear spar chords, webs and stiffeners.

(iii) Inspar ribs.

(iv) Stabilizer center section including hinge and screw support structure.

(v) Support structure in the horizontal stabilizer for the elevator hinges, reaction links and actuators.

(vi) Elevator internal, fixed attachment and actuator support structure.

5. Engine Strut.

(i) Strut external surface skin and doublers and stiffeners.

(ii) Internal strut chords, frames and bulkheads.

(iii) Strut to wing fittings and diagonal brace.

(iv) Engine mount support fittings attached directly to strut structure and including the engine-mounted support fittings.

6. Main Landing Gear.

(i) Outer cylinder.

(ii) Inner cylinder, including axles.

(iii) Upper and lower side struts, including spindles, universals and reaction links.

(iv) Drag strut.

(v) Orifice support tube.

(vi) Downlock links including spindles and universals.

(vii) Torsion links.

(viii) Bell crank.

(ix) Trunnion link.

(x) Actuator beam, support link and beam arm.

7. Nose Landing Gear.

(i) Outer cylinder.

(ii) Inner cylinder, including axles.

(iii) Orifice support tube.

(iv) Upper and lower drag strut, including lock links.

(v) Steering plates and steering collars.

(vi) Torsion links.

NOTE: The Service Life Policy does not cover any bearings, bolts, bushings, clamps, brackets, actuating mechanisms or latching mechanisms used in or on the SLP Components.

The Boeing Company
P.O. Box 3707
Seattle, WA 98124-2207

COP-PA-03774-LA-1207593R1

COPA Holdings S.A.
Business Park, Torre Norte
Urbanizacion Costa del Este
Apartado 0816-06819
Panama, Republic of Panama

BOEING PROPRIETARY

Attachment A

1. Supplier Selection.

Customer will:

1.1 Select and notify Boeing of the suppliers and part numbers of the following SPE items by the following dates:

	**TBD	
Seats	_____	_____
Galleys/Furnishings	_____	_____
Antennas and Mounting Equipment	_____	_____
Avionics	_____	_____
IFE/CCS	_____	_____
Miscellaneous Emergency Equipment	_____	_____
Textiles/Raw Material	_____	_____
Cargo Systems*(*single Aisle Programs only)*	_____	_____
Provision Kits *(single Aisle Programs only)*	_____	_____
Radomes *(single Aisle Programs only)*	_____	_____

* For a new certification, Customer will need to provide Supplier Selections two (2) months earlier than stated above.

Exhibit 8.1

SUBSIDIARIES OF THE REGISTRANT

NAME	JURISDICTION OF INCORPORATION
COPA HOLDINGS, S.A	Panamá
COMPAÑÍA PANAMEÑA DE AVIACIÓN, S.A.	Panamá
ENTERPRISES SUPPORT, INC	Panamá
AEROFINANCE CORPORATION	British Virgin Islands
AERO CORPORATION ONE LTD	British Virgin Islands
AERO CORPORATION TWO LTD	British Virgin Islands
FINANCIAL LEASING HOLDINGS, INC	British Virgin Islands
AEROREPUBLICA, S. A.	Colombia
OVAL FINANCIAL LEASING LTD.	British Virgin Islands
ALSACE HOLDINGS LTD	British Virgin Islands
ANCON LEASING	British Virgin Islands
NEW WINGS LEASING, INC.	Delaware
INTERNATIONAL AVIATION LEASING GROUP LTD	British Virgin Islands
INTERNATIONAL AVIATION LEASING GROUP TWO LTD	British Virgin Islands
NEW TRIUMPH PACIFIC	British Virgin Islands
NEW TRIUMPH ENGINE TWO	British Virgin Islands
ONMAX ENTERPRISES LIMITED	British Virgin Islands
REGIONAL AIRCRAFT HOLDINGS, LTD	British Virgin Islands
LEASE MANAGEMENT SERVICES LLC	Delaware
ASIAN AIRCRAFT LEAS. LTD.	Irlanda
ASIAN AIRCRAFT LEAS. 2 LT	Irlanda
ASIAN AIRCRAFT LEAS. 3 LT	Irlanda
ASIAN AIRCRAFT LEA 4 LTD	Irlanda
ASIAN AIRCRAFT LEA 5 LTD	Irlanda
PANAMAX 20 LEASING LTD	Irlanda

EXHIBIT 12.1

Certification

I, Pedro Heilbron, certify that:

1. I have reviewed this annual report on Form 20-F of Copa Holdings, S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 23, 2021

/s/ Pedro Heilbron
Pedro Heilbron
Chief Executive Officer

(Section 302 CEO Certification)

EXHIBIT 12.2

Certification

I, Jose Montero, certify that:

1. I have reviewed this annual report on Form 20-F of Copa Holdings, S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 23, 2021

/s/ Jose Montero
Jose Montero
Chief Financial Officer

(Section 302 CFO Certification)

EXHIBIT 13.1

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Copa Holdings, S.A. (the " Company "), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2020 of the Company fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 23, 2021

/s/ Pedro Heilbron
Pedro Heilbron
Chief Executive Officer

(Section 906 CEO Certification)

EXHIBIT 13.2

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Copa Holdings, S.A. (the " Company "), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2020 of the Company fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 23, 2021

/s/ Jose Montero

Jose Montero
Chief Financial Officer

(Section 906 CFO Certification)