As filed with the Securities and Exchange Commission on May 13, 1996
Registration No. 333-[ ]

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Continental Airlines, Inc.
(Exact name of registrant as specified in its charter)

Delaware	4512	74-2099724
(State or other jurisdiction of incorporation or organization)	(Primary standard industrial classification code number)	(I.R.S. employer identification number)

2929 Allen Parkway, Suite 2010
Houston, Texas 77019
(713) 834-2950
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jeffery A. Smisek, Esq.
Senior Vice President, General Counsel and Secretary
Continental Airlines, Inc.
2929 Allen Parkway, Suite 2010
Houston, Texas 77019
(713) 834-2950
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of correspondence to:

Michael L. Ryan, Esq.
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006

Approximate date of commencement of proposed sale to the public: As soon as practicable after the Registration Statement becomes effective.

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
10.22% Series B Senior Unsecured Sinking Fund Notes due July 1, 2000	$65,046,762.06	100%	$65,046,762.06	$22,429.92

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance

with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

CONTINENTAL AIRLINES, INC.
CROSS-REFERENCE SHEET

(Pursuant to Item 501(b) of Regulation S-K Showing Location in the Prospectus of Information Required by Items in Form S-4)

Item	Caption or Location in Prospectus
1. Forepart of Registration Statement and Outside Front Cover Page of Prospectus.	Facing Page of the Registration Statement; Cross Reference Sheet; Outside Front Cover Page of Prospectus
2. Inside Front and Outside Back Cover Pages of Prospectus.	Available Information; Outside Back Cover Page of Prospectus
3. Risk Factors, Ratio of Earnings to Fixed Charges and Other Information	Prospectus Summary; Risk Factors; Selected Financial Data
4. Terms of the Transaction	Prospectus Summary; Risk Factors; The Exchange Offer; Description of Series B Notes; Plan of Distribution; Certain Federal Income Tax Considerations
5. Pro Forma Financial Information	Not Applicable
6. Material Contacts With the Company Being Acquired.	Not Applicable
7. Additional Information Required for Reoffering by Persons and Parties Deemed to be Underwriters.	Not Applicable
8. Interests of Named Experts and Counsel	Not Applicable
9. Disclosure of Commission Position on Indemnification for Securities Act Liabilities	Not Applicable
10. Information with Respect to S-3 Registrants	Prospectus Summary; Recent Developments
11. Incorporation of Certain Information by Reference.	Available Information; Incorporation of Certain Documents by Reference

12.	Information with Respect to S-2 or S-3 Registrants	Not Applicable
13.	Incorporation of Certain Information by Reference.	Not Applicable
14.	Information with Respect to Registrants Other Than S-3 or S-2 Registrants	Not Applicable
15.	Information with Respect to S-3 Companies	Not Applicable
16.	Information with Respect to S-2 or S-3 Companies	Not Applicable
17.	Information with Respect to Companies Other Than S-3 or S-2 Companies	Not Applicable
18.	Information if Proxies, Consents or Authorizations Are to be Solicited	Not Applicable
19.	Information if Proxies, Consents or Authorizations Are Not to be Solicited or in an Exchange Offer	Prospectus Summary; The Exchange Offer; Description of Series B Notes

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION-DATED MAY 13, 1996

PROSPECTUS

Continental Airlines, Inc.

Offer to Exchange its 10.22% Series B Senior Unsecured Sinking Fund Notes due July 1, 2000, which have been registered under the Securities Act of 1933, as amended, for any and all of its outstanding 10.22% Series A Senior Unsecured Sinking Fund Notes due July 1, 2000

The Exchange Offer will expire at 5:00 p.m., New York City time, on , 1996, unless extended.

Continental Airlines, Inc., a Delaware corporation (the "Company" or "Continental"), hereby offers, upon the terms and subject to the conditions set forth in this Prospectus and the accompanying letter of transmittal (the "Letter of Transmittal" and, together with this Prospectus, the "Exchange Offer"), to

exchange its 10.22% Series B Senior Unsecured Sinking Fund Notes due July 1, 2000 (the "Series B Notes"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to a Registration Statement of which this Prospectus is a part, for an equal principal amount of its outstanding 10.22% Series A Senior Unsecured Sinking Fund Notes due July 1, 2000 (the "Series A Notes"), of which $65,046,762.06 aggregate principal amount is outstanding as of the date hereof. The Series B Notes and the Series A Notes are collectively referred to herein as the "Notes."

The Company will accept for exchange any and all Series A Notes that are validly tendered and not withdrawn on or prior to 5:00 P.M., New York City time, on the date the Exchange Offer expires, which will be _____ , 1996 (20 business days following the commencement of the Exchange Offer) unless the Exchange Offer is extended (such date, including as extended, the "Expiration Date"). Tenders of Series A Notes may be withdrawn at any time prior to 5:00 P.M., New York City time on the Expiration Date. The Exchange Offer is not conditioned upon any minimum principal amount of Series A Notes being tendered for exchange. However, the Exchange Offer is subject to certain customary conditions which may be waived by the Company and to the terms of the Registration Rights Agreement (as defined herein). See "The Exchange Offer-Conditions."

The Series B Notes will be entitled to the benefits of the same Indenture (as defined herein) which governs the Series A Notes and will govern the Series B Notes. The form and terms of the Series B Notes are the same in all material respects as the form and terms of the Series A Notes, except that the Series B Notes do not contain terms with respect to Liquidated Damages (as defined herein) and the Series B Notes have been registered under the Securities Act and therefore will not bear legends restricting the transfer thereof. See "The Exchange Offer" and "Description of Series B Notes."

The Series B Notes will mature on July 1, 2000 and will be limited to $65,046,762.06 in aggregate principal amount. The Series B Notes will be senior unsecured obligations of the Company and will rank senior in right of payment to all existing and future subordinated indebtedness of the Company. The Series B Notes will rank pari passu in right of payment with all the Company's senior indebtedness. The Series B Notes will be effectively subordinated to all indebtedness of the Company's Subsidiaries (as defined herein). The Indenture permits the Company and its Restricted Subsidiaries (as defined herein) to incur additional Debt (as defined herein) under certain circumstances. See "Description of Series B Notes-Certain Covenants."

The Series B Notes will bear interest at the rate of 10.22% per annum, accruing from the last date on which such interest was paid on the Series A Notes surrendered in exchange therefor. Consequently, holders who exchange their Series A Notes for Series B Notes will receive the same interest payment on the next interest payment date that they would have received had they not accepted the Exchange Offer. Interest on the Series B Notes is payable quarterly on January 1, April 1, July 1 and October 1 of each year. See "The Exchange Offer - Interest on Series B Notes."

(continued on next page)

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

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY

STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is , 1996

The Company may redeem the Notes, at its option on notice to the holders of the Notes as provided in the Indenture, at any time in whole or from time to time in part, otherwise than through the operation of the Sinking Fund (as defined herein) provided for therein, at a redemption price equal to 100% of the aggregate principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon to the date of redemption. See "Description of Series B Notes--Optional Redemption."

On and after April 1, 1997, the Company is required to redeem on January 1, April 1, July 1 and October 1 of each year, a portion of the aggregate principal amount of the Notes as set forth herein at a redemption price equal to 100% of the aggregate principal amount of the Notes so redeemed, plus accrued and unpaid interest to the redemption date. The principal amount of Notes to be redeemed may at the option of the Company be reduced in inverse order of maturity by an amount equal to the sum of (i) the principal amount of Notes theretofore issued and acquired at any time by the Company and delivered to the Trustee for cancellation, and not theretofore made the basis for the reduction of a Sinking Fund payment and (ii) the principal amount of Notes at any time redeemed and paid pursuant to the optional redemption provisions of the Notes or which shall at any time have been duly called for redemption (otherwise than through operation of the Sinking Fund) and the redemption price shall have been deposited in trust for that purpose and which theretofore have not been made the basis for the reduction of a Sinking Fund Payment. "See Description of Series B Notes-Sinking Fund."

Based on interpretations by the staff of the Securities and Exchange Commission (the "Commission"), as set forth in no-action letters issued to third parties, the Company believes that the Series B Notes issued pursuant to the Exchange Offer may be offered for resale, resold or otherwise transferred by holders thereof (other than a broker-dealer who acquires such Series B Notes directly from the Company for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any holder that is an "affiliate" of the Company as defined under Rule 405 of the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Series B Notes are acquired in the ordinary course of such holders' business and such holders are not engaged in, and do not intend to engage in, a distribution of such Series B Notes and have no arrangement with any person to participate in a distribution of such Series B Notes. However, the staff of the Commission has not considered the Exchange Offer in the context of a no-action letter and there can be no assurance that the staff of the Commission would make a similar determination with respect to the Exchange Offer as in such other circumstances. By tendering the Series A Notes in exchange for Series B Notes, each holder, other than a broker-dealer, will represent to the Company that: (i) it is not an affiliate of the Company (as defined under Rule 405 of the Securities Act) nor a broker-dealer tendering Series A Notes acquired directly from the Company for its own account; (ii) any Series B Notes to be received by it will be acquired in the ordinary course of its business; and (iii) it is not engaged in, and does not intend to engage in, a distribution of such Series B Notes and has no arrangement or understanding to participate in a distribution of the Series B Notes. Each broker-dealer that receives Series B Notes for its own account pursuant to the Exchange Offer (a "Participating Broker-Dealer") must acknowledge that it will deliver a prospectus in connection with any resale of such Series B Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a Participating Broker-Dealer will not be deemed to admit that it

is an "underwriter" within the meaning of the Securities Act. The Company is under no obligation to prepare a prospectus for use in connection with any such resale. See "Plan of Distribution."

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

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

Prior to this Exchange Offer, there has been no public market for the Series A Notes or the Series B Notes. If a market for the Series B Notes should develop, the Series B Notes could trade at prices higher or lower than their principal amount. The Company does not intend to list the Series B Notes on a national securities exchange or to apply for quotation of the Series B Notes through any automated quotation system. There can be no assurance that an active public market for the Series B Notes will develop. See "Risk Factors-Risk Factors Relating to Series B Notes-Absence of a Public Market for Series B Notes."

AVAILABLE INFORMATION

Continental is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information may be inspected and copied at the following public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549; Seven World Trade Center, 13th Floor, New York, New York 10048; and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material may also be obtained from the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, upon payment of prescribed rates. In addition, reports, proxy statements and other information concerning Continental may be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

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

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

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed with the Commission (File No. 0-9781) are hereby incorporated by reference in this Prospectus: (i) Continental's Annual Report on Form 10-K for the year ended December 31, 1995 (as amended by Forms 10-K/A1 and 10-K/A2 filed

on March 8, 1996 and April 10, 1996, respectively), (ii) Continental's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996, (iii) Continental's Current Reports on Form 8-K, filed on January 31, 1996, March 26, 1996 and May 7, 1996.

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

This prospectus incorporates documents by reference that are not presented herein or delivered herewith. These documents are available without charge to any person to whom a prospectus is delivered, upon written or oral request of such person, from Continental Airlines, Inc., 2929 Allen Parkway, Suite 2010, Houston, Texas 77019, Attention: Secretary, telephone (713) 834-2950. In order to ensure timely delivery of the documents, any request should be made by , 1996.

PROSPECTUS SUMMARY

The following summary information is qualified in its entirety by the detailed information and financial statements (including the notes thereto) appearing elsewhere or incorporated by reference in this Prospectus. Prospective investors should consider carefully the matters discussed under the caption "Risk Factors." Unless otherwise stated or unless the context otherwise requires, references to "Continental" or the "Company" include Continental Airlines, Inc. and its predecessors and subsidiaries. All route, fleet, traffic and similar information appearing in this Prospectus is as of or for the period ended March 31, 1996, unless otherwise stated herein.

The Company

Continental Airlines, Inc. is a major United States air carrier engaged in the business of transporting passengers, cargo and mail. Continental is the fifth largest United States airline (as measured by revenue passenger miles in the first three months of 1996) and, together with its wholly owned subsidiary, Continental Express, Inc. ("Express"), and its 91%-owned subsidiary, Continental Micronesia, Inc. ("CMI"), serves 175 airports worldwide.

The Company operates its route system primarily through domestic hubs at Newark, Houston Intercontinental and Cleveland, and a Pacific hub on Guam and Saipan. Each of Continental's three U.S. hubs is located in a large business and population center, contributing to a high volume of "origin and destination" traffic. The Guam/Saipan hub is strategically located to provide service from Japanese and other Asian cities to popular resort destinations in the western Pacific. Continental is the primary carrier at each of these hubs, accounting for 51%, 78%, 54% and 58% of all daily jet departures, respectively.

Continental directly serves 118 U.S. cities, with additional cities (principally in the western and southwestern United States) connected to Continental's route system under agreements with America West Airlines, Inc. ("America West"). Internationally, Continental flies to 57 destinations and offers additional connecting service through alliances with foreign carriers. Continental operates 52 weekly departures to five

European cities and markets service to four other cities through code-sharing agreements. Continental is one of the leading airlines providing service to Mexico and Central America, serving more destinations in Mexico than any other United States airline. In addition, Continental flies to four cities in South America and plans to commence service between Newark and Bogota, Colombia, with service on to Quito, Ecuador, in June 1996. Through its Guam/Saipan hub, Continental provides extensive service in the western Pacific, including service to more Japanese cities than any other United States carrier.

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

The Exchange Offer

Registration Rights Agreement.	The Series A Notes were issued by the Company on September 29, 1995. In connection therewith, the Company and the holders of the Series A Notes entered into the Registration Rights Agreement providing, among other things, for the Exchange Offer. See "The Exchange Offer."
The Exchange Offer	Series B Notes are being offered in exchange for an equal aggregate principal amount of Series A Notes. As of the date hereof, $65,046,762.06 aggregate principal amount of Series A Notes are outstanding.
Resale of Series B Notes . . .	Based on interpretations by the staff of the Commission, as set forth in no-action letters issued to third parties, the Company believes that the Series B Notes issued pursuant to the Exchange Offer may be offered for resale, resold or otherwise transferred by holders thereof (other than a broker-dealer who acquires such Series B Notes directly from the Company for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any holder that is an "affiliate" of the Company as defined under Rule 405 of the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Series B Notes are acquired in the ordinary course of such holders' business and such holders are not engaged in, and do not intend to engage in, a distribution of such Series B Notes and have no arrangement with any person to participate in a distribution of such Series B Notes. However, the staff of the Commission has not considered

	the Exchange Offer in the context of a no-action letter and there can be no assurance that the staff of the Commission would make a similar determination with respect to the Exchange Offer as in such other circumstances. By tendering the Series A Notes in exchange for Series B Notes, each holder, other than a broker-dealer, will represent to the Company that: (i) it is not an affiliate of the Company (as defined under Rule 405 of the Securities Act) nor a broker-dealer tendering Series A Notes acquired directly from the Company for its own account; (ii) any Series B Notes to be received by it will be acquired in the ordinary course of its business; and (iii) it is not engaged in, and does not intend to engage in, a distribution of such Series B Notes and has no arrangement or understanding to participate in a distribution of the Series B Notes. Each Participating Broker-Dealer that receives Series B Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Series B Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a Participating Broker-Dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. The Company is under no obligation to prepare a prospectus for use in connection with any such resale. See "Plan of Distribution." To comply with the securities laws of certain jurisdictions, it may be necessary to qualify for sale or register the Series B Notes prior to offering or selling such Series B Notes. The Company has agreed, pursuant to the Registration Rights Agreement and subject to certain specified limitations therein, to register or qualify the Series B Notes for offer or sale under the securities or "blue sky" laws of such jurisdictions as may be necessary to permit the holders of Series B Notes to trade the Series B Notes without any restrictions or limitations under the securities laws of the several states of the United States.
Consequences of Failure to Exchange Series A Notes. . . .	Upon consummation of the

	Exchange Offer, subject to certain exceptions, holders of Series A Notes who do not exchange their Series A Notes for Series B Notes in the Exchange Offer will no longer be entitled to registration rights and will not be able to offer or sell their Series A Notes, unless such Series A Notes are subsequently registered under the Securities Act (which, subject to certain limited exceptions, the Company will have no obligation to do), except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. See "Risk Factors-Risk Factors Relating to Series B Notes-Consequences of Failure to Exchange" and "The Exchange Offer-Terms of the Exchange Offer."
Expiration Date.	5:00 p.m., New York City time, on , 1996 (20 business days following the commencement of the Exchange Offer), unless the Exchange Offer is extended, in which case the term "Expiration Date" means the latest date and time to which the Exchange Offer is extended.
Interest on Series B Notes . .	The Series B Notes will bear interest at the rate of 10.22% per annum, accruing from the last date on which such interest was paid on the Series A Notes surrendered in exchange therefor. Consequently, holders who exchange their Series A Notes for Series B Notes will receive the same interest payment on the next interest payment date that they would have received had they not accepted the Exchange Offer. Interest on the Series B Notes is payable quarterly on January 1, April 1, July 1 and October 1 of each year. See "The Exchange Offer-Interest on Series B Notes."
Conditions to the Exchange Offer	The Exchange Offer is not conditioned upon any minimum principal amount of Series A Notes being tendered for exchange. However, the Exchange Offer is subject to certain customary conditions which may be waived by the Company and to the terms of the Registration Rights Agreement. See "The Exchange Offer-Conditions." Except for the requirements of applicable Federal and state securities laws, there are no Federal or state regulatory requirements

	to be complied with or obtained by the Company in connection with the Exchange Offer.
Procedures for Tendering Series A Notes	Each holder of Series A Notes wishing to accept the Exchange Offer must complete, sign and date the Letter of Transmittal, or a facsimile thereof, in accordance with the instructions contained herein and therein, and mail or otherwise deliver such Letter of Transmittal, or such facsimile, together with the Series A Notes to be exchanged and any other required documentation to the Exchange Agent (as defined herein) at the address set forth herein. See "The Exchange Offer-Procedures for Tendering."
Guaranteed Delivery Procedures	Holders of Series A Notes who wish to tender their Series A Notes and whose Series A Notes are not immediately available or who cannot deliver their Series A Notes and a properly completed Letter of Transmittal or any other documents required by the Letter of Transmittal to the Exchange Agent prior to the Expiration Date may tender their Series A Notes according to the guaranteed delivery procedures set forth in "The Exchange Offer-Guaranteed Delivery Procedures."
Withdrawal Rights.	Tenders of Series A Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. To withdraw a tender of Series A Notes, a written or facsimile transmission notice of withdrawal must be received by the Exchange Agent at its address set forth herein under "The Exchange Offer-Exchange Agent" prior to 5:00 p.m., New York City time, on the Expiration Date.
Acceptance of Series A Notes and Delivery of Series B Notes	Subject to certain conditions, the Company will accept for exchange any and all Series A Notes which are properly tendered in the Exchange Offer prior to 5:00 p.m., New York City time, on the Expiration Date. The Series B Notes issued pursuant to the Exchange Offer will be delivered promptly following the Expiration Date. See "The Exchange Offer-Terms of the Exchange Offer."
Certain Tax Considerations . .	The exchange of Series B Notes

	for Series A Notes should not be a sale or exchange or otherwise a taxable event for Federal income tax purposes. See "Certain Federal Income Tax Considerations."
Exchange Agent	Continental Airlines, Inc. is serving as exchange agent (the "Exchange Agent") in connection with the Exchange Offer.
Fees and Expenses.	All expenses incident to the Company's consummation of the Exchange Offer and compliance with the Registration Rights Agreement will be borne by the Company. See "The Exchange Offer-Fees and Expenses."
Use of Proceeds.	There will be no cash proceeds payable to Continental from the issuance of the Series B Notes pursuant to the Exchange Offer. See "Use of Proceeds."

Summary of Terms of Series B Notes

The Exchange Offer relates to the exchange of up to $65,046,762.06 aggregate principal amount of Series B Notes for up to an equal aggregate principal amount of Series A Notes. The Series B Notes will be entitled to the benefits of the same Indenture which governs the Series A Notes and will govern the Series B Notes. The form and terms of the Series B Notes are the same in all material respects as the form and terms of the Series A Notes, except that the Series B Notes do not contain terms with respect to Liquidated Damages and the Series B Notes have been registered under the Securities Act and therefore will not bear legends restricting the transfer thereof.

For additional information concerning the Series B Notes, see "Description of Series B Notes."

Maturity Date.	July 1, 2000.
Interest Rate.	10.22% per annum, computed on the basis of a 360-day year of twelve 30-day months.
Interest Payment Dates	January 1, April 1, July 1 and October 1 of each year.
Optional Redemption.	The Company may redeem the Notes, at its option on notice to the holders of the Notes as provided in the Indenture, at any time in whole or from time to time in part, otherwise than through the operation of the Sinking Fund provided for therein, at a redemption price equal to 100% of the aggregate principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon to the date of redemption. See "Description of Series B Notes-Optional Redemption."
Sinking Fund	On and after April 1, 1997, the Company is required to redeem on January 1, April 1, July 1 and October 1 of each year, a portion of the aggregate principal amount of the Notes

	as set forth herein at a redemption price equal to 100% of the aggregate principal amount of the Notes so redeemed, plus accrued and unpaid interest to the redemption date. The principal amount of Notes to be redeemed may at the option of the Company be reduced in inverse order of maturity by an amount equal to the sum of (i) the principal amount of Notes theretofore issued and acquired at any time by the Company and delivered to the Trustee for cancellation, and not theretofore made the basis for the reduction of a Sinking Fund payment and (ii) the principal amount of Notes at any time redeemed and paid pursuant to the optional redemption provisions of the Notes or which shall at any time have been duly called for redemption (otherwise than through operation of the Sinking Fund) and the redemption price shall have been deposited in trust for that purpose and which theretofore have not been made the basis for the reduction of a Sinking Fund Payment. See "Description of Series B Notes-Sinking Fund."
Ranking.	The Notes will be senior unsecured obligations of the Company and will rank senior in right of payment to all existing and future subordinated indebtedness of the Company. The Notes will rank pari passu in right of payment with all the Company's senior indebtedness. The Series B Notes will be effectively subordinated to all indebtedness of the Company's Subsidiaries. See "Description of Series B Notes-General."
Covenants.	The Indenture provides that neither the Company nor any Restricted Subsidiary shall at any time directly or indirectly create, incur or assume any Debt (other than Excluded Debt) (each, as defined herein) if, at the date of (and after giving effect to) such creation, incurrence or assumption, the pro forma consolidated fixed charge coverage ratio for the period from September 28, 1995 through December 31, 1996 is less than 1.75:1 and 2.0:1 thereafter. See "Description of Series B Notes-Certain Covenants."
Absence of Public Market for the Series B Notes	Prior to this Exchange Offer, there has been no public market

for the Series A Notes or the Series B Notes. If a market for the Series B Notes should develop, the Series B Notes could trade at prices higher or lower than their principal amount. The Company does not intend to list the Series B Notes on a national securities exchange or to apply for quotation of the Series B Notes through any automated quotation system. There can be no assurance that an active public market for the Series B Notes will develop. See "Risk Factors-Risk Factors Relating to Series B Notes-Absence of Public Market for Series B Notes."

RISK FACTORS

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

Risk Factors Relating to the Company

Continental's History of Operating Losses

Although Continental recorded net income of $224 million in 1995 and $88 million in the three months ended March 31, 1996, it had experienced significant operating losses in the previous eight years. In the long term, Continental's viability depends on its ability to sustain profitable results of operations.

Leverage and Liquidity

Continental has successfully negotiated a variety of agreements to increase its liquidity during 1995 and 1996. Nevertheless, Continental remains more leveraged and has significantly less liquidity than certain of its competitors, several of whom have available lines of credit and/or significant unencumbered assets. Accordingly, Continental may be less able than certain of its competitors to withstand a prolonged recession in the airline industry.

As of March 31, 1996, Continental and its consolidated subsidiaries had approximately $1.7 billion (including current maturities) of long-term indebtedness and capital lease obligations and had approximately $702 million of minority interest, preferred securities of trust, redeemable preferred stock and common stockholders' equity. Common stockholders' equity reflects the adjustment of the Company's balance sheet and the recording of assets and liabilities at fair market value as of April 27, 1993 in accordance with fresh start reporting.

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

As of March 31, 1996, Continental had approximately $657 million of cash and cash equivalents, including restricted cash

and cash equivalents of $124 million. Continental does not have general lines of credit and has no significant unencumbered assets.

Continental has firm commitments with The Boeing Company ("Boeing") to take delivery of 43 new jet aircraft during the years 1998 through 2002. The estimated aggregate cost of these aircraft is $2.6 billion. In addition, six Beech 1900-D aircraft are scheduled to be delivered later in 1996. The Company currently anticipates that the firm financing commitments available to it with respect to its acquisition of new aircraft from Beech Acceptance Corporation ("Beech") will be sufficient to fund all deliveries scheduled during 1996, and that it will have remaining financing commitments from aircraft manufacturers of $676 million for jet aircraft deliveries beyond 1996. However, the Company believes that further financing will be needed to satisfy the remaining amount of such capital commitments. There can be no assurance that sufficient financing will be available for all aircraft and other capital expenditures not covered by firm financing commitments.

For 1996, Continental expects to incur cash expenditures under operating leases of approximately $586 million, compared with $521 million for 1995, relating to aircraft and approximately $229 million relating to facilities and other rentals, the same amount as for 1995. In addition, Continental has capital requirements relating to compliance with regulations that are discussed below. See "-Regulatory Matters."

Continental and CMI have secured borrowings from GE which aggregated $373 million as of March 31, 1996. CMI's secured loans contain significant financial covenants, including requirements to maintain a minimum cash balance and consolidated net worth, restrictions on unsecured borrowings and mandatory prepayments on the sale of most assets. These financial covenants limit the ability of CMI to pay dividends to Continental. In addition, Continental's secured loans require Continental to, among other things, maintain a minimum cumulative operating cash flow, a minimum monthly cash balance and a minimum ratio of operating cash flow to fixed charges. Continental also is prohibited generally from paying cash dividends on its capital stock, from purchasing or prepaying indebtedness and from incurring certain additional secured indebtedness.

Aircraft Fuel

Since fuel costs constitute a significant portion of Continental's operating costs (approximately 12.5% for the year ended December 31, 1995 and 12.9% for the three months ended March 31, 1996), significant changes in fuel costs would materially affect the Company's operating results. Fuel prices continue to be susceptible to international events, and the Company cannot predict near or longer-term fuel prices. The Company has entered into petroleum option contracts to provide some short-term protection (currently approximately seven months) against a sharp increase in jet fuel prices. In the event of a fuel supply shortage resulting from a disruption of oil imports or otherwise, higher fuel prices or curtailment of scheduled service could result.

Certain Tax Matters

The Company's United States federal income tax return reflects net operating loss carryforwards ("NOLs") of $2.5 billion, subject to audit by the Internal Revenue Service, of which $1.2 billion are not subject to the limitations of Section 382 of the Internal Revenue Code ("Section 382"). As a result, the Company will not pay United States federal income taxes (other than alternative minimum tax) until it has recorded approximately an additional $1.2 billion of taxable income following December 31, 1995. For financial reporting purposes, Continental will be required to begin accruing tax expense on its income statement once it has realized an additional $122 million of taxable income following March 31, 1996. Section 382 imposes limitations on a corporation's ability to utilize NOLs if it

experiences an "ownership change." In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50 percentage points over a three-year period. However, no assurance can be given that future transactions, whether within or outside the control of the Company, will not cause a change in ownership, thereby substantially limiting the potential utilization of the NOLs in a given future year. In the event that an ownership change should occur, utilization of Continental's NOLs would be subject to an annual limitation under Section 382. This Section 382 limitation for any post-change year would be determined by multiplying the value of the Company's stock (including both common and preferred stock) of the time of the ownership change by the applicable long-term tax exempt rate (which is 5.31% for April 1996). Unused annual limitation may be carried over to later years, and the limitation may under certain circumstances be increased by the built-in gains in assets held by the Company at the time of the change that are recognized in the five-year period after the change. Under current conditions, if an ownership change were to occur, Continental's NOL utilization would be limited to a minimum of approximately $90 million.

In connection with the Company's 1993 reorganization under Chapter 11 of the U.S. bankruptcy code effective April 27, 1993 (the "Reorganization") and the recording of assets and liabilities at fair market value under the American Institute of Certified Public Accountants' Statement of Position 90-7-"Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" ("SOP 90-7"), the Company recorded a deferred tax liability at April 27, 1993, net of the amount of the Company's estimated realizable net operating loss carryforwards as required by Statement of Financial Accounting Standards No. 109-"Accounting for Income Taxes." Realization of a substantial portion of the Company's net operating loss carryforwards will require the completion during the five-year period following the Reorganization of transactions resulting in recognition of built-in gains for federal income tax purposes. The Company has consummated one such transaction, which had the effect of realizing approximately 40% of the built-in gains required to be realized over the five-year period, and currently intends to consummate one or more additional transactions. If the Company were to determine in the future that not all such transactions will be completed, an adjustment to the net deferred tax liability of up to $116 million would be charged to income in the period such determination was made.

CMI

CMI's operating profit margins have consistently been greater than the Company's margins overall. In addition to its non-stop service between Honolulu and Tokyo, CMI's operations focus on the neighboring islands of Guam and Saipan, resort destinations that cater primarily to Japanese travelers. Because the majority of CMI's traffic originates in Japan, its results of operations are substantially affected by the Japanese economy and changes in the value of the yen as compared to the dollar. Appreciation of the yen against the dollar during 1993 and 1994 increased CMI's profitability and a decline of the yen against the dollar may be expected to decrease it. To reduce the potential negative impact on CMI's dollar earnings, CMI from time to time purchases average rate options as a hedge against a portion of its expected net yen cash flow position. Any significant and sustained decrease in traffic or yields to and from Japan could materially adversely affect Continental's consolidated profitability.

Principal Stockholders

As of March 31, 1996, approximately 9.9% of the Company's common equity interests and approximately 32.4% of the general voting power of the Company's common stock were held by Air Partners, a Texas limited partnership ("Air Partners") (after giving effect to the distribution of all the 2,742,773 shares of Class B common stock, effective March 29, 1996, held by Air

Partners to its partners), and approximately 18.0% of the common equity interests and 23.6% of the general voting power were held by Air Canada, a Canadian corporation ("Air Canada"), exclusive in each case of warrants held by Air Partners and certain exchange rights of Air Canada. Assuming (i) consummation of the transactions described under "Recent Developments," (ii) consummation of the Secondary Offering (as defined herein), pursuant to which Air Canada may sell up to 2,200,000 shares of Class B Common Stock and (iii) exercise of the warrants held by Air Partners, approximately 3.2% of the general voting power and 8.6% of the common equity interests would be held by Air Canada, and 52.2% of the voting power and 23.4% of the common equity interests would be held by Air Partners. See "Recent Developments."

Various provisions in the Company's Restated Certificate of Incorporation (the "Certificate of Incorporation"), the Company's bylaws (the "Bylaws") and the Subscription and Stockholders' Agreement among the Company, Air Partners and Air Canada dated as of April 27, 1993 (the "Stockholders' Agreement") currently provide Air Partners and Air Canada with a variety of special rights to elect directors and otherwise affect the corporate governance of the Company; a number of these provisions could have the effect of delaying, deferring or preventing a change in control of the Company. The Company has proposed to eliminate a number of these provisions and will propose for approval by its stockholders the related amendments to the Certificate of Incorporation at its annual meeting of stockholders on June 26, 1996 (the "Annual Meeting"). Air Canada and Air Partners (unless otherwise directed by its investors) have agreed to vote in favor of these amendments at the Annual Meeting. See "Recent Developments."

Industry Conditions and Competition

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

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

Regulatory Matters

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

Management believes that the Company benefitted from the expiration of the aviation trust fund tax (the "ticket tax") on December 31, 1995, although the amount of any such benefit resulting directly from the expiration of the ticket tax cannot be determined. Reinstatement of the ticket tax will result in higher costs to consumers, which may have an adverse effect on passenger traffic, revenue and margins. The Company is unable to predict when or in what form the ticket tax may be reenacted.

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

Risk Factors Relating to Series B Notes

Consequences of Failure to Exchange

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

Absence of a Public Market for Series B Notes

The Series B Notes are new securities for which there is currently no public market. If a market for the Series B Notes should develop, the Series B Notes could trade at prices higher or lower than their principal amount. The Company does not intend to list the Series B Notes on a national securities exchange or to apply for quotation of the Series B Notes through any automated quotation system. There can be no assurance that an active public market for the Series B Notes will develop.

RECENT DEVELOPMENTS

On April 19, 1996, the Company's Board of Directors approved certain agreements (the "Agreements") with its two major

stockholders, Air Canada and Air Partners. The Agreements contain a variety of arrangements intended generally to reflect the intention that Air Canada has expressed to the Company of divesting its investment in Continental by early 1997, subject to market conditions. Air Canada has indicated to the Company that its original investment in Continental has become less central to Air Canada in light of other initiatives it has undertaken - particularly expansion within Canada and exploitation of the 1995 Open Skies agreement to expand Air Canada's own flights into the U.S. Because of these initiatives Air Canada has determined it appropriate to redeploy the funds invested in the Company into other uses in Air Canada's business. The Agreements also reflect the recent distribution by Air Partners, effective March 29, 1996, to its investors (the "AP Investors") of all of the shares of the Class B common stock held by Air Partners and the desire of some of the AP Investors to realize the increase in value of their investment in in the Company by selling all or a portion of their shares of Class B common stock.

Among other things, the Agreements required the Company to file a registration statement under the Securities Act to permit the sale (i) by Air Canada of up to 2,200,000 shares of Class B common stock held by it and (ii) by certain AP Investors of up to an aggregate of 2,271,015 such shares, pursuant to an underwritten public offering arranged by the Company (the "Secondary Offering"). The Secondary Offering was priced on May 9, 1996. Upon completion of such offering, the Agreements provide for the following additional steps to be taken:

- in light of its then-reduced equity stake, Air Canada will no longer be entitled to designate directors of Continental, will cause the four present or former members of Air Canada's Board of Directors currently serving as Continental directors to decline nomination for reelection as directors, and will convert all of its Class A common stock to Class B common stock;

- Air Canada and Air Partners will be restricted, prior to December 16, 1996, from the further disposition of common stock of the Company held by either of them; and

- each of the existing Stockholders' Agreement and the registration rights agreement among the parties will be modified in a number of respects to reflect, among other matters, the changing composition of the respective equity interests of the parties.

Reflecting the reduction of Air Canada's interest and the decision of the current directors designated by Air Canada not to stand for reelection if the secondary offering is consummated (except under certain limited circumstances), along with the expiration of various provisions specifically included at the time of the Company's reorganization, Continental's Board of Directors has also approved changes to the Company's Certificate of Incorporation and Bylaws (the "Proposed Amendments") generally eliminating special classes of directors (except for Air Partners' right to elect directors in certain circumstances) and supermajority provisions, and making a variety of other modifications aimed at streamlining the Company's corporate governance structure.

The Proposed Amendments also provide that, at any time after January 1, 1997, shares of Class A common stock would become freely convertible into an equal number of Class B common stock. Under agreements put in place at the time of the Company's reorganization in 1993, and designed in part to ensure compliance with the foreign ownership limitations applicable to United States air carriers in light of the substantial stake in the Company then held by Air Canada, holders of Class A common stock (other than Air Canada) are not currently permitted under the Company's Certificate of Incorporation to convert their shares to Class B common stock. In recent periods, the market price of Class A common stock has generally been below the price of Class B common stock, which the Company believes is attributable in part to the reduced liquidity present in the trading market for

Class A common stock. A number of Class A stockholders have requested that the Company provide for free convertibility of Class A common stock into Class B common stock, and in light of the reduction of Air Canada's equity stake, the Company has determined that the restriction is no longer necessary. Any such conversion would effectively increase the relative voting power of those Class B stockholders who do not convert.

The Company and Air Canada also expect to enter into discussions regarding modifications to the Company's existing "synergy" agreements with Air Canada, covering items such as maintenance and ground facilities, with a view to resolving certain outstanding commercial issues under the agreements and otherwise modifying the agreements to reflect Continental's and Air Canada's current needs. The Company has entered into an agreement with Air Partners for the sale by Air Partners to the Company from time to time at Air Partners' election for the one-year period beginning August 15, 1996, of up to an aggregate of $50 million in intrinsic value (then-current Class B common stock price minus exercise price) of Air Partners' Class B common stock warrants. The purchase price would be payable in cash. The Board of Directors has authorized the Company to publicly issue up to $50 million of Class B common stock in connection with any such purchase. In connection with this agreement, the Company will reclassify $50 million from common equity to redeemable warrants.

Because certain aspects of the Agreements raised issues under the change in control provisions of certain of the Company's employment agreements and employee benefit plans, these agreements and plans are being modified to provide a revised change of control definition that the Company believes is appropriate in light of the prospective changes to its equity ownership structure. In connection with the modifications, payments are being made to certain employees, benefits are being granted to certain employees and options equal to 10% of the amount of the options previously granted to each optionee are being granted (subject to certain conditions) to substantially all employees holding outstanding options.

Certain of the Proposed Amendments and employee benefit actions are subject to stockholder approval at the Annual Meeting. Air Canada has delivered an irrevocable proxy in favor of Air Partners, authorizing Air Partners to vote, in its sole discretion, all the shares of common stock beneficially owned, directly or indirectly, by Air Canada as of the record date, April 30, 1996, (approximately 23.6% of the voting power of all voting securities outstanding as of such record date) with respect to the Proposed Amendments and employee benefit actions, among other matters to be voted on by the Company's stockholders. Air Partners has indicated to the Company that it intends to vote all such shares in favor of all such matters and, unless otherwise directed by its investors with respect to the shares of the Company held by Air Partners that are attributable to such investors' respective limited partnership interests, to vote the shares of common stock held by it as of the record date (approximately 35.7% of the voting power of all voting securities outstanding as of such date) in favor of all such matters. A majority vote of shareholders is required to approve the employee benefit matters; a two-thirds vote is required to approve the Proposed Amendments.

Following the anticipated sale of Air Canada's Class B common stock in the Secondary Offering (and the exercise of the underwriters' overallotment option) and the conversion of all its Class A common stock to Class B common stock, Air Canada is expected to own approximately 4.0% of the voting power and 10.1% of the equity of the Company and Air Partners to own approximately 39.4% of the voting power and 9.9% of the equity of the Company (assuming no exercise of the warrants held by Air Partners).

USE OF PROCEEDS

There will be no cash proceeds payable to Continental from

the issuance of the Series B Notes pursuant to the Exchange Offer. The Series A Notes were issued in exchange for participants' interests in the Company's 10.22% Restructured Note for Secured Class 9.37 due 2001 in connection with the refinancing thereof.

RATIOS OF EARNINGS TO FIXED CHARGES

The following information for the years ended December 31, 1991 and 1992 and for the period January 1, 1993 through April 27, 1993 relates to Continental's predecessor, Holdings. Information for the period April 28, 1993 through December 31, 1993, for the two years ended December 31, 1994 and 1995 and for the three months ended March 31, 1995 and 1996 relates to Continental. The information as to Continental has not been prepared on a consistent basis of accounting with the information as to Holdings due to Continental's adoption, effective April 27, 1993, of fresh start reporting in accordance with SOP 90-7.

For the years ended December 31, 1991 and 1992, for the periods January 1, 1993 through April 27, 1993 and April 28, 1993 through December 31, 1993, for the year ended December 31, 1994 and for the three months ended March 31, 1995, earnings were not sufficient to cover fixed charges. Additional earnings of $316 million, $131 million, $979 million, $60 million, $667 million and $28 million, respectively, would have been required to achieve ratios of earnings to fixed charges of 1.0. The ratio of earnings to fixed charges for the year ended December 31, 1995 was 1.53. The ratio of earnings to fixed charges for the three months ended March 31, 1996 was 1.70. For purposes of calculating this ratio, earnings consist of earnings before taxes, minority interest and extraordinary items plus interest expense (net of capitalized interest), the portion of rental expense deemed representative of the interest expense and amortization of previously capitalized interest. Fixed charges consist of interest expense and the portion of rental expense representative of interest expense.

SELECTED FINANCIAL DATA

The following tables set forth selected financial data of (i) the Company for the three months ended March 31, 1996 and 1995, the two years ended December 31, 1995 and 1994 and for the period from April 28, 1993 through December 31, 1993 and (ii) Holdings for the period from January 1, 1993 through April 27, 1993. The consolidated financial data of both the Company, for the two years ended December 31, 1995 and 1994 and for the period from April 28, 1993 through December 31, 1993, and Holdings, for the period from January 1, 1993 through April 27, 1993, are derived from their respective audited consolidated financial statements. On April 27, 1993, in connection with the Reorganization, the Company adopted fresh start reporting in accordance with SOP 90-7. A vertical black line is shown in the table below to separate Continental's post-reorganized consolidated financial data from the pre-reorganized consolidated financial data of Holdings since they have not been prepared on a consistent basis of accounting. The consolidated financial data of the Company for the three months ended March 31, 1996 and 1995 are derived from its unaudited consolidated financial statements, which include all adjustments (consisting solely of normal recurring accruals) that the Company considers necessary for the presentation of the financial position and results of operations for these periods. Operating results for the three months ended March 31, 1996 are not necessarily indicative of the results that may be expected for the year ending December 31, 1996. The Company's selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, the consolidated financial statements, including the notes thereto, incorporated by reference herein.

Three Months Ended March 31,		Year Ended December 31,	
1996	1995	1995	1994

Statement of Operations Data:	(In millions of dollars, except per share data) (unaudited)			
Operating Revenue:				
Passenger	$1,375	$1,240	$5,302	$5,036
Cargo, mail and other	114	169	523	634
	1,489	1,409	5,825	5,670
Operating Expenses:				
Wages, salaries and related costs	364	366	1,432(1)	1,532
Aircraft fuel	177	169	681	741
Aircraft rentals	124	123	497	433
Commissions	126	119	489	439
Maintenance, materials and repairs	112	97	429	495
Other rentals and landing fees	84	92	356	392
Depreciation and amortization	65	64	253	258
Other	317	351	1,303	1,391
	1,369	1,381	5,440	5,681
Operating Income (Loss)	120	28	385	(11)
Nonoperating Income (Expense):				
Interest expense	(47)	(53)	(213)	(241)
Interest capitalized	1	1	6	17
Interest income	9	6	31	23
Gain on System One transactions	-	-	108	-
Reorganization items, net	-	-	-	-
Other, net	12	(10)	(7)	(439)(2)
	(25)	(56)	(75)	(640)
Income (Loss) before Income Taxes, Minority Interest and Extraordinary Gain	95	(28)	310	(651)
Net Income (Loss)	$88	$(30)	$224	$(613)
Earnings (Loss) per Common and Common Equivalent Share	$2.70	$(1.21)	$7.20	$(23.76)
Earnings (Loss) per Common Share Assuming Full Dilution	$2.36	$(1.21)	$6.29	$(23.76)

	Period from Reorganization (April 28, 1993 through December 31, 1993)	Period from January 1, 1993 through December 31, 1993

Statement of Operations Data:	(In millions of dollars, except per share data)	
Operating Revenue:		
Passenger	$3,493	$1,622
Cargo, mail and other	417	235
	3,910	1,857
Operating Expenses:		
Wages, salaries and related costs	1,000	502
Aircraft fuel	540	272
Aircraft rentals	261	154
Commissions	378	175
Maintenance, materials and repairs	363	184
Other rentals and landing fees	258	120
Depreciation and amortization	162	77
Other	853	487
	3,815	1,971
Operating Income (Loss)	95	(114)
Nonoperating Income (Expense):		
Interest expense	(165)	(52)
Interest capitalized	8	2
Interest income	14	-
Gain on System One transactions	-	-
Reorganization items, net	-	(818)
Other, net	(4)	5
	(147)	(863)
Income (Loss) before Income Taxes, Minority Interest and Extraordinary Gain	(52)	(977)
Net Income (Loss)	$(39)	$2,640(3)
Earnings (Loss) per Common and Common Equivalent Share	$(2.33)	N.M.(4)
Earnings (Loss) per Common Share Assuming Full Dilution	$(2.33)	N.M.(4)

	As of March 31, 1996	As of December 31, 1995
Balance Sheet Data:	(In millions of dollars) (unaudited)	

Cash and Cash Equivalents, including restricted Cash and Cash Equivalents of $124 and $144, respectively(5)	$657	$747
Other Current Assets	655	568
Total Property and Equipment, Net.	1,410	1,461
Routes, Gates and Slots, Net	1,517	1,531
Other Assets, Net.	507	514
Total Assets.	$4,746	$4,821
Current Liabilities.	2,040	$1,984
Long-term Debt and Capital Leases.	1,462	1,658
Deferred Credits and Other Long-term Liabilities.	542	564
Minority Interest.	28	27
Continental-Obligated Mandatorily Redeemable Preferred Securities of Trust(6).	242	242
Redeemable Preferred Stock	42	41
Common Stockholders' Equity.	390	305
Total Liabilities and Stockholders' Equity.	$4,746	$ 4,821

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(1) Includes a $20 million cash payment in 1995 by the Company in connection with a 24-month collective bargaining agreement entered into by the Company and the Independent Association of Continental Pilots.

(2) Includes a provision of $447 million recorded in the fourth quarter of 1994 associated with the planned early retirement of certain aircraft and closed or underutilized airport and maintenance facilities and other assets.

(3) Reflects a $3.6 billion extraordinary gain from extinguishment of debt.

(4) Historical per share data for Holdings is not meaningful since the Company has been recapitalized and has adopted fresh start reporting as of April 27, 1993.

(5) Restricted cash and cash equivalents agreements relate primarily to workers' compensation claims and the terms of certain other agreements. In addition, CMI is required by its loan agreement with GE to maintain certain minimum cash balances and net worth levels, which effectively restrict the amount of cash available to Continental from CMI.

(6) The sole assets of the Trust are convertible debentures which are expected to be repaid by 2020. Upon repayment, the Continental-Obligated Mandatorily Redeemable Preferred Securities of Trust will be mandatorily redeemed.

THE EXCHANGE OFFER

The summary herein of certain provisions of the Registration Rights Agreement does not purport to be complete and reference is made to the provisions of the Registration Rights Agreement which has been filed as an exhibit to the Registration Statement and a copy of which is available upon request to the Trustee.

Terms of the Exchange Offer

General

In connection with the issuance of the Series A Notes pursuant to an agreement dated as of September 29, 1995, between the Company and the initial holders of the Series A Notes, such

holders and their assignees became entitled to the benefits of the Registration Rights Agreement.

Under the Registration Rights Agreement, the Company is obligated to (i) use its reasonable best efforts to file the Registration Statement of which this Prospectus is a part for a registered exchange offer with respect to an issue of Series B Notes identical in all material respects to the Series A Notes as soon as practicable after September 29, 1995, (ii) use its reasonable best efforts to cause the Registration Statement to become effective as soon as practicable after the filing date and (iii) to use its reasonable best efforts to consummate the Exchange Offer as soon as practicable thereafter, but in no event later than June 25, 1996 (the "Target Completion Date"). The Company will keep the Exchange Offer open for a period of not less than 20 business days. The Exchange Offer being made hereby, if commenced and consummated by the Target Completion Date, will satisfy those requirements under the Registration Rights Agreement.

Upon the terms and subject to the conditions set forth in this Prospectus and in the Letter of Transmittal (which together constitute the Exchange Offer), the Company will accept for exchange all Series A Notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the Expiration Date. The Company will issue Series B Notes in exchange for an equal aggregate principal amount of outstanding Series A Notes accepted in the Exchange Offer. As of the date of this Prospectus, $65,046,762.06 aggregate principal amount of Series A Notes is outstanding. This Prospectus, together with the Letter of Transmittal, is being sent to all registered holders as of [ ], 1996. The Exchange Offer is not conditioned upon any minimum principal amount of Series A Notes being tendered for exchange. However, the Company's obligation to accept Series A Notes for exchange pursuant to the Exchange Offer is subject to certain conditions as set forth herein under "-Conditions."

The Company shall be deemed to have accepted validly tendered Series A Notes when, as and if the Company has given oral or written notice thereof to the Exchange Agent. The Exchange Agent will act as agent for the tendering holders of Series A Notes for the purposes of receiving the Series B Notes from the Company and delivering Series B Notes to such holders.

Based on interpretations by the staff of the Commission, as set forth in no-action letters issued to third parties, the Company believes that the Series B Notes issued pursuant to the Exchange Offer may be offered for resale, resold or otherwise transferred by holders thereof (other than a broker-dealer who acquires such Series B Notes directly from the Company for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any holder that is an "affiliate" of the Company as defined under Rule 405 of the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Series B Notes are acquired in the ordinary course of such holders' business and such holders are not engaged in, and do not intend to engage in, a distribution of such Series B Notes and have no arrangement with any person to participate in a distribution of such Series B Notes. However, the staff of the Commission has not considered the Exchange Offer in the context of a no-action letter and there can be no assurance that the staff of the Commission would make a similar determination with respect to the Exchange Offer as in such other circumstances. By tendering the Series A Notes in exchange for Series B Notes, each holder, other than a broker-dealer, will represent to the Company that: (i) it is not an affiliate of the Company (as defined under Rule 405 of the Securities Act) nor a broker-dealer tendering Series A Notes acquired directly from the Company for its own account; (ii) any Series B Notes to be received by it will be acquired in the ordinary course of its business; and (iii) it is not engaged in, and does not intend to engage in, a distribution of such Series B Notes and has no arrangement or understanding to participate in a distribution of the Series B Notes. Each Participating Broker-Dealer that receives Series B

Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Series B Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a Participating Broker-Dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. The Company is under no obligation to prepare a prospectus for use in connection with any such resale. See "Plan of Distribution."

In the event that Continental reasonably determines that any changes in law or the applicable interpretations of the staff of the Commission do not permit Continental to effect the Exchange Offer or in the event that holders of at least 25% in aggregate principal amount of the Series A Notes determine, based upon an opinion of counsel which shall have been delivered, with notice of such determination, to Continental, that because of changes in law or the applicable interpretations of the staff of the Commission, that (i) the Series B Notes would not be tradeable without restriction under state or federal securities laws, (ii) the Commission is unlikely to permit the Exchange Offer, (iii) the participation of such holders in the Exchange Offer is not legally permitted or (iv) a court decision or administrative action may be reasonably expected to have a material adverse effect on such holders in the event such holders participate in the Exchange Offer, Continental will, in lieu of effecting the registration of the Series B Notes pursuant to the Registration Statement of which this Prospectus is a part, and at no cost to the holders of Series A Notes, (a) as promptly as practicable, file with the Commission a shelf registration statement covering resales of the Series A Notes (the "Shelf Registration Statement"), (b) use its best efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act as soon as practicable thereafter, but in no event later than the Target Completion Date and (c) use its best efforts to keep effective the Shelf Registration Statement for a period of 36 months after its effective date (or for such shorter period as shall end when all of the Series A Notes covered by the Shelf Registration Statement have been sold pursuant thereto or may be freely sold pursuant to Rule 144 under the Securities Act).

In the event that on the Target Completion Date neither (a) the Exchange Offer has been consummated nor (b) a Shelf Registration Statement has been declared effective, Continental shall pay liquidated damages to the holders of the Series A Notes ("Liquidated Damages") in an amount equal to $.10 per $1,000 outstanding principal amount of the Series A Notes per week beginning on the Target Completion Date. Such weekly Liquidated Damages shall increase by an amount equal to an additional $.05 per $1,000 outstanding principal amount of the Series A Notes 90 days after the Target Completion Date, and shall thereafter further increase by additional increments equal to $.05 per $1,000 outstanding principal amount at the end of each subsequent 90-day period for so long as the Exchange Offer is not consummated or the Shelf Registration Statement is not declared effective, as the case may be.

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

Expiration Date; Extensions; Amendments; Termination

The term "Expiration Date" shall mean _____, 1996 (20 business days following the commencement of the Exchange Offer), unless the Company, in its sole discretion, extends the Exchange

Offer, in which case the term "Expiration Date" shall mean the latest date to which the Exchange Offer is extended. Notwithstanding any extension of the Exchange Offer, if the Exchange Offer is not consummated by June 25, 1996, Liquidated Damages will be payable by the Company on the Series A Notes. See "-General."

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

The Company reserves the right (i) to delay accepting any Series A Notes, to extend the Exchange Offer or to terminate the Exchange Offer and not accept Series A Notes not previously accepted if any of the conditions set forth herein under "-Conditions" shall have occurred and shall not have been waived by the Company, by giving oral or written notice of such delay, extension or termination to the Exchange Agent, or (ii) to amend the terms of the Exchange Offer in any manner deemed by it to be advantageous to the holders of the Series A Notes. Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice thereof to the Exchange Agent. If the Exchange Offer is amended in a manner determined by the Company to constitute a material change, the Company will promptly disclose such amendment in a manner reasonably calculated to inform the holders of the Series A Notes of such amendment.

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

Interest on Series B Notes

The Series B Notes will bear interest at the rate of 10.22% per annum, accruing from the last date on which interest was paid on the Series A Notes. Consequently, holders who exchange their Series A Notes for Series B Notes will receive the same interest payment on the next interest payment date that they would have received had they not accepted the Exchange Offer. Interest on the Series B Notes is payable quarterly on January 1, April 1, July 1 and October 1 of each year.

Procedures for Tendering

To tender in the Exchange Offer, a holder must complete, sign and date the Letter of Transmittal, or a facsimile thereof, have the signatures thereon guaranteed if required by the Letter of Transmittal and mail or otherwise deliver such Letter of Transmittal or such facsimile, together with any other required documents, to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date. In addition, either (i) certificates for such Series A Notes must be received by the Exchange Agent along with the Letter of Transmittal or (ii) the holder must comply with the guaranteed delivery procedures described below. THE METHOD OF DELIVERY OF SERIES A NOTES, LETTERS OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE HOLDERS. IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT REGISTERED MAIL, PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED, BE USED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY. Delivery of all documents must be made to the Exchange Agent at its address set forth below. Holders may also request their respective brokers, dealers, commercial banks, trust companies or nominees to effect such tender for such holders.

The tender by a holder of Series A Notes will constitute an agreement between such holder and the Company in accordance with

the terms and subject to the conditions set forth herein and in the Letter of Transmittal.

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

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

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

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

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

All questions as to the validity, form, eligibility (including time of receipt) and withdrawal of the tendered Series A Notes will be determined by the Company in its sole discretion, which determination will be final and binding. The Company reserves the absolute right to reject any and all Series A Notes not properly tendered or any Series A Notes which, if accepted by the Company, would, in the opinion of counsel for the Company, be unlawful. The Company also reserves the absolute right to waive any irregularities or conditions of tender as to particular Series A Notes. The Company's interpretation of the terms and conditions of the Exchange Offer (including the instructions in the Letter of Transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Series A Notes must be cured within such time as the Company shall determine. Neither the Company nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of Series A Notes, nor shall any of them incur any liability for failure to give such notification. Tenders of Series A Notes will not be deemed to have been made until such irregularities have been cured or waived. Any Series A Notes received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned

without cost to such holder by the Exchange Agent to the tendering holders of Series A Notes, unless otherwise provided in the Letter of Transmittal, as soon as practicable following the Expiration Date.

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

Acceptance of Series A Notes for Exchange; Delivery of Series B Notes

Upon satisfaction or waiver of all of the conditions to the Exchange Offer, the Company will accept, promptly after the Expiration Date, all Series A Notes properly tendered and will issue the Series B Notes promptly after acceptance of the Series A Notes. See "- Conditions" below. For purposes of the Exchange Offer, the Company shall be deemed to have accepted validly tendered Series A Notes for exchange when, as and if the Company has given oral or written notice thereof to the Exchange Agent.

In all cases, issuance of Series B Notes for Series A Notes that are accepted for exchange pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of certificates for such Series A Notes, a properly completed and duly executed Letter of Transmittal and all other required documents. If any tendered Series A Notes are not accepted for any reason set forth in the terms and conditions of the Exchange Offer or if Series A Notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or nonexchanged Series A Notes will be returned without expense to the tendering holder thereof as promptly as practicable after the expiration or termination of the Exchange Offer.

Guaranteed Delivery Procedures

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

Withdrawal of Tenders

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

For a withdrawal to be effective, a written notice of withdrawal must be received by the Exchange Agent prior to 5:00

p.m., New York City time on the Expiration Date at one of the addresses set forth below under "-Exchange Agent." Any such notice of withdrawal must specify the name of the person having tendered the Series A Notes to be withdrawn, identify the Series A Notes to be withdrawn (including the principal amount of such Series A Notes) and (where certificates for Series A Notes have been transmitted) specify the name in which such Series A Notes are registered, if different from that of the withdrawing holder. If certificates for Series A Notes have been delivered or otherwise identified to the Exchange Agent, then, prior to the release of such certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an Eligible Institution unless such holder is an Eligible Institution. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Company, whose determination shall be final and binding on all parties. Any Series A Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer. Any Series A Notes which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly withdrawn Series A Notes may be retendered by following one of the procedures described under "- Procedures for Tendering" and "- Book-entry Transfer" above at any time on or prior to the Expiration Date.

Conditions

Notwithstanding any other term of the Exchange Offer, the Company will not be required to accept for exchange, or to issue Series B Notes in exchange for, any Series A Notes and may terminate or amend the Exchange Offer as provided herein before the acceptance of such Series A Notes, if because of any change in law, or applicable interpretations thereof by the Commission, the Company determines that it is not permitted to effect the Exchange Offer, and the Company has no obligation to, and will not knowingly, accept tenders of Series A Notes from affiliates of the Company (within the meaning of Rule 405 under the Securities Act) or from any other holder or holders who are not eligible to participate in the Exchange Offer under applicable law or interpretations thereof by the Commission, or if the Series B Notes to be received by such holder or holders of Series A Notes in the Exchange Offer, upon receipt, will not be tradable by such holder without restriction under the Securities Act and the Exchange Act and without material restrictions under the "blue sky" or securities laws of substantially all of the states of the United States.

Exchange Agent

Continental Airlines, Inc. will act as Exchange Agent for the Exchange Offer. Questions and requests for assistance and requests for additional copies of this Prospectus or of the Letter of Transmittal should be directed to the Exchange Agent addressed as follows:

By Mail, Hand or Overnight Delivery

Continental Airlines, Inc.
2929 Allen Parkway, Suite 2010
Houston, Texas 77019
Attention: Jeffery A. Smisek

Facsimile Transmission:
(713) 523-2831

Confirm by Telephone:
Jeffery A. Smisek
(713) 834-2948

Fees and Expenses

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

The Company will not make any payments to brokers, dealers or other persons soliciting acceptances of the Exchange Offer. The Company may pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of the Prospectus and related documents to the beneficial owners of the Series A Notes, and in handling or forwarding tenders for exchange.

The expenses to be incurred in connection with the Exchange Offer will be paid by the Company, including fees and expenses of the Trustee and holders of the Series A Notes (as defined herein) and accounting, legal, printing and related fees and expenses.

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

Accounting Treatment

The Series B Notes will be recorded in the Company's accounting records at the same carrying value as the Series A Notes as reflected in the Company's accounting records on the date of the exchange. Accordingly, no gain or loss for accounting purposes will be recognized upon the consummation of the Exchange Offer.

DESCRIPTION OF SERIES B NOTES

Except as otherwise indicated below, the following summary applies to both the Series A Notes and the Series B Notes. As used herein, the term "Notes" shall mean the Series A Notes and the Series B Notes, unless otherwise indicated.

The form and terms of the Series B Notes are the same in all material respects as the form and terms of the Series A Notes, except that the Series B Notes do not contain terms with respect to Liquidated Damages and the Series B Notes have been registered under the Securities Act and therefore will not bear legends restricting the transfer thereof. As of the date hereof, $65,046,762.06 aggregate principal amount of Series A Notes is outstanding. See "The Exchange Offer."

General

The Series B Notes will be issued under the Indenture, dated as of September 28, 1995 (the "Indenture"), between Continental and Bank One, Texas, N.A., as trustee (the "Trustee"). The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). The following summary of certain provisions of the Indenture does not purport to be a complete description of the Notes, and reference is made to the provisions of the Indenture and those terms made a part of

the Indenture by the Trust Indenture Act. A copy of the Indenture is available as set forth under "Available Information" and "Incorporation of Certain Documents by Reference." Certain defined terms used in this section are defined under "-Certain Definitions."

The Series B Notes will be senior unsecured obligations of the Company and will rank senior in right of payment to all existing and future subordinated indebtedness of the Company. The Series B Notes will rank pari passu in right of payment with all the Company's senior indebtedness. The Series B Notes will be effectively subordinated to all indebtedness of the Company's Subsidiaries.

Form; Denomination

The Series A Notes initially were and the Series B Notes initially will be issued in registered form, without coupons. The Notes will be issued in denominations of $1,000 and integral multiples thereof and in any other denomination the Company determines is necessary to issue the aggregate principal amount of the Notes.

Principal, Maturity and Interest

The Notes will be limited to $65,046,762.06 in aggregate principal amount and will mature on July 1, 2000. Interest will accrue on the Notes at the rate of 10.22% per annum, and will be payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year to holders of record on the immediately preceding December 15, March 15, June 15 and September 15. Interest will accrue from the most recent date on which interest on the Notes has been paid. Interest shall accrue with respect to principal of any Note to, but not including, the date of repayment of such principal. To the extent lawful, the Company shall pay interest on overdue principal and interest at the rate of interest borne by the Notes.

Optional Redemption

The Company may redeem the Notes, at its option on notice to the holders of the Notes as provided in the Indenture, at any time in whole or from time to time in part, otherwise than through the operation of the Sinking Fund provided for herein and therein, at a Redemption Price equal to 100% of the aggregate principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon to the Redemption Date.

Sinking Fund

On and after April 1, 1997, the Company is required to redeem on January 1, April 1, July 1 and October 1 of each year (each, a "Sinking Fund Payment Date"), a portion of the aggregate principal amount of the Notes as set forth below (each, a "Sinking Fund Payment") at a Redemption Price equal to 100% of the aggregate principal amount of the Notes so redeemed, plus accrued and unpaid interest to the Redemption Date:

Sinking Fund Payment Date	Principal Amount to be Redeemed
April 1, 1997	$3,923,146.60
July 1, 1997	4,023,382.99
October 1, 1997	4,126,180.43
January 1, 1998	4,231,604.34
April 1, 1998	4,339,721.83
July 1, 1998	4,450,601.72
October 1, 1998	4,564,314.60
January 1, 1999	4,680,932.83
April 1, 1999	4,800,530.67
July 1, 1999	4,923,184.23
October 1, 1999	5,048,971.58
January 1, 2000	5,177,972.81
April 1, 2000	5,310,270.01

July 1, 2000	5,445,947.42

The principal amount of Notes to be redeemed may at the option of the Company be reduced in inverse order of maturity by an amount equal to the sum of (i) the principal amount of Notes therefore issued and acquired at any time by the Company and delivered to the Trustee for cancellation, and not theretofore made the basis for the reduction of a Sinking Fund Payment and (ii) the principal amount of Notes at any time redeemed and paid pursuant to the provisions of "-Optional Redemption," or which shall at any time have been duly called for redemption (otherwise than through operation of the Sinking Fund) and the Redemption Price shall have been deposited in trust for that purpose and which theretofore have not been made the basis for the reduction of a Sinking Fund Payment.

Notice of Redemption

Notice of redemption, whether through operation of the Sinking Fund or otherwise, will be mailed at least 15 days, but not more that 60 days, before the Redemption Date to each holder of Notes or portions thereof to be redeemed to the registered address of the holder.

From and after any Redemption Date, if monies for the redemption of the Notes called for redemption shall have been made available for redemption on such Redemption Date, the Notes called for redemption shall cease to bear interest and the only right of holders of such Notes will be to receive payments of the Redemption Price.

Certain Covenants

The Indenture contains, among others, the following covenants:

Limitation on Indebtedness

The Indenture provides that neither the Company nor any Restricted Subsidiary shall at any time directly or indirectly create, incur or assume any Debt (other than Excluded Debt) if, at the date of (and after giving effect to) such creation, incurrence or assumption, the Pro Forma Consolidated Fixed Charge Coverage Ratio (i) for the period from September 28, 1995 through December 31, 1996 is less than 1.75:1 and (ii) is less than 2.0:1 thereafter.

A "Restricted Subsidiary" is any subsidiary of the Company (other than Continental Express, Inc.) at the time of determination, the accounts of which would be consolidated with those of the Company in its consolidated financial statements as of such date.

Provision of Certain Information

While the Company is subject to the requirements of Section 13 or 15(d) of the Exchange Act, the Company shall file with the Commission all quarterly and annual reports and such other information, documents or other reports required to be filed pursuant to such provisions of the Exchange Act. If at any time the Company is not required to file the aforementioned reports, the Company (at its own expense) shall file with the Trustee within 15 days after it would have been required to file such information with the Commission, all information and financial statements, including any notes thereto, and with respect to annual reports, an auditors' report by an accounting firm of established national reputation.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Company or any successor corporation or the Trustee shall have any liability for any obligation of the Company under the Indenture or the Notes or for any claim based on, in respect of,

or by reason of, any such obligation or the creation of any such obligation. Each holder by accepting the Notes, waives and releases such Persons from all such liability and such waiver and release are part of the consideration for the issuance of the Notes.

Defeasance and Covenant Defeasance

The Company may elect either (i)(a) within one year of the maturity of the Notes or in the event all of the Notes will be called for redemption within one year under arrangements satisfactory to the Trustee for giving the notice of redemption or (b) at any time, to defease and be discharged from any and all obligations with respect to the Notes (except as described below) ("defeasance") or (ii) to be released from its obligations with respect to certain covenants ("covenant defeasance"), upon the deposit with the Trustee (or other qualifying trustee), in trust for such purpose, of money and/or U.S. Government Obligations which through the payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal of and any premium or interest on such Notes to maturity or redemption, as the case may be, and any mandatory Sinking Fund or analogous payments thereon. With respect to a defeasance as described under (i)(a) above, after such deposit, the Company will be deemed to have paid and discharged the entire indebtedness represented by the Notes (except for (a) the Company's obligation to compensate and indemnify the Trustee and (b) the Trustee's obligation to apply such deposited funds for payments of principal of and interest on the Notes. With respect to a defeasance as described under (i)(b) above, on the 123rd day after such deposit (or, in the case of a holder that may be deemed an "insider" under the U.S. Bankruptcy Code (the "Bankruptcy Code"), one year), the Company will be deemed to have paid and discharged the entire indebtedness represented by such Notes (except for (a) the rights of holders of such Notes to receive payments in respect of the principal of and interest on such Notes when such payments are due, (b) the obligations of the Company to pay or cause to be paid principal of and interest on such Notes when such payments are due and (c) certain other obligations as provided in the Indenture). Upon the occurrence of a covenant defeasance, the Company will be released only from its obligations to comply with certain covenants contained in the Indenture relating to such Notes, will continue to be obligated in all other respects under such Notes and will continue to be liable with respect to the payment of principal of and interest on such Notes.

The conditions with respect to a defeasance as described in (i)(a) in the preceding paragraph are as follows: (i) such defeasance or covenant defeasance must not result in a breach or violation of, or constitute a Default or Event of Default under the Indenture, or result in a breach or violation of, or constitute a default under, any other material agreement or instrument of the Company and (ii) the Company must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel with respect to compliance with the conditions precedent to such defeasance or covenant defeasance. The conditions with respect to both a defeasance as described in (i)(b) in the preceding paragraph and a covenant defeasance are as follows: (i) such defeasance or covenant defeasance must not result in a breach or violation of, or constitute a Default or Event of Default under the Indenture, or result in a breach or violation of, or constitute a default under, any other material agreement or instrument of the Company; (ii) the Company must deliver to the Trustee a ruling from the Internal Revenue Service or an Opinion of Counsel to the effect that the holders of such Notes will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to federal income tax on the same amounts and in the same manner and at all the same times as would have been the case if such defeasance or covenant defeasance had not occurred; (iii) the Company must deliver an Opinion of Counsel to the effect that (x) the creation of the defeasance trust does not violate the Investment Company Act of 1940, as amended, (y) the holders have a valid first priority security interest in the trust fund and

(z) after the passage of 123 days (or in the case of an "insider" one year) following deposit, such funds will not be subject to Section 547 of the Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law and in the event of a case commenced by or against the Company under either statute, such trust funds will no longer remain the property of the Company, or if a court were to rule that such trust funds remained the property of the Company, the holders' interest in such trust funds would be protected; and (iv) the Company must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel with respect to compliance with the conditions precedent to such defeasance or covenant defeasance. The Indenture requires that a nationally recognized firm of independent public accountants deliver to the Trustee a written certification as to the sufficiency of the trust funds deposited for the defeasance or covenant defeasance of such Notes.

Transfer and Exchange

A holder may register the transfer of or exchange Notes in accordance with the Indenture. The registrar for the Notes may require a holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Company need not register the transfer of or exchange any Notes selected for redemption, except, in the case of any Note to be redeemed in part, the portion thereof not so redeemed. Additionally, the Company need not issue, exchange or register the transfer of any Notes for a period of 10 days prior to the first mailing of notice of redemption of the Securities to be redeemed.

Modification of the Indenture

The Indenture contains provisions permitting the Company and the Trustee to amend or supplement the Indenture or the Notes without the consent of the holders of the Notes in order to (i) cure any ambiguity, correct or supplement any provisions therein which may be inconsistent with any other provision therein, or make any other provisions with respect to matters or questions arising under the Indenture which shall not be inconsistent with the provisions of the Indenture, provided that such amendment does not adversely affect the rights of the holders of the Notes; (ii) provide for uncertificated Notes in addition to or in place of certificated Notes; (iii) evidence the succession of another corporation to the Company and provide for the assumption by such successor of the Company's obligations to the holders of the Notes; (iv) to make any change that would provide any additional rights or benefits to holders of the Notes or not adversely affect the legal rights under the Indenture of any holder; or (v) comply with the requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act.

The Indenture also contains provisions permitting the Company and the Trustee to amend or supplement the Indenture or the Notes with the written consent of the holders of at least a majority in aggregate principal amount of the outstanding Notes, and any existing Default or Event of Default or non-compliance with any provision of the Indenture or the Notes may be waived with the consent of the holders of at least a majority in aggregate principal amount of the outstanding Notes. However, no such amendment, supplement or waiver may, without the consent of the holder of each Note so affected, (i) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver of any provision of the Indenture, (ii) reduce the principal of or change the fixed maturity of any Note, or alter the provisions with respect to the redemption of the Notes including, without limitation, the provisions with respect to the Sinking Fund obligations, in a manner adverse to the holders, (iii) reduce the rate of or change the time of payment of interest on any Note, (iv) waive a Default or Event of Default in the payment of principal of or interest on the Notes or in the payment of any Sinking Fund installment, (v) make any Note payable in money other than U.S. Legal Tender, (vi) make any change in the provisions of the Indenture relating to waivers of

past Defaults or the rights of holders to receive payments of principal of or interest on the Notes or payments of any Sinking Fund installments, (vii) waive a redemption payment with respect to any Note, or (ix) modify particular provisions of the Indenture relating to holders' rights to bring suit, waivers of certain Defaults or any of the foregoing provisions.

Consolidation, Merger or Sale by the Company

The Indenture provides that the Company may not consolidate with or merge into any other corporation or convey, lease or transfer its properties and assets substantially as an entirety to any Person, unless (i) the corporation formed by such consolidation or into which the Company is merged or the Person who acquires by conveyance, lease or transfer the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America or a state thereof and such corporation expressly assumes by supplemental indenture all the obligations of the Company under the Notes and under the Indenture, (ii) immediately before and after such transaction, no Default or Event of Default shall have occurred and be continuing and (iii) the Company has delivered to the Trustee an Officer's Certificate and Opinion of Counsel each stating that such consolidation, merger conveyance or transfer and such supplemental indenture comply with the foregoing provisions. In the event a successor corporation assumes the obligations of the Company, such successor corporation shall succeed to and be substituted for the Company under the Indenture and under the Notes and all obligations of the Company shall terminate.

Events of Default, Notice and Certain Rights on Default

The Indenture provides that, if an Event of Default occurs with respect to the Notes and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of all of the outstanding Notes affected thereby (voting as a class), by written notice to the Company (and to the Trustee, if notice is given by such holders of Notes), may declare the entire unpaid principal of all the Notes to be due and payable, provided that the Notes shall become immediately due and payable without prior notice upon the occurrence of certain events of bankruptcy, insolvency or reorganization of the Company.

"Events of Default" with respect to the Notes are defined in the Indenture as being: (i) default for 30 days in payment of any interest on any Note or any additional amount payable with respect to the Notes when due; (ii) default in payment of principal of or premium, if any, on any Notes when due at maturity, upon acceleration, redemption or otherwise; (iii) default or breach for 30 days after notice to the Company by the Trustee, or after notice by the holders of at least 25% in aggregate principal amount of the outstanding Notes to the Company and the Trustee, in the performance of any other covenant or agreement in the Notes or the Indenture; (iv) an event of default for 30 days with respect to any Indebtedness of the Company or any of its Subsidiaries in excess of $25 million, or the failure of the Company or any of its Subsidiaries to make any payment (whether of principal, interest or other amount) of more than $1 million on any Indebtedness, the principal amount of which exceeds $25 million; (v) any final judgment or order (not covered by insurance) for the payment of money in excess of $100 million in the aggregate rendered against the Company and not discharged within sixty days; and (vi) certain events of bankruptcy, insolvency or reorganization of the Company.

In case an Event of Default has occurred, has not been waived and is continuing, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by the Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise.

A holder of Notes may not pursue any remedy with respect to the Indenture or the Notes unless (i) such holder gives to the

Trustee written notice of a continuing Event of Default; (ii) the holders of at least 25% in aggregate principal amount of the outstanding Notes make a written request to the Trustee to pursue the remedy; (iii) such holder or holders offer to the Trustee indemnity satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request; (iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and (v) during such 60-day period, the holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

The holders of at least a majority in aggregate principal amount of the outstanding Notes, by written notice to the Company and the Trustee, may waive all past Defaults and rescind and annul a declaration of acceleration and its consequences if (i) all existing Events of Default, other than the non-payment of the principal of and interest on Notes that have become due solely by such declaration of acceleration, have been cured or waived and (ii) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Payment, Paying Agent

Payments on the Notes will be made, at the option of the holders thereof, at the office of the Paying Agent, which initially will be the office of the Trustee's agent in the City of New York.

The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered holders at the close of business on the record date next preceding the applicable Interest Payment Date. If the Company defaults in the payment of the interest due on such Interest Payment Date, such defaulted interest will be paid to the Persons who are registered holders of Notes at the close of business on a subsequent record date established by notice given not less that 15 days prior to such subsequent record date. The Company will pay the principal on the Notes to the holder that surrenders such Notes to a Paying Agent on or after July 1, 2000 or, in the event of a redemption of the Notes, whether through the operation of the Sinking Fund or otherwise, on or after the Redemption Date, as described in "-Optional Redemption" and "-Sinking Fund." Payments will be made in U.S. Legal Tender.

Governing Law

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

Replacement Notes

In case any Note shall become mutilated, defaced, destroyed, lost or stolen, the Company, in its discretion may execute, and upon the Company's request, the Trustee will authenticate and deliver a Note, of like series and tenor and equal principal amount, registered in the same manner, dated the date of its authentication and bearing interest from the date to which interest has been paid on such Note, in exchange and substitution for such Note (upon surrender and cancellation thereof) or in lieu of and substitution for such Note. In case such Note is destroyed, lost or stolen, at the request of the Company and the Trustee in their reasonable discretion, the applicant for a substituted Note shall furnish to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, and, in every case of destruction, loss or theft of such Note, the applicant shall also furnish to the Company satisfactory evidence of the destruction, loss or theft of such Note and of the ownership thereof. Upon the issuance of any substituted Note, the Company may require the payment by the registered holder thereof of a sum sufficient to cover fees and expenses connected therewith.

Certain Definitions

"Adjusted Consolidated Interest Expense" means, without duplication, with respect to the Company and its Restricted Subsidiaries for any period, the sum of (a) the interest expense of the Company and its Restricted Subsidiaries for such period, on a consolidated basis, including, without limitation, (i) amortization of debt discount, (ii) the net cost under interest rate contracts (including amortization of discounts), (iii) the interest portion of any deferred payment obligation and (iv) accrued interest, but excluding all capitalized interest, plus (b) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid, or accrued by the Company and its Restricted Subsidiaries during such period plus (c) one-third of Consolidated Aircraft Rental Payments of the Company and its Restricted Subsidiaries during such period. For purposes of this definition, (x) interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP and (y) interest expense attributable to any Debt represented by the guaranty by the Company or a Restricted Subsidiary of an obligation of another Person shall be deemed to be the interest expense attributable to the Debt guaranteed.

"Affiliates" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such 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, is defined to mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Capitalized Lease Obligation" means, as applied to any Person, obligations of such Person under any lease of any property (whether real, personal or mixed) which, in accordance with GAAP, is required to be capitalized on the balance sheet of such Person, and the amount of Indebtedness represented by such obligations shall be the capitalized amount of such obligations determined in accordance with GAAP.

"Consolidated Aircraft Rental Payments" means, for any period, the aggregate rental obligations of the Company and its Restricted Subsidiaries (not including taxes, insurance, maintenance and similar expenses that the lessee is obligated to pay under the terms of the relevant lease), payable in respect of such period under leases of aircraft and aircraft-related equipment (net of income from subleases thereof, not including taxes insurance, maintenance and similar expenses that the sublessee is obligated to pay under the terms of such sublease) having an original term of not less than one year, whether or not such obligations are reflected as liabilities or commitments on a consolidated balance sheet of the Company and its Restricted Subsidiaries or in the notes thereto, excluding, however, in any event, payments by the Company or any of its Restricted Subsidiaries in respect of Capitalized Lease Obligations.

"Consolidated Fixed Charge Coverage Ratio" means for any period the ratio of (a) EBITDAR for such period, of the Company and its Restricted Subsidiaries on a consolidated basis to (b) Adjusted Consolidated Interest Expense for such period.

"Debt" means at any date of determination all indebtedness for borrowed money of the Company and its Restricted Subsidiaries and all indebtedness for borrowed money of other Persons to the extent such indebtedness is guaranteed by the Company or any Restricted Subsidiary, in each case other than Excluded Debt.

"Default" means any event that is, or after the passage of time or both would be, an Event of Default.

"Depositary" shall have the meaning set forth under "-Form; Denomination."

"EBITDAR" means earnings before interest, taxes, depreciation, amortization and Consolidated Aircraft Rental Payments.

"Effective Registration" means that the Company shall have (i) consummated the Exchange Offer pursuant to an effective registration statement under the Securities Act or (ii) filed and caused to become and remain effective a Shelf Registration Statement under the Securities Act for sale of Notes by the holders.

"Event of Default" shall have the meaning set forth under "- Events of Default, Notice and Certain Rights on Default."

"Excluded Debt" means, with respect to the Company and any Restricted Subsidiary, any and all (i) Debt outstanding on the date of the Indenture, (ii) Debt of the Company or any Restricted Subsidiary owed to any Restricted Subsidiary or the Company, (iii) Debt consisting of payment obligations under an interest rate swap or similar arrangement or under a foreign currency hedge, exchange or similar arrangement which is incurred solely to act as a hedge against increases in interest rates or changes in currency exchange rates that may occur under the terms of other outstanding Debt of the Company or any Restricted Subsidiary, (iv) Debt in respect of Capitalized Lease Obligations, mortgage or other secured financings or purchase money obligations, (v) trade payables and guarantees incurred in the ordinary course of business with suppliers, licensees, franchisees, airport authorities, credit card processing companies and customers, and (vi) renewals, extensions, refinancings, refundings, substitutions or replacements of any Excluded Debt.

"GAAP" means generally accepted accounting principles in the United States of America as in effect as of the date of the Indenture, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such first Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statements conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication), (i) all indebtedness of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto), (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables, (v) all Capitalized Lease Obligations of such Person, (vi) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the stated principal amount of such Indebtedness, and (vii) all Indebtedness of other Persons

Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date; provided that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any sale with recourse against the seller or any Affiliate of the seller, or any agreement to give any security interest); provided, that in no event shall a true operating lease be deemed to constitute a Lien.

"Officers' Certificate" means a certificate signed by the Chairman, the President, the Chief Financial Officer or a Vice President of the Company and by the Controller, Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Company.

"Opinion of Counsel" means a written opinion of legal counsel, who may be either internal or outside counsel for the Company.

"Paying Agent" means Bank One, Texas, N.A. or any other entity authorized by the Company to pay the principal of or interest on the Notes on behalf of the Company.

"Person" means an individual, a corporation, a partnership, an association, a business trust, a trust or any other entity or organization, including a governmental or political subdivision or any agency or instrumentality thereof.

"Pro Forma Consolidated Fixed Charge Coverage Ratio" means, in connection with the creation, incurrence or assumption of any Debt, the Consolidated Fixed Charge Coverage Ratio after giving pro forma effect to: (i) the creation, incurrence or assumption of such Debt at the beginning of the four fiscal quarter period (or such shorter period of fiscal quarters as shall have commenced on or after January 1, 1995) preceding such creation, incurrence or assumption (and the application of the net proceeds therefrom for the purposes described in the following clause (ii)) and (ii) the incurrence, repayment or retirement of any other Debt by the Company or its Restricted Subsidiaries since the first day of such four-quarter period (or such shorter period) and through and including the date of determination as if such Debt had been incurred, repaid or retired at the beginning of such period.

"Redemption Date" when used with respect to any Note to be redeemed, means the date fixed for such redemption (including, without limitation, through the operation of the Sinking Fund) pursuant to the Indenture and the Notes.

"Redemption Price" when used with respect to any Note to be redeemed, means the price fixed for such redemption pursuant to the Indenture and the Notes upon the redemption of any Notes in whole or in part either at the option of the Company or through operation of the Sinking Fund, but such term shall not include the amount of any accrued interest payable upon any redemption.

"Registered Global Note" shall have the meaning set forth under "-Form; Denomination."

"Sinking Fund" shall mean the method provided in the Indenture and the Notes of amortizing the aggregate principal amount of the Notes.

"Subsidiary" of any Person means any corporation more than 50% of the outstanding shares of Voting Stock of which at the time of determination are owned by such Person, directly or indirectly through on or more Subsidiaries, or both.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries and arising in the ordinary course of business in connection with the acquisition of goods or services.

"U.S. Government Obligations" shall mean securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to July 1, 2000, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"U.S. Legal Tender" means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

"Voting Stock" means any class or classes of capital stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to vote for the election of directors, managers or trustees of any Person (irrespective of whether or not at the time stock of any class or classes will have or might have voting power by the reason of the happening of any contingency).

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

Exchange of Series A Notes for Series B Notes

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

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

PLAN OF DISTRIBUTION

Each broker-dealer that receives Series B Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Series B Notes. The Company will not receive any proceeds from any sale of Series B Notes by broker-dealers. Series B Notes received by broker-dealers for their own account pursuant to the

Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Series B Notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such Series B Notes. Any broker-dealer that resells Series B Notes that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such Series B Notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit of any such resale of Series B Notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. The Company is under no obligation to prepare a prospectus for use in connection with any such resale.

The Company has agreed to pay all expenses incident to the Exchange Offer (including the reasonable fees and expenses of one counsel for the holders of the Notes) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the Notes against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

The validity of the Series B Notes is being passed upon for Continental by Cleary, Gottlieb, Steen & Hamilton, New York, New York.

EXPERTS

The consolidated financial statements (including schedules incorporated by reference) of Continental Airlines, Inc. as of December 31, 1995 and 1994, and for the two years ended December 31, 1995, December 31, 1994 and the period April 28, 1993 through December 31, 1993 and the consolidated statements of operations, redeemable and non-redeemable preferred stock and common stockholders' equity and cash flows of Continental Airlines Holdings, Inc. for the period January 1, 1993 to April 27, 1993, incorporated by reference in this Prospectus have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports therein and incorporated herein by reference, in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

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No person has been authorized to give any information or to make any representations other than those contained or incorporated by reference in this Prospectus and the accompanying Letter of Transmittal and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or the Exchange Agent. Neither this Prospectus nor the accompanying Letter of Transmittal, or both together, constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Prospectus, nor the accompanying Letter of Transmittal, or both together, nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct at any time subsequent to the date hereof or thereof.

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Continental Airlines, Inc.

Offer to Exchange its
10.22% Series B Senior Unsecured
Sinking Fund Notes
due July 1, 2000
which have been registered under the
Securities Act of 1933, as amended, for
any and all of its outstanding
10.22% Series A Senior Unsecured
Sinking Fund Notes
due July 1, 2000

PROSPECTUS

, 1996

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INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

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

"(a) A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil,

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

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

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

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

(e) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative, or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this section. Such expenses (including attorneys' fees) incurred by other

employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

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

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

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

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

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

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

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

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

The Company maintains directors' and officers' liability insurance.

Item 21. Exhibits.

Exhibit Number	Exhibit Description
4.1*	Indenture dated September 28, 1995 for the 10.22% Series A Senior Unsecured Notes and the 10.22% Series B Senior Unsecured Notes between Continental and the Trustee
4.2*	Form of 10.22% Series B Senior Unsecured Sinking Fund Note
5.1**	Opinion of Cleary, Gottlieb, Steen & Hamilton as to the validity of the Series B Notes
10.1*	Form of Exchange Agreement among Continental and the holders of the Series A Notes
10.2*	Registration Rights Agreement among Continental and the holders of the Series A Notes
10.3	Amendment to Stockholders' Agreement dated April 19, 1996 among the Company, Air Partners and Air Canada (incorporated by reference to the Company's Registration Statement on Form S-3 (File No. 333-02701))
10.4	Amended and Restated Registration Rights Agreement dated April 19, 1996 among the Company, Air Partners and Air Canada (incorporated by reference to the Company's Registration Statement on Form S-3 (File No. 333-02701))
10.5	Form of Warrant Purchase Agreement between the Company and Air Partners (incorporated by reference to the Company's Registration Statement on Form S-3 (File No. 333-02701))
12.1*	Computation of Ratio of Earnings to Fixed Charges
23.1*	Consent of Ernst & Young LLP
23.2**	Consent of Cleary, Gottlieb, Steen & Hamilton (included in its opinion filed as Exhibit 5.1)
24.1*	Powers of Attorney
25.1**	Form T-1, Statement of Eligibility under the Trust Indenture Act of Bank One, Texas, N.A.
99.1*	Form of Letter of Transmittal
99.2*	Form of Notice of Guaranteed Delivery
99.3*	Form of Letter to Brokers, Dealers, Commercial Banks,

Trust Companies and Other Nominees

99.4* Form of Letter to Clients

- ----------

* Filed herewith

** To be filed by amendment

Item 22. Undertakings.

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

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

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

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

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-4 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on May 13, 1996.

CONTINENTAL AIRLINES, INC.

By: /s/ Michael P. Bonds

Michael P. Bonds
Staff Vice President and Controller

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated, on May 13, 1996.

Signature	Title
*	
Gordon M. Bethune	President, Chief Executive Officer (Principal Executive Officer) and Director
*	
Lawrence W. Kellner	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Michael P. Bonds	
Michael P. Bonds	Staff Vice President and Controller (Principal Accounting Officer)
*	
Thomas J. Barrack, Jr.	Director
*	
David Bonderman	Director
*	
Gregory D. Brenneman	Director
*	
Joel H. Cowan	Director
*	
Patrick Foley	Director
*	
Rowland C. Frazee, C.C.	Director
*	
Hollis L. Harris	Director

*	
Dean C. Kehler	Director
*	
Robert L. Lumpkins	Director
*	
Douglas H. McCorkindale	Director
*	
David E. Mitchell, O.C.	Director
*	
Richard W. Pogue	Director
*	
William S. Price III	Director
*	
Donald L. Sturm	Director
*	
Claude I. Taylor, O.C.	Director
*	
Karen Hastie Williams	Director
*	
Charles A. Yamarone	Director

*By: SCOTT R. PETERSON

Scott R. Peterson, Attorney-in-fact

EXHIBIT INDEX

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99.4*	Form of Letter to Clients

- ---

* Filed herewith

** To be filed by amendment.

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CONTINENTAL AIRLINES, INC.

AND

BANK ONE, TEXAS, N.A.
Trustee

INDENTURE

Dated as of September 28, 1995

$65,046,762.06

10.22% SERIES A SENIOR UNSECURED SINKING FUND NOTES
DUE JULY 1, 2000
10.22% SERIES B SENIOR UNSECURED SINKING FUND NOTES
DUE JULY 1, 2000

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CROSS REFERENCE SHEET(1)

Provisions of Trust Indenture Act of 1939 and Indenture to be dated as of September 28, 1995 among CONTINENTAL AIRLINES, INC. and BANK ONE, TEXAS, N.A. Trustee.

Section of the Act	Section of Indenture
310(a)(1) and (2). . . .	8.8, 8.9, 8.13
310(b)	8.4,8.9,8.10,8.11
311(a)	8.12
312(a)	5.1
312(b)	5.2
312(c)	5.2
313(a)	5.3
313(c)	5.3
314(a)	4.4(a)(b)(c)(d)
314(a)(4).	4.4(a)
314(c)(1) and (2). . . .	11.1(A)(ii),11.1(B)(e),11.1(C)(f), 12.5
314(c)(3).	11.1(B)(a)
314(e)	12.5
315(a), (c) and (d). . .	8.1
315(b)	7.11
315(e)	7.12
316(a)(1).	7.9, 7.10
316(a)(last sentence). .	7.6
316(b)	7.7
317(a)	7.2
317(b)	4.3
318(a)	12.7

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1 This Cross Reference Sheet is not part of the Indenture.

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INDENTURE, dated as of September 28, 1995, between Continental Airlines, Inc., a Delaware corporation (the "Company"), having its principal office at 2929 Allen Parkway, Houston, Texas 77019, and Bank One, Texas, N.A., a national banking association (the "Trustee"), having its principal office at 910 Travis Street, Houston, Texas 77002.

Each party hereto agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Company's 10.22% Series A Senior Unsecured Sinking Fund Notes due July 1, 2000 and 10.22% Series B Senior Unsecured Sinking Fund Notes due July 1, 2000.

ARTICLE ONE - DEFINITIONS

SECTION 1.1 Certain Terms Defined. The following terms (except as otherwise expressly provided or unless the context otherwise clearly requires) for all purposes of this Indenture shall have the respective meanings specified in this Section. All other terms used in this Indenture that are defined in the TIA or the definitions of which in the Securities Act are referred to in the TIA, including terms defined therein by reference to the Securities Act (except as herein otherwise expressly provided or unless the context otherwise requires), shall have the meanings assigned to such terms in the TIA and in the Securities Act as in force at the date of this Indenture. All accounting terms used herein and not expressly defined shall have the meanings assigned to such terms in accordance with GAAP applied on a consistent basis. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Indenture as a whole and not to any particular Article, Section or other subdivision. The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

"Acceleration Notice" shall have the meaning set forth in Section 7.1.

"Adjusted Consolidated Interest Expense" means, without duplication, with respect to the Company and its Restricted Subsidiaries for any period, the sum of (a) the interest expense of the Company and its Restricted Subsidiaries for such period, on a consolidated basis, including, without limitation, (i) amortization of debt discount, (ii) the net cost under interest rate contracts (including amortization of discounts), (ii) the interest portion of any deferred payment obligation and (iv) accrued interest, but excluding all capitalized interest, plus (b) the interest component of capitalized lease obligations paid, accrued and/or scheduled to be paid, or accrued by the company and its Restricted Subsidiaries during such period plus (c) one-third of Consolidated Aircraft Rental Payments of the Company and its Restricted Subsidiaries during such period. For purposes of this definition, (x) interest on a capitalized lease obligation shall be deemed to accrue at an interest rate reasonably determined by the Company to be the rate of interest implicit in such capitalized lease obligation in accordance with GAAP and (y) interest expense attributable to any Debt represented by the guaranty by the Company or a Restricted Subsidiary of an obligation of another Person shall be deemed to be the interest expense attributable to the Debt guaranteed.

"Affiliates" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such 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, is defined to mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Authenticating Agent" shall have the meaning set forth in Section 8.13.

"Board of Directors" when used with reference to any Person, means the Board of Directors of such Person or any committee of such Board duly authorized, with respect to any particular matter, to exercise the power of the Board of Directors of such Person.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in the City of New York, New York, the City of Houston, Texas or the city of the Corporate Trust Office of the Trustee, are authorized or required by law to close.

"Capitalized Lease Obligation" means, as applied to any Person, obligations of such Person under any lease of any property (whether real, personal or mixed) which, in accordance with GAAP, is required to be capitalized on the balance sheet of such Person, and the amount of Indebtedness represented by such obligations shall be the capitalized amount of such obligations determined in accordance with GAAP.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's capital stock, whether now outstanding or issued after the date of this Indenture, including, without limitation, all Common Stock.

"Closing Date" means the date on which the Securities are originally issued under this Indenture.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, or if at any time after the execution and delivery of this Indenture such Commission is not existing and performing the duties now assigned to it under the TIA, then the body performing such duties on such date.

"Common Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's common stock, whether now outstanding or issued after the date of this Indenture, including, without limitation, all series and classes of such common stock.

"Company" means Continental Airlines, Inc., a Delaware corporation and, subject to Article Six hereof, its successors and assigns.

"Company Order" means a written statement, request or order of the Company signed in its name by the Chairman, the President, the Chief Financial Officer or a Vice President and by the Controller, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Company and delivered to the Trustee.

"Consolidated" or "consolidated," when used with reference to any accounting term, means the amount described by such accounting term, determined on a consolidated basis in accordance with GAAP, after elimination of intercompany items.

"Consolidated Aircraft Rental Payments" means, for any period, the aggregate rental obligations of the Company and its Restricted Subsidiaries (not including taxes, insurance, maintenance and similar expenses that the lessee is obligated to pay under the terms of the relevant leases), payable in respect of such period under leases of aircraft and aircraft-related equipment (net of income from subleases thereof, not including taxes, insurance, maintenance and similar expenses that the sublessee is obligated to pay under the terms of such sublease) having an original term of not less than one year, whether or not such obligations are reflected as liabilities or commitments on a consolidated balance sheet of the Company and its Restricted Subsidiaries or in the notes thereto, excluding, however, in any event, payments by the Company or any of its Restricted Subsidiaries in respect of capitalized lease obligations.

"Consolidated Fixed Charge Coverage Ratio" means for any period the ratio of (a) EBITDAR for such period, of the Company and its Restricted Subsidiaries on a consolidated basis to (b) Adjusted Consolidated Interest Expense for such period.

"Corporate Trust Office" means the office of the Trustee at which the corporate trust business of the Trustee shall, at any particular time, be principally administered, which office is, at the date as of which this Indenture is dated, located at 910 Travis Street, Houston, Texas 77002.

"Debt" means at any date of determination all indebtedness for borrowed money of the Company and its Restricted Subsidiaries and all indebtedness for borrowed money of other Persons to the extent such indebtedness is guaranteed by the Company or any Restricted Subsidiary in each case other than Excluded Debt.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Depository" means, with respect to the Securities issued in the form of one or more Global Securities, each Person designated as Depository by the Company until a successor Depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depository" shall mean or include each Person who is then a Depository hereunder.

"EBITDAR" means earnings before interest, taxes,

depreciation, amortization and Consolidated Aircraft Rental Payments.

"Effective Registration" means that the Company shall have (i) consummated the Exchange Offer pursuant to an effective registration statement under the Securities Act or (ii) filed and caused to become and remain effective a Shelf Registration Statement under the Securities Act for the sale of Securities by the Holders.

"Event of Default" means any event or condition specified as such in Section 7.1

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Offer" shall have the meaning provided in the Registration Rights Agreement.

"Excluded Debt" means, with respect to the Company and any Restricted Subsidiary, any and all (i) Debt outstanding on the date hereof, (ii) Debt of the Company or any Restricted Subsidiary owed to any Restricted Subsidiary or the Company, (iii) Debt consisting of payment obligations under an interest rate swap or similar arrangement or under a foreign currency hedge, exchange or similar arrangement which is incurred solely to act as a hedge against increases in interest rates or changes in currency exchange rates that may occur under the terms of other outstanding Debt of the Company or any Restricted Subsidiary, (iv) Debt in respect of capitalized lease obligations, mortgage or other secured financings or purchase money obligations, (v) trade payables and guarantees incurred in the ordinary course of business with suppliers, licensees, franchisees, airport authorities, credit card processing companies and customers, and (vi) renewals, extensions, refinancings, refundings, substitutions or replacements of any Excluded Debt.

"GAAP" means generally accepted accounting principles in the United States of America as in effect as of the date of this Indenture, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board.

"Global Security" means a Security evidencing all or a part of the Securities, issued to a Depository or its nominee in accordance with Section 2.2, and bearing the legend prescribed in Section 2.2.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct, or indirect, contingent or otherwise, of such first Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Holder", "Holder of Securities", "Securityholder" or other similar terms means the Person in whose name a Security is registered in the security register kept by the registrar for that purpose in accordance with the terms hereof.

"Indebtedness" means, with respect to any Person at any

date of determination (without duplication), (i) all indebtedness of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto), (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables, (v) all Capitalized Lease Obligations of such Person, (vi) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the stated principal amount of such Indebtedness, and (vii) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date; provided that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP.

"Indenture" means this instrument as originally executed and delivered or, if amended or supplemented as herein provided, as so amended or supplemented or both, and shall include the form and terms of the Securities as set forth herein.

"Interest Payment Date" means the first day of each January, April, July and October, commencing October 1, 1995 and continuing through July 1, 2000.

"Interest Record Date" means for the interest payable on any Interest Payment Date the December 15, March 15, June 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any sale with recourse against the seller or any Affiliate of the seller, or any agreement to give any security interest); provided, that in no event shall a true operating lease be deemed to constitute a Lien hereunder.

"Notice of Default" shall have the meaning provided in Section 7.1(c).

"Officer" means with respect to any Person, the Chairman, the President, the Secretary, any Assistant Secretary, the Chief Financial Officer, the Controller, the Treasurer, any Assistant Treasurer or any Vice President (other than, in the case of the Company, a Vice President whose title is "Staff Vice President") of such Person.

"Officers' Certificate" means a certificate signed by the Chairman, the President, the Chief Financial Officer or a Vice President of the Company and by the Controller, Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Company.

"Opinion of Counsel" means a written opinion of legal counsel, who may be either internal or outside counsel for the Company.

"Outstanding" when used with reference to Securities, subject to the provisions of Section 9.4 means, as of any particular time, all Securities authenticated and delivered by the Trustee under this Indenture, except:

(a) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities, or portions thereof, for the payment or redemption of which monies or U.S. Government Obligations (as provided for in Section 11.1) in the necessary amount shall have been deposited in trust with the Trustee or with any Paying Agent; provided, however, that, if such Securities, or portions thereof, are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as herein provided, or provision satisfactory to the Trustee shall have been made for giving such notice; and

(c) Securities that shall have been paid or in substitution for which other Securities shall have been authenticated and delivered pursuant to the terms of Section 2.5 or 2.6.

"Paying Agent" means Bank One, Texas, N.A. or any other Person authorized by the Company to pay the principal of or interest on the Securities on behalf of the Company.

"Person" means an individual, a corporation, a partnership, an association, a business trust, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

"Pro Forma Consolidated Fixed Charge Coverage Ratio" means, in connection with the creation, incurrence or assumption of any Debt, the Consolidated Fixed Charge Coverage Ratio after giving pro forma effect to: (i) the creation, incurrence or assumption of such Debt at the beginning of the four fiscal quarter period (or such shorter period of fiscal quarters as shall have commenced on or after January 1, 1995) preceding such creation, incurrence or assumption (and the application of the net proceeds therefrom for the purposes described in the following clause (ii)) and (ii) the incurrence, repayment or retirement of any other Debt by the Company or its Restricted Subsidiaries since the first day of such four-quarter period (or such shorter period) and through and including the date of determination as if such Debt had been incurred, repaid or retired at the beginning of such period.

"Redemption Date" when used with respect to any Security to be redeemed, means the date fixed for such redemption (including, without limitation, through the operation of the Sinking Fund) pursuant to this Indenture and the Securities.

"Redemption Price" when used with respect to any Security to be redeemed, means the price fixed for such redemption pursuant to this Indenture and the Securities upon the redemption of any Securities in whole or in part either at the option of the Company or through the operation of the Sinking Fund, but such term shall not include the amount of any accrued interest payable upon any redemption.

"Registration Rights Agreement" means that certain Registration Rights Agreement dated as of the date hereof by and among the Company and the other signatories thereto.

"Responsible Officer" when used with respect to the Trustee means the chairman of the board of directors, any vice chairman of the board of directors, the chairman of the trust committee, the chairman of the executive committee, any vice chairman of the executive committee, the president, any vice president (whether or not designated by numbers or words added before or after the title "vice president"), the secretary, the treasurer, any trust officer, any assistant trust officer, any assistant secretary, any assistant treasurer, or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Subsidiary" means at any date of determination any Subsidiary of the Company (other than Continental Express, Inc.) the accounts of which would be consolidated with those of the Company in its consolidated financial statements as of such date.

"Securities" means the Series A Notes and the Series B Notes that are issued under this Indenture, treated as a single class for all purposes.

"Securities Act" means the Securities Act of 1933, as amended.

"Series A Notes" means the Company's 10.22% Series A Senior Unsecured Sinking Fund Notes due July 1, 2000.

"Series B Notes" means the Company's 10.22% Series B Senior Unsecured Sinking Fund Notes due July 1, 2000.

"Shelf Registration Statement" has the meaning provided in the Registration Rights Agreement.

"Sinking Fund" means the method provided in this Indenture and the Securities of amortizing the aggregate principal amount of the Securities.

"Sinking Fund Payment Date" means the first day of each January, April, July and October, commencing April 1, 1997 and continuing through July 1, 2000.

"Stated Maturity" means, (i) with respect to any scheduled installment of interest on any Security, the date specified in such Security as the fixed date on which such installment is due and payable and (ii) with respect to any scheduled installment of principal on any Security (including, without limitation, Sinking Fund installments), the date specified in such Security as the fixed date on which such installment is due and payable.

"Subsidiary" of any Person means any corporation more than 50% of the outstanding shares of Voting Stock of which at the time of determination are owned by such Person, directly or indirectly through one or more Subsidiaries, or both.

"TIA" means the Trust Indenture Act of 1939, as amended.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries and arising in the ordinary course of business in connection with the acquisition of goods or services.

"Trustee" means the Person identified as the "Trustee" in the first paragraph hereof and, subject to the provisions of Article Eight, shall also include any successor trustee. "Trustee" shall also mean or include each Person who is then a trustee hereunder.

"U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to July 1, 2000, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such

depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"U.S. Legal Tender" means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

"Voting Stock" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to vote for the election of directors, managers or trustees of any Person (irrespective of whether or not at the time stock of any class or classes will have or might have voting power by the reason of the happening of any contingency).

ARTICLE TWO - SECURITIES

SECTION 2.1 Form and Dating. The Securities and the related Trustee's certificate of authentication shall be substantially in the respective forms set forth in Exhibit A, which exhibit is a part of this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule or usage. Whether or not issued on the Closing Date, each Security shall be dated and bear interest from the Closing Date, except as provided in Sections 2.5 and 2.6. The Securities shall be issuable in registered form in denominations of $1,000 and integral multiples thereof and in any other denomination the Company determines is necessary to issue the aggregate principal amount of the Securities.

The terms and provisions contained in the Securities shall constitute, and are hereby expressly made, a part of this Indenture and the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and agree to be bound thereby.

SECTION 2.2 Execution and Authentication. One Officer of the Company shall sign each Security for the Company by manual or facsimile signature, which signature shall be attested to by another Officer of the Company (each of which Officers shall have been duly authorized by all requisite corporate actions). If an Officer whose signature is on a Security no longer holds that office at the time any Securities are authenticated, such Securities shall nevertheless be valid. The Company's seal shall be reproduced on each Security. The seal of the Company may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Securities. Typographical and other minor errors or defects in any such reproduction of the seal or any such signature shall not affect the validity or enforceability of any Security that has been duly authenticated and delivered by the Trustee.

With respect to the sale and issuance of the Securities, the Trustee shall, upon receipt of a written order of the Company in the form of an Officers' Certificate, authenticate Series A Notes for issuance on the Closing Date in the aggregate principal amount of $65,046,762.06.

Following the occurrence of an Effective Registration involving a Shelf Registration Statement with respect to the Series A Notes pursuant to the Registration Rights Agreement, unless a stop order is imposed or the effectiveness of the Shelf Registration is for any other reason suspended or such Series A Notes are being sold to an Affiliate of the Company, all requirements with respect to legends on the Series A Notes will cease to apply upon the sale thereof, and certificated Series A Notes without legends will be available to the Holders. Upon the occurrence of an Effective Registration involving the Exchange Offer, the Trustee shall, on the terms and conditions set forth in Section 2.12 (including receipt of a written order of the Company in the form of an Officers' Certificate), authenticate Series B Notes for issuance on consummation of the Exchange Offer to Holders who duly tender their Series A Notes for exchange.

If any Securities are to be issued in the form of one or more Global Securities, then the Company shall execute and the Trustee shall authenticate and deliver one or more Global Securities, that (i) shall be in denominations of $1,000 or integral multiplies thereof or in such other denominations as may be necessary to issue the aggregate principal amount of Securities in the form of one or more Global Securities, (ii) shall be registered in the name of the Depository for such Global Security or Securities or the nominee of such Depository, (iii) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions and (iv) shall bear a legend substantially to the following effect:

> Unless and until it is exchanged in whole or in part for Securities in definitive registered form, this Security may not be transferred except as a whole by the Depository to the nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

Each Depository must, at the time of its designation and at all times while it serves as Depository, be a clearing agency registered under the Exchange Act and any other applicable statute or regulation.

SECTION 2.3 Certificate of Authentication. Only such Securities as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, executed (subject to Section 8.13) by the Trustee by the manual signature of one of its Responsible Officers, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. The execution of such certificate by the Trustee upon any Security executed by the Company shall be conclusive evidence, and the only evidence, that the Security so authenticated has been duly authenticated and delivered hereunder and that the Holder of such Security is entitled to the benefits of this Indenture.

SECTION 2.4 Payments of Interest. The Securities shall bear interest from July 1, 1995, and such interest shall be payable on the Interest Payment Dates.

The Person in whose name any Security is registered at the close of business on any Interest Record Date applicable to such Security with respect to any Interest Payment Date for such Security shall be entitled to receive the interest, if any, payable on such Interest Payment Date notwithstanding any transfer or exchange of such Security subsequent to the Interest Record Date and prior to such Interest Payment Date, except if and to the extent the Company shall default in the payment of the interest due on such Interest Payment Date, in which case such defaulted interest shall be paid to the Persons in whose names Outstanding Securities are registered at the close of business on a subsequent record date (which shall be not less than five Business Days prior to the date of payment of such defaulted interest) established by notice given by mail by or on behalf of the Company to the Holders of Securities not less than 15 days preceding such subsequent record date.

Subject to the foregoing provisions of this Section 2.4, each Security delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 2.5 Registration, Transfer and Exchange. The Company will keep, or cause to be kept, at each office or agency to be maintained for the purpose as provided in Section 4.2 a register or registers in which, subject to such reasonable regulations as it may prescribe, it will provide for the

registration of Securities and the registration of transfer of Securities. Such register shall be in written form in the English language or in any other form capable of being converted into such form within a reasonable time. If and so long as the Trustee shall not be the registrar for the Securities, at all reasonable times such register or registers shall be open for inspection by the Trustee.

Upon due presentation for registration of transfer of any Security at any such office or agency to be maintained for the purpose as provided in Section 4.2, the Company shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Security or Securities.

At the option of the Holder thereof, Securities (other than a Global Security, except as set forth below) may be exchanged for a Security or Securities having authorized denominations in an equal aggregate principal amount, upon surrender of such Securities to be exchanged at the agency of the Company that shall be maintained for such purpose in accordance with Section 4.2 and upon payment, if the Company shall so require, of the amounts hereinafter provided.

All Securities presented for registration of transfer, exchange, redemption or payment shall (if so required by the Company or the Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer, in form satisfactory to the Company and the Trustee and duly executed by the Holder or the Holder's attorney duly authorized in writing.

The Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of Securities. No service charge shall be made for any such transaction.

The Company shall not be required to exchange or register a transfer of (a) any Securities for a period of 10 days next preceding the first mailing of notice of redemption of Securities to be redeemed or (b) any Securities selected, called or being called for redemption, in whole or in part, except, in the case of any Security to be redeemed in part, the portion thereof not so to be redeemed.

Notwithstanding any other provision of this Section 2.5, unless and until it is exchanged in whole or in part for Securities in non-global form, a Global Security representing all or a portion of the Securities may not be transferred except as a whole by the Depository to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by such Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

If at any time the Depository for any Securities represented by one or more Global Securities notifies the Company that it is unwilling or unable to continue as Depository for such Securities or if at any time the Depository for such Securities shall no longer be eligible under Section 2.2, the Company shall appoint a successor Depository eligible under Section 2.2 with respect to such Securities. If a successor Depository eligible under Section 2.2 for such Securities is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, the Company will execute, and the Trustee, upon receipt of an Officers' Certificate of the Company for the authentication and delivery of Securities in non-global form, will authenticate and deliver, Securities in non-global form in exchange for such Global Security or Securities.

The Company may at any time and in its sole discretion determine that the Securities issued in the form of one or more Global Securities shall no longer be represented by a Global Security or Securities. In such event the Company will execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of Securities in non-global form, will authenticate and deliver, Securities in non-global form in

exchange for such Global Security or Securities.

Until the Securities have been registered under the Securities Act only a Person or Persons having a beneficial interest representing not less than 51% of the aggregate beneficial interest in a Global Security may upon request exchange such beneficial interest for Securities in non-global form. After the Securities have been so registered any Person having a beneficial interest in a Global Security may upon request exchange such beneficial interest for Securities in non-global form. Upon receipt by the Trustee of written instructions (or such other form of instructions as is customary for the Depository) from the Depository or its nominee on behalf of any such Person or Persons and upon receipt by the Trustee of a written order or such other form of instructions as is customary for the Depository or the Person or Persons designated by the Depository as having such a beneficial interest containing registration instructions, then the Trustee will cause, in accordance with the standing instructions and procedures existing between the Depository and the Trustee, the aggregate principal amount of the Global Security to be reduced accordingly and following such reduction, the Company will execute and upon receipt of an authentication order in the form of an Officers' Certificate, the Trustee will authenticate and deliver, Securities in non-global form.

Securities in non-global form issued in exchange for a beneficial interest in a Global Security pursuant to this Section 2.5 shall be registered in such names and in such authorized denominations as the Depository for such Global Security, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee or an agent of the Company or the Trustee. The Trustee or such agent shall deliver such Securities to or as directed by the Person or Persons in whose names such Securities are so registered.

The Securities executed by the Company, and authenticated and delivered by the Trustee, upon any transfer or exchange contemplated by this Section 2.5 shall be dated the date of their authentication, shall be in authorized denominations, shall be in like aggregate principal amount and have the same Stated Maturity date and interest rate as, and bear interest from the later of (i) July 1, 1995 or (ii) the most recent date to which interest has been paid on, the Securities surrendered upon such transfer or exchange (or as the portion of any Global Security being exchanged for Securities in non-global form, as the case may be), and shall bear a number or other distinguishing symbol not appearing on any Security contemporaneously Outstanding.

All Securities issued upon any transfer or exchange of Securities shall be valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such transfer or exchange.

SECTION 2.6 Mutilated, Defaced, Destroyed, Lost and Stolen Securities. In case any temporary or definitive Security shall become mutilated, defaced or be destroyed, lost or stolen, the Company in its discretion may execute, and upon the written request of any Officer of the Company, the Trustee shall authenticate and deliver, a new Security dated the date of its authentication, of the same principal amount, Stated Maturity date and interest rate as, and bearing interest from the later of (i) July 1, 1995 or (ii) the most recent date to which interest has been paid on, the mutilated or defaced Security, or the Security so destroyed, lost or stolen, and bearing a number or other distinguishing symbol not appearing on any Security contemporaneously Outstanding, in exchange and substitution for the mutilated or defaced Security, or in lieu of or in substitution for the Security so destroyed, lost or stolen. At the request of the Company and the Trustee in their reasonable discretion, the applicant for a substitute Security shall furnish to the Company and to the Trustee and any agent of the Company or the Trustee such security or indemnity as may be required by them

to indemnify and defend and to save each of them harmless and, in every case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Security and of the ownership thereof and in the case of mutilation or defacement, shall surrender the Security to the Trustee or such agent.

Upon the issuance of any substitute Security, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee or its agent) connected therewith. In case any Security that has matured or is about to mature or has been called for redemption in full shall become mutilated or defaced or be destroyed, lost or stolen, the Company may, instead of issuing a substitute Security, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated or defaced Security), if the applicant for such payment shall furnish to the Company and to the Trustee and any agent of the Company or the Trustee such security or indemnity as any of them may require to save each of them harmless, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company and the Trustee and any agent of the Company or the Trustee evidence to their satisfaction of the destruction, loss or theft of such Security and of the ownership thereof.

Every substitute Security issued pursuant to the provisions of this Section 2.6 by virtue of the fact that any such Security is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone and shall be entitled to all the benefits of (but shall be subject to all the limitations of rights set forth in) this Indenture equally and proportionately with any and all other Securities duly authenticated and delivered hereunder. All Securities shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, defaced or destroyed, lost or stolen Securities and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 2.7 Cancellation of Securities; Destruction Thereof.

(a) All Securities surrendered for payment, redemption, registration of transfer or exchange, if surrendered to the Company or any agent of the Company or any agent of the Trustee, shall be delivered to the Trustee for cancellation and, upon receipt thereof by the Trustee, shall be canceled by it; and no Securities shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall destroy canceled Securities held by it and deliver a certificate of destruction to the Company. If the Company or any agent of the Company shall acquire any of the Securities, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are delivered to the Trustee for cancellation.

(b) At such time as all beneficial interests in a Global Security have either been exchanged for Securities in non-global form, redeemed, repurchased or canceled, such Global Security shall be returned to and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for Securities in non-global form, redeemed, repurchased or canceled, the principal amount of Securities represented by such Global Security shall be reduced accordingly and an endorsement shall be made on such Global Security by the Trustee to reflect such reduction.

SECTION 2.8 Temporary Securities. Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee, upon receipt of a written order signed by two Officers of the Company, shall authenticate definitive Securities in exchange for temporary Securities. Until such exchange, temporary Securities shall be entitled to the same rights, benefits and privileges as definitive Securities.

SECTION 2.9 Currency and Manner of Payments in Respect of Securities. Payment of the principal of and premium (if any) and interest on, any Security will be made in U.S. Legal Tender.

SECTION 2.10 CUSIP Number. A "CUSIP" number will be printed on the Securities, and the Trustee shall use this CUSIP number in notices of redemption, purchase or exchange as a convenience to Holders, provided that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the Securities and that reliance may be placed only on the other identification numbers printed on the Securities. The Company will promptly notify the Trustee of any change in the CUSIP number.

2.11 Computation of Interest. Except as otherwise provided herein, interest on the Securities shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

2.12 Effective Registration. In the event that the Company has an Effective Registration, the Company shall notify the Trustee within two Business Days after the effective date of such Effective Registration under the Securities Act. If the Effective Registration involves a Shelf Registration Statement, the Company shall cause to be delivered to the Trustee certificates for Series A Notes without legends and the Trustee, upon the sale of any Series A Notes by any Holder pursuant to the Shelf Registration Statement, unless a stop order is imposed or the effectiveness of the Shelf Registration is suspended for any other reason or such Series A Notes are being sold to an Affiliate of the Company, shall authenticate and deliver to the transferee Series A Notes without legends. If the Effective Registration involves the Exchange Offer, the Trustee shall notify the Holders of receipt of such notice and (after receipt by the Trustee of (i) a written order of the Company for the authentication and delivery of the Series B Notes to be issued in exchange for the Series A Notes which shall be in the form of an Officers' Certificate and (ii) a properly completed letter of transmittal or other requested documents from a Holder as specified in the exchange offer documents relating to the Exchange Offer) shall exchange such Holder's Series A Notes for Series B Notes upon the terms set forth in such exchange offer documents.

ARTICLE THREE - REDEMPTIONS; SINKING FUND

SECTION 3.1 Notices to Trustee. If the Company elects to redeem Securities pursuant to Section 3.7 or is required to redeem Securities pursuant to the operation of the Sinking Fund set forth in Section 3.8, it shall furnish to the Trustee, at least 10 but not more than 15 days before notice of any redemption is to be mailed to Holders (or such shorter time as may be satisfactory to the Trustee), an Officers' Certificate stating that the Company has elected to redeem Securities pursuant to Section 3.7 or is required to redeem Securities pursuant to the operation of the Sinking Fund set forth in Section 3.8, as the case may be, the date notice of redemption is to be mailed to Holders, the Redemption Date, the aggregate principal amount of Securities to be redeemed, the Redemption Price for such Securities and the amount of accrued and unpaid interest on such Securities as of the Redemption Date. If the Trustee is not the registrar for the Securities, the Company shall, concurrently with delivery of its notice to the Trustee of

a redemption, cause the registrar for the Securities to deliver to the Trustee a certificate (upon which the Trustee may rely) setting forth the name of, and the aggregate principal amount of Securities held by, each Holder. The Company will also provide the Trustee with any additional information that the Trustee reasonably requests in connection with any redemption.

SECTION 3.2 Selection of Securities to be Redeemed. If less than all Outstanding Securities are to be redeemed, the Company shall select the Outstanding Securities to be redeemed or accepted for payment in compliance with the requirements of the principal national securities exchange, if any, on which the Securities are listed or, if the Securities are not listed on a national securities exchange, on a pro rata basis. If the Company elects to mail notice of a redemption to Holders, the Trustee shall, at least 5 days prior to the date notice of redemption is to be mailed, (i) taking into account the Company's selection, select the Securities to be redeemed from Securities Outstanding not previously called for redemption, and (ii) promptly notify the Company of the names of each Holder of Securities selected for redemption, the principal amount of Securities held by each such Holder and the principal amount of such Holder's Securities that are to be redeemed. The Trustee shall select for redemption Securities or portions of Securities in principal amounts of $1,000 or integral multiples of $1,000; except that if all of the Securities of a Holder are selected for redemption, the aggregate principal amount of the Securities held by such Holder, even if not a multiple of $1,000, may be redeemed. Except as provided in the preceding sentence, provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

SECTION 3.3 Notice of Redemption.

(a) At least 15 days but not more than 60 days before any Redemption Date, notice of any redemption, whether through operation of the Sinking Fund or otherwise, shall be mailed by the Company by first class mail to the registered address of each Holder of Securities or portions thereof that are to be redeemed. With respect to any redemption of Securities, the notice shall identify the Securities or portions thereof to be redeemed and shall state: (1) the Redemption Date; (2) the Redemption Price for the Securities and the amount of unpaid and accrued interest on such Securities as of the date of redemption; (3) if any Security is being redeemed in part, the portion of the principal amount of such Security to be redeemed and that, after the Redemption Date, upon surrender of such Security, a new Security or Securities in principal amount equal to the unredeemed portion will be delivered; (4) the name and address of the Paying Agent; (5) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price for, and any accrued and unpaid interest on, such Securities; (6) that, unless the Company defaults in making such redemption payment, interest on Securities called for redemption ceases to accrue on and after the Redemption Date and the only remaining right of the Holders of such Securities is to receive payment of the Redemption Price upon surrender to the Paying Agent of the Securities redeemed; (7) if fewer than all the Securities are to be redeemed, the identification of the particular Securities (or portions thereof) to be redeemed, as well as the aggregate principal amount of Securities to be redeemed and the aggregate principal amount of Securities to be outstanding after such partial redemption; and (8) if the Securities are being redeemed pursuant to Section 3.8 that such Securities are being redeemed through the operation of the Sinking Fund.

(b) At the Company's request, the Trustee shall (at the Company's expense) give the notice of any redemption to Holders; provided, however, that the Company shall deliver to the Trustee, at least 10 days prior to the date that notice of the redemption is to be mailed to Holders, an Officers' Certificate that (i) requests the Trustee to give notice of the redemption to Holders, (ii) sets forth the information to be provided to Holders in the notice of redemption, as set forth in the

preceding paragraph, and (iii) sets forth the aggregate principal amount of Securities to be redeemed and the amount of accrued and unpaid interest thereon as of the Redemption Date. If the Trustee is not the registrar for the Securities, the Company shall, concurrently with any such request, cause the registrar for the Securities to deliver to the Trustee a certificate (upon which the Trustee may rely) setting forth the name of, the address of, and the aggregate principal amount of Securities held by, each Holder; provided further that any such Officers' Certificate may be delivered to the Trustee on a date later than permitted under this Section 3.3(b) if such later date is acceptable to the Trustee.

SECTION 3.4 Effect of Notice of Redemption. Once notice of redemption is mailed to the Holders, Securities called for redemption shall become due and payable on the Redemption Date at the Redemption Price. Upon surrender to the Trustee or the Paying Agent, the Securities called for redemption shall be paid at the Redemption Price.

SECTION 3.5 Deposit of Redemption Price.

(a) On or prior to any Redemption Date, the Company shall deposit with the Paying Agent money sufficient to pay the Redemption Price of, and accrued and unpaid interest on, all Securities to be redeemed on that date. After any Redemption Date, the Trustee or the Paying Agent shall promptly return to the Company any money that the Company deposited with the Trustee or the Paying Agent in excess of the amounts necessary to pay the Redemption Price of, and accrued and unpaid interest on, all Securities to be redeemed.

(b) If the Company complies with the preceding paragraph, unless the Company defaults in the payment of such Redemption Price, interest on the Securities to be redeemed will cease to accrue on such Securities on the applicable Redemption Date, whether or not such Securities are presented for payment. If a Security is redeemed on or after an Interest Record Date but on or prior to the related Interest Payment Date, then any accrued and unpaid interest shall be paid to the Person in whose name such Security was registered at the close of business on such Interest Record Date. If any Security called for redemption shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest will be paid on the unpaid principal and interest from the Redemption Date until such principal and interest is paid, at the rate of interest provided in the Securities and Section 4.1.

SECTION 3.6 Securities Redeemed in Part. Upon surrender of a Security that is redeemed in part, the Company shall execute and the Trustee shall authenticate and deliver to the Holder at the Company's expense a new Security equal in principal amount to the unredeemed portion of the Security surrendered. If a Global Security is so surrendered, such new Security so issued shall be a new Global Security.

SECTION 3.7 Optional Redemption. The Company, at its option on notice to the Holders as provided herein, may redeem the Securities, at any time in whole or from time to time in part, otherwise than through the operation of the Sinking Fund provided for in Section 3.8, at a Redemption Price equal to 100% of the aggregate principal amount of the Securities to be redeemed, plus accrued and unpaid interest thereon to the Redemption Date.

SECTION 3.8 Sinking Fund. (a) As and for a Sinking Fund for the retirement of the Securities, the Company will, until all the Securities are paid or payment thereof provided for, deposit in accordance with Section 3.5 on or prior to each Sinking Fund Payment Date an amount in cash sufficient to redeem on such Sinking Fund Payment Date, at 100% of the aggregate principal amount of the Securities so redeemed, such principal amount of Securities as shall be set forth below or such lesser principal amount as may be outstanding, plus all accrued and unpaid interest thereon; provided, however, that such principal

amount of Securities to be redeemed may at the option of the Company be reduced in inverse order of maturity by an amount equal to the sum of (i) the principal amount of Securities theretofore issued and acquired at any time by the Company and delivered to the Trustee for cancellation, and not theretofore made the basis for the reduction of a Sinking Fund payment and (ii) the principal amount of Securities at any time redeemed and paid pursuant to the provisions of Section 3.7, or which shall at any time have been duly called for redemption (otherwise than through operation of the Sinking Fund) and the Redemption Price of which shall have been deposited in trust for that purpose and which have not been theretofore made the basis for the reduction of a Sinking Fund payment:

Sinking Fund Payment Date	Principal Amount to be Redeemed
April 1, 1997	$3,923,146.60
July 1, 1997	4,023,382.99
October 1, 1997	4,126,180.43
January 1, 1998	4,231,604.34
April 1, 1998	4,339,721.83
July 1, 1998	4,450,601.72
October 1, 1998	4,564,314.60
January 1, 1999	4,680,932.83
April 1, 1999	4,800,530.67
July 1, 1999	4,923,184.23
October 1, 1999	5,048,971.58
January 1, 2000	5,177,972.81
April 1, 2000	5,310,270.01
July 1, 2000	5,445,947.42

(b) Each Sinking Fund payment shall be applied to the redemption of Securities on the related Sinking Fund Payment Date.

(c) In the event that the Company elects to reduce the amount to be paid to the Trustee or the Paying Agent pursuant to the above provisions, the Officers' Certificate delivered to the Trustee pursuant to Section 3.1 shall also state the amount of reduction and the basis provided above for such reduction.

Notice of redemption on the Securities to be redeemed on a Sinking Fund Payment Date, selection of such Securities and the redemption of such Securities shall be made and selected on the terms and in the manner stated in Sections 3.1, 3.2, 3.3, 3.4 and 3.6.

ARTICLE FOUR - COVENANTS OF THE COMPANY

SECTION 4.1 Payment of Principal and Interest. The Company covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on, each of the Securities at the place or places, at the respective times and in the manner provided in such Securities and in this Indenture. To the extent lawful, the Company shall pay interest on overdue principal and interest at a rate equal to the then applicable interest rate on the Securities, compounded quarterly on each Interest Payment Date.

SECTION 4.2 Offices for Payments, etc. So long as any Securities are authorized for issuance pursuant to this Indenture or are Outstanding hereunder, the Company will maintain in the Borough of Manhattan, the City of New York, an office or agency where the Securities may be presented for payment and for exchange, and will cause the registrar for the Securities to maintain in the Borough of Manhattan, the City of New York, an office or agency where the Securities may be presented for registration of transfer as in this Indenture provided. Presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee as specified

in Section 12.4 hereof. Presentations and surrenders may also be made at the aforementioned office or agency in the Borough of Manhattan, the City of New York, the address of which, from time to time, may be obtained by contacting the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or recession shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York, for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 4.3 Paying Agents. Whenever the Company shall appoint a Paying Agent other than the Trustee with respect to the Securities, it will cause such Paying Agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 4.3,

(a) that it will hold all sums received by it as such agent for the payment of the principal of and interest on the Securities and the payment of any Sinking Fund installment (whether such sums have been paid to it by the Company or any other obligor on the Securities) in trust for the benefit of the Holders of the Securities or of the Trustee,

(b) that it will give the Trustee notice of any failure by the Company (or by any other obligor on the Securities) to make any payment of the principal of or interest on the Securities or any payment of a Sinking Fund installment when the same shall be due and payable, and

(c) that it will pay any such sums so held in trust by it to the Trustee upon the Trustee's written request, at any time during the continuance of the failure referred to in clause (b) above.

The Company will, on or prior to each due date of the principal of or interest on the Securities or of any Sinking Fund installment, deposit with the Paying Agent a sum sufficient to pay such principal, interest or Sinking Fund installment so becoming due, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of any failure to take such action.

Anything in this Section 4.3 to the contrary notwithstanding, but subject to Section 11.1, the Company may at any time, for the purpose of obtaining a satisfaction and discharge with respect to the Securities or for any other reason, pay or cause to be paid to the Trustee all sums held in trust with respect to the Securities by any Paying Agent hereunder, as required by this Section, such sums to be held by the Trustee upon the trusts herein contained.

Anything in this Section 4.3 to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section 4.3 is subject to the provisions of Sections 11.3 and 11.4 hereof.

SECTION 4.4 Reports and Information.

(a) The Company will furnish to the Trustee within 120 days after the end of each fiscal year an Officers' Certificate stating that (i) a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made to determine whether the Company has kept, observed, performed and fulfilled all of its obligations under this Indenture and the Securities, (ii) such review was supervised by the Officers of the Company signing such certificate, and (iii) that to the best knowledge of each Officer signing such certificate, (A) during

such year the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default occurred, describing all such Defaults or Events of Default of which each such Officer may have knowledge and what action the Company has taken or proposes to take with respect thereto), and (B) no event has occurred and remains in existence by reason of which payments on account of the principal of or interest on the Securities or payments of any Sinking Fund installment are prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto. The Company will, so long as any of the Securities are outstanding, deliver to the Trustee, promptly after any of the chief executive officer, chief operating officer, principal financial officer or principal accounting officer of the Company becomes aware of any event or circumstance known by such person to constitute a Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

(b) If the Company is subject to the requirements of Section 13 or 15(d) of the Exchange Act, the Company shall file with the Commission all quarterly and annual reports and such other information, documents or other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) required to be filed pursuant to such provisions of the Exchange Act. The Company shall file with the Trustee, within 10 days after it files the same with the Commission, copies of the quarterly and annual reports and such other information, documents, and reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) that it files with the Commission as contemplated by this Section 4.4(b). The Company shall also comply with the other provisions of Section 314(a) of the TIA. If the Company is not required to file the aforementioned reports, the Company (at its own expense) shall file with the Trustee within 15 days after it would have been required to file such information with the Commission, all information and financial statements, including any notes thereto and with respect to annual reports, an auditors' report by an accounting firm of established national reputation, and a "Management's Discussion and Analysis of Financial Condition and Results of Operations," comparable to the disclosure that the Company would have been required to include in periodic reports on Forms 10-K, 10-Q and 8-K, if the Company were subject to the requirements of Section 13 or 15(d) of the Exchange Act.

(c) The Company will file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such additional information, documents, and reports with respect to compliance by the Company with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations.

(d) The Company will mail, or cause the Trustee to mail, to Holders at their addresses appearing in the register of Securities at the time of such mailing within 10 days after the filing thereof with the Trustee such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (b) and (c) of this Section 4.4 as may be required by rules and regulations prescribed from time to time by the Commission.

SECTION 4.5 Corporate Existence. Subject to Article Six, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and the corporate existence of each of its Subsidiaries and the rights (charter and statutory) and franchises of the Company and its Subsidiaries; provided, that the Company shall not be required to preserve the corporate existence of any Subsidiary or any right or franchise of the Company or any Subsidiary if the Board of Directors of the Company shall

determine in the exercise of its business judgment that the preservation thereof is no longer desirable in the conduct of the business of the Company or any Subsidiary and that abandonment of any such corporate existence, right or franchise shall have no material adverse effect on the Company and its Subsidiaries (taken as a whole) or the Holders.

SECTION 4.6 Payment of Taxes and Other Claims. The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Company and any Subsidiary of the Company or upon the income, profits or property of the Company and any Subsidiary of the Company, and (2) all lawful claims for labor, materials and supplies that, if unpaid, might by law become a lien upon the property of the Company or any Subsidiary of the Company; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim (a) the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and with respect to which an adequate reserve has been established by the Company to the extent required by GAAP, or (b) if such failure to pay or discharge would not have a material adverse effect on the Company and its Subsidiaries (taken as a whole) or the Holders.

SECTION 4.7 Maintenance of Properties. The Company shall, and shall cause each of its Subsidiaries to, maintain all properties used or useful in the conduct of its business in good condition, repair and working order and supply such properties with all necessary equipment and make all necessary repairs, renewals, replacements, betterments and improvements thereto, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent the Company or any Subsidiary from discontinuing the operation and maintenance of any of such properties if such discontinuance would not have a material adverse effect on the Company and its Subsidiaries (taken as a whole) or the Holders.

SECTION 4.8 Maintenance of Insurance. The Company will, and will cause each of its Subsidiaries to, insure and keep insured, with reputable insurance companies, such of their respective properties, to such an extent and against such risks (including liability to third parties), as property of a similar character is usually so insured by companies engaged in a similar business and owning similar properties in accordance with good business practice.

SECTION 4.9 Compliance with Laws. The Company shall, and shall cause each of its Subsidiaries to, comply with all applicable statutes, rules, regulations, orders and restrictions of the United States of America, all states and municipalities thereof, and of any governmental department, commission, board, regulatory authority, bureau, agency and instrumentality of the foregoing, in respect of the conduct of their respective businesses and the ownership of their respective properties, except such as are being contested in good faith and by appropriate proceedings and except for such noncompliance as would not in the aggregate have a material adverse effect on the Company and its Subsidiaries (taken as a whole) or the Holders.

SECTION 4.10 Incurrence of Debt. Neither the Company nor any Restricted Subsidiary shall at any time directly or indirectly create, incur or assume any Debt (other than Excluded Debt) if, at the date of (and after giving effect to) such creation, incurrence or assumption, the Pro Forma Consolidated Fixed Charge Coverage Ratio is less than the applicable ratio set forth below for such date.

Date	Ratio
On or prior to December 31, 1996.	.1.75 to 1
On or after January 1, 1997	.2.0 to 1

ARTICLE FIVE - SECURITYHOLDERS LISTS AND REPORTS BY COMPANY AND THE TRUSTEE

SECTION 5.1 The Company to Furnish Trustee Information as to Names and Addresses of Securityholders. If and so long as the Trustee shall not be the Security registrar for the Securities, the Company covenants and agrees that it will furnish or cause to be furnished to the Trustee a list in such form as the Trustee may reasonably require of the names and addresses of the Holders of the Securities pursuant to Section 312 of the TIA:

(a) semiannually and not more than 15 days after each Interest Record Date or the record date for the payment of a Sinking Fund installment, as the case may be, on such Securities, as hereinabove specified and as of such record date, and

(b) at such other times as the Trustee may request in writing, within 30 days after receipt by the Company of any such request as of a date not more than 15 days prior to the time such information is furnished.

SECTION 5.2 Disclosure of Names and Addresses of Securityholders. Each and every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of the Company or the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders of Securities in accordance with Section 312 of the TIA, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 312(b) of the TIA.

SECTION 5.3 Reports by the Trustee. Any Trustee's report required under Section 313(a) of the TIA shall be transmitted on or before May 15 in each year beginning May 15, 1996, as provided in Section 313(c) of the TIA, so long as any Securities are outstanding hereunder, and shall be dated as of a date convenient to the Trustee no more than 60 days prior thereto.

ARTICLE SIX - CONSOLIDATION, MERGER, CONVEYANCE OR TRANSFER

SECTION 6.1 Merger or Consolidation. The Company shall not consolidate with or merge into any other corporation or convey, lease or transfer its properties and assets substantially as an entirety to any Person, unless:

(a) the corporation formed by such consolidation or into which the Company is merged or the Person that acquires by conveyance, lease or transfer the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America or any State or the District of Columbia, and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the Company's obligation for the due and punctual payment of the principal of and interest on all the Securities according to their tenor and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(b) immediately before and after giving effect to such transaction, no Default or Event of Default shall have happened and be continuing; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance, lease or transfer and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

This Section shall only apply to a merger or consolidation in which the Company is not the surviving corporation and to conveyances, leases, and transfers by the Company, as transferor or lessor.

SECTION 6.2 Successor Corporation Substituted. Upon any consolidation or merger by the Company with or into any other corporation, or any conveyance or transfer by the Company of its properties and assets substantially as an entirety to any Person, in accordance with Section 6.1, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company and in the event of any such conveyance or transfer, the Company, except in the event of a conveyance by way of lease, shall be discharged from all obligations and covenants and released from all liability under this Indenture and the Securities and may be dissolved and liquidated. Such successor corporation may cause to be signed, and may issue either in its own name or in the name of the Company prior to such succession, any or all of the Securities issuable hereunder that theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor corporation, instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities that previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication, and any Securities that such successor corporation thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof.

In case of any such consolidation, merger, conveyance or transfer, such changes in phrasing and form (but not in substance) may be made in the Securities that may be endorsed thereon, as the case may be, thereafter to be delivered as may be appropriate.

ARTICLE SEVEN - REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS ON EVENT OF DEFAULT

SECTION 7.1 Event of Default Defined; Acceleration of Maturity; Waiver of Default. "Event of Default", with respect to the Securities, means any one of the following events that shall have occurred and be continuing (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of the principal of any Security when the same becomes due and payable at maturity, upon acceleration, redemption (including redemption pursuant to the operation of the Sinking Fund) or otherwise;

(b) default in the payment of interest on any Security when the same becomes due and payable, and such default continues for a period of 30 days;

(c) the Company defaults in the performance of or breaches any other covenant or agreement of the Company in this Indenture or under the Securities and such default or breach continues for a period of 30 consecutive days after the date on which written notice (a "Notice of Default") specifying such failure, stating that such notice is a Notice of Default under the Indenture and demanding that the Company remedy the same, shall have been given by registered or certified mail, return receipt requested, to the Company by the Trustee or to the Company and the Trustee by the

Holders of 25% or more in aggregate principal amount of the Securities Outstanding;

(d) there occurs with respect to any issue or issues of Indebtedness of the Company or any of its Subsidiaries (other than the Securities) having an outstanding principal amount of $25 million or more in the aggregate for all such issues, whether such Indebtedness now exists or shall hereafter be created, an event of default and the expiration of the applicable period of grace, if any, specified in the instrument evidencing such Indebtedness, that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its stated maturity and such Indebtedness has not been discharged in full and such acceleration has not been rescinded or annulled within 30 days of such acceleration; or the Company or any of its Subsidiaries fails to make, at the final or any interim fixed maturity of an issue of Indebtedness having an outstanding principal amount of $25 million or more, a payment (whether of principal, interest or other amount) of more than $1 million and such defaulted payment shall not have been made, waived or extended within 30 days of such payment default; provided, however, that the provisions of this Section 7.1(d) shall not be applicable to any such event of default, declaration of acceleration or failure to pay that shall have been disclosed in the Company's periodic filings with the Commission under the Exchange Act prior to the date hereof;

(e) any final judgment or order (not covered by insurance) for the payment of money in excess of $100 million in the aggregate for all such final judgments or orders against the Company (treating any deductibles, self-insurance or retention as not so covered) shall be rendered against the Company and shall not be discharged, and there shall be any period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding against the Company to exceed $100 million during which a stay of enforcement of such final judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(f) a court having jurisdiction in the premises enters a decree or order for (i) relief in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or for all or substantially all of the property and assets of the Company or (iii) the winding up or liquidation of the affairs of the Company and, in each case, such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(g) the Company (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or for all or substantially all of the property and assets of the Company or (iii) effects any general assignment for the benefit of creditors of the Company.

If an Event of Default (other than an Event of Default specified in clause (f) or (g) above that occurs with respect to the Company) occurs and is continuing, the Trustee or the Holders of at least 25% of the aggregate principal amount of the Securities then Outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders (the "Acceleration Notice")), may, and the Trustee at the request of such Holders shall, declare the entire unpaid principal and accrued interest on the Securities to be immediately due and

payable as specified below. Upon a declaration of acceleration, such principal and accrued interest shall be immediately due and payable. In the event of a declaration of acceleration because an Event of Default set forth in clause (d) above has occurred and is continuing, such declaration of acceleration shall be automatically rescinded and annulled if the event of default triggering such Event of Default shall be remedied, cured by the Company or waived by the holders of the relevant Indebtedness within 30 days after the occurrence of the Event of Default with respect thereto and the Company has delivered to the Trustee an Officers' Certificate to such effect. If an Event of Default specified in clause (f) or (g) above occurs with respect to the Company, all unpaid principal of and accrued interest on the Securities then outstanding shall ipso facto become and be immediately due and payable without declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the Outstanding Securities, by written notice to the Company and the Trustee, may waive all past Defaults and rescind and annul a declaration of acceleration and its consequences if (i) all existing Events of Default, other than the non-payment of the principal of and interest on Securities that have become due solely by such declaration of acceleration, have been cured or waived and (ii) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon receipt by the Trustee of any Notice of Default pursuant to this Section 7.1 with respect to Securities all or a part of which are represented by a Global Security, a record date shall be established for determining Holders of Outstanding Securities entitled to join in such Notice of Default, which record date shall be at the close of business on the day the Trustee receives such Notice of Default. The Holders on such record date, or their duly designated proxies, and only such Persons shall be entitled to join in such Notice of Default, whether or not such Holders remain Holders after such record date; provided, that unless Holders of at least 25% in principal amount of the Outstanding Securities, or their proxies, shall have joined in such Notice of Default prior to the day which is 90 days after such record date, such Notice of Default shall automatically and without further action by any Holder be canceled and of no force and effect. Nothing in this paragraph shall prevent a Holder, or a proxy of a Holder, from giving, after expiration of such 90 day period, a new Notice of Default identical to a Notice of Default which has been canceled pursuant to the proviso to the preceding sentence, in which event a new record date shall be established pursuant to the provisions of this Section 7.1.

Upon receipt by the Trustee of any Acceleration Notice or any rescission and annulment thereof, with respect to Securities all or part or which are represented by a Global Security, a record date shall be established for determining Holders of Outstanding Securities entitled to join in such notice, or rescission and annulment thereof, as the case may be, which record date shall be at the close of business on the day the Trustee receives such notice. The Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to join in such notice or rescission and annulment thereof, as the case may be, whether or not such Holders remain Holders after such record date; provided, that unless such declaration of acceleration, or rescission and annulment, as the case may be, shall have become effective by virtue of the requisite percentage having joined in such notice prior to the day which is 90 days after such record date, such notice of declaration of acceleration or rescission and annulment, as the case may be, shall automatically and without further action by any Holder be canceled and of no force and effect. Nothing in this paragraph shall prevent a Holder, or a proxy of a Holder, from giving, after expiration of such 90 day period, a new written notice of declaration of acceleration, or rescission and annulment thereof, as the case may be, that is identical to a written notice which has been canceled pursuant to the proviso to the preceding sentence, in which event a new

record date shall be established pursuant to the provisions of this Section 7.1.

SECTION 7.2 Collection of Indebtedness by Trustee; Trustee May Prove Debt. The Company covenants that (a) in case default shall be made in the payment of any installment of interest on any of the Securities when such interest shall have become due and payable, and such default shall have continued for a period of 30 days or (b) in case default shall be made in the payment of all or any part of the principal of any of the Securities when the same shall have become due and payable, whether upon maturity of the Securities or upon any redemption or by declaration or otherwise, then upon demand of the Trustee, the Company will pay to the Trustee for the benefit of the Holders of the Securities the whole amount that then shall have become due and payable on all Securities for principal or interest, as the case may be (with interest to the date of such payment upon the overdue principal and, to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest at the same rate as the rate of interest specified in the Securities); and in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Trustee and each predecessor Trustee, their respective agents, attorneys and counsel, and any expenses and liabilities incurred, and all advances made by the Trustee and each predecessor Trustee except as a result of its negligence or bad faith.

Until such demand is made by the Trustee, the Paying Agent may pay the principal of and interest on the Securities to the registered Holders, whether or not the Securities are overdue.

In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Company or other obligor upon the Securities and collect in the manner provided by law out of the property of the Company or other obligor upon the Securities, wherever situated the monies adjudged or decreed to be payable.

In case there shall be pending proceedings relative to the Company or any other obligor upon the Securities under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Company or the property of the Company or such other obligor, or in case of any other judicial proceedings relative to the Company or other obligor upon the Securities, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee will have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(a) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence or bad faith) and of the Securityholders allowed in any judicial proceedings relative to the Company or other obligor upon the Securities, or to the creditors or property of the Company

or such other obligor,

(b) unless prohibited by applicable law and regulations, to vote on behalf of the Holders of the Securities in any election of a trustee or a standby trustee in arrangement, reorganization, liquidation or other bankruptcy or insolvency proceedings or person performing similar functions in comparable proceedings, and

(c) to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Securityholders and of the Trustee on their behalf; and any trustee, receiver, or liquidator, custodian or other similar official is hereby authorized by each of the Securityholders to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the Securityholders, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

All rights of action and of asserting claims under this Indenture, or under any of the Securities may be enforced by the Trustee without the possession of any of the Securities or the production thereof in any trial or other proceedings relating thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the Holders of the Securities in respect of which such action was taken, and it shall not be necessary to make any Holders of such Securities parties to any such proceedings.

SECTION 7.3 Application of Proceeds. Any monies collected by the Trustee pursuant to this Article Seven in respect of the Securities shall be applied in the following order, at the date or dates fixed by the Trustee and, in the case of the distribution of such monies on account of principal or interest, upon presentation of the several Securities in respect of which monies have been collected and stamping (or otherwise noting) thereon the payment, or issuing Securities in reduced principal amounts in exchange for the presented Securities if only partially paid, or upon surrender thereof if fully paid:

FIRST: To the payment of amounts due the Trustee or any predecessor Trustee under Section 8.6;

SECOND: In the case the principal of the Securities shall not have become due, to the payment of interest on the Securities in the order of the maturity of the installments of such interest, with interest (so far as may be lawful and to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the rate borne by the Securities, such payments to be made

ratably to the Persons entitled thereto, without discrimination or preference; and

THIRD: In the case the principal of the Securities shall have become due, to the payment of the whole amount then owing and unpaid upon the Securities for principal and interest, with interest upon the overdue principal, and (so far as may be lawful and to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the same rate as the rate of interest specified in the Securities and in case such monies shall be insufficient to pay in full the whole amount so due and unpaid upon the Securities in default, then to the payment of such principal and interest without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Security in default over any other Security in default, ratably to the aggregate of such principal and accrued and unpaid interest.

SECTION 7.4 Suits for Enforcement. In case an Event of Default has occurred, has not been waived and is continuing, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

SECTION 7.5 Restoration of Rights on Abandonment of Proceedings. In case the Trustee or any Securityholder shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, then and in every such case the Company and the Trustee and the Securityholders shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Company, the Trustee and the Securityholders shall continue as though no such proceedings had been taken.

SECTION 7.6 Limitations on Suits by Securityholders. A Holder of Securities may not pursue any remedy with respect to this Indenture or the Securities unless (i) such Holder gives to the Trustee written notice of a continuing Event of Default; (ii) the Holders of at least 25% in aggregate principal amount of Outstanding Securities make a written request to the Trustee to pursue the remedy; (iii) such Holder or Holders offer to the Trustee indemnity satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request; (iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and (v) during such 60 day period, the Holders of a majority in aggregate principal amount of the Outstanding Securities do not give the Trustee a direction that is inconsistent with the request.

For purposes of this Section 7.6, the Trustee shall comply with Section 316(a) of the TIA in making any determination of whether the Holders of the required aggregate principal amount of Outstanding Securities have concurred in any request or direction of the Trustee to pursue any remedy available to the Trustee or the Holders with respect to this Indenture or the Securities or otherwise under the law.

A Holder of Securities may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over such other Holder.

SECTION 7.7 Unconditional Right of Securityholders to Institute Certain Suits. Notwithstanding any other provision in this Indenture and any provision of any Security, the right of any Holder of any Security to receive payment of the principal of and interest on such Security and the payment of the Sinking Fund

installments on or after the respective due dates expressed in such Security, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 7.8 Powers and Remedies Cumulative; Delay or Omission Not Waiver of Default. Except as provided in Section 7.6, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

No delay or omission of the Trustee or of any Holder to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and, subject to Section 7.6, every power and remedy given by this Indenture or by law to the Trustee or to the Holders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 7.9 Control by Holders of Securities. The Holders of a majority in aggregate principal amount of the Securities at the time Outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Securities by this Indenture; provided, that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture; and provided, further, that (subject to the provisions of Section 8.1) the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by counsel, shall determine that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors, the executive committee, or a trust committee of directors or Responsible Officers of the Trustee shall determine that the action or proceedings so directed would involve the Trustee in personal liability or if the Trustee in good faith shall so determine that the actions or forbearance specified in or pursuant to such direction would be unduly prejudicial to the interests of Holders not joining in the giving of said direction, it being understood that (subject to Section 8.1) the Trustee shall have no duty to ascertain whether or not such actions or forbearance are unduly prejudicial to such Holders.

Nothing in this Indenture shall impair the right of the Trustee in its discretion to take any action deemed proper by the Trustee and that is not inconsistent with such direction or directions by the Holders.

Upon receipt by the Trustee of any written notice directing the time, method or place of conducting any such proceeding or exercising any such trust or power, with respect to Securities all or part of which are represented by a Global Security, a record date shall be established for determining Holders of Outstanding Securities entitled to join in such notice, which record date shall be at the close of business on the day the Trustee receives such notice. The Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to join in such notice, whether or not such Holders remain Holders after such record date; provided, that unless the Holders of a majority in principal amount of the Outstanding Securities shall have joined in such notice prior to the day which is 90 days after such record date, such notice shall automatically and without further action by any Holder be canceled and of no force and effect. Nothing in this paragraph shall prevent a Holder, or a proxy of a Holder, from giving, after expiration of such 90 day period, a new notice identical to a notice which has been canceled pursuant to the proviso to the

preceding sentence, in which event a new record date shall be established pursuant to the provisions of this Section 7.9.

SECTION 7.10 Waiver of Past Defaults. Subject to Sections 7.1 and 7.7, the Holders of at least a majority in principal amount of the Outstanding Securities, by notice to the Trustee, may waive an existing Event of Default and its consequences, except a Default in the payment of principal of or interest on any Security as specified in clause (a) or (b) of Section 7.1.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to waive any past Default hereunder. If a record date is fixed, the Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to waive any Default hereunder, whether or not such Holders remain Holders after such record date; provided, that unless such majority in principal amount shall have waived such Default prior to the date which is 90 days after such record date, any such waiver previously given shall automatically and without further action by any Holder be canceled and of no force and effect.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured, and not to have occurred for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

SECTION 7.11 Trustees to Give Notice of Default, But May Withhold in Certain Circumstances. The Trustee shall, within 90 days after the occurrence of a Default with respect to the Securities, give notice of all Defaults known to the Trustee to all Holders of Securities in the manner and to the extent provided in Section 313(c) of the TIA, unless in each case such Defaults shall have been cured before the mailing or publication of such notice; provided, however, that, except in the case of default in the payment of the principal of or interest on any of the Securities or in the payment of any Sinking Fund installment, the Trustee shall be protected in withholding such notice if and as long as the Board of Directors, the executive committee, or a trust committee of directors or trustees or Responsible Officers of the Trustee, or any combination of the foregoing, in good faith determines that the withholding of such notice is in the interests of the Securityholders.

SECTION 7.12 Right of Court to Require Filing of Undertaking to Pay Costs. All parties to this Indenture agree, and each Holder of any Security by its acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merit and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Securityholder or group of Securityholders holding in the aggregate more than 10% in aggregate principal amount of the Securities Outstanding or to any suit instituted by any Securityholder for the enforcement of the payment of the principal of or interest on any Security on or after the due date expressed in such Security or any date fixed for redemption whether pursuant to the operation of the Sinking Fund or otherwise.

SECTION 7.13 Waiver of Stay, Extension or Usury Laws. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any

stay or extension law or any usury law or other law that would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Securities as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of this Indenture; and (to the extent that it may lawfully do so) the Company hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE EIGHT - CONCERNING THE TRUSTEE

SECTION 8.1 Duties and Responsibilities of the Trustee; During Default; Prior to Default. With respect to the Holders of the Securities issued hereunder, the Trustee, prior to the occurrence of an Event of Default with respect to the Securities and after the curing or waiving of all Events of Default that may have occurred, has undertaken to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default with respect to the Securities has occurred (that has not been cured or waived), the Trustee shall exercise with respect to such Securities such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(a) prior to the occurrence of an Event of Default with respect to the Securities and after the curing or waiving of all such Events of Default with respect to such Securities that may have occurred:

(i) the duties and obligations of the Trustee with respect to the Securities shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any statements, certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such statements, certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders pursuant to Section 7.9 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, unless there shall be reasonable ground for believing that the repayment of such funds or adequate indemnity against such liability is reasonably assured to it.

Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

The provisions of this Section 8.1 are in furtherance of and subject to Section 315 of the TIA.

SECTION 8.2 Certain Rights of the Trustee. In furtherance of and subject to the TIA, and subject to Section 8.1:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, Officers' Certificate or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, note, coupon, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Company shall be sufficiently evidenced by an Officers' Certificate of the Company (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors of the Company may be evidenced to the Trustee by a copy thereof certified by the secretary or an assistant secretary of the Company;

(c) the Trustee may consult with counsel and any written advice or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder in good faith and in reliance thereon in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred therein or thereby;

(e) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred upon it by this Indenture; and

(f) prior to the occurrence of an Event of Default hereunder and after the curing or waiving of all Events of Default, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, bond, debenture, note, coupon, security, or other paper or document unless requested in writing to so do by the Holders of not less than a majority in aggregate principal amount of the Securities then Outstanding; provided, however, that, if the payment within a reasonable time to the Trustee of the costs, expenses, or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to proceeding; the reasonable

expenses of every such investigation shall be paid by the Company or, if paid by the Trustee or any predecessor Trustee, shall be repaid by the Company upon demand.

SECTION 8.3 Trustee Not Responsible for Recitals, Disposition of Securities or Application of Proceeds Thereof. The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representation as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Company of any of the Securities or of the proceeds thereof.

The Trustee shall have no duty to inquire as to the performance of the Company's covenants in Article Four hereof. In addition, the Trustee shall not be deemed to have knowledge of any Default or Event of Default, except (i) any Default or Event of Default occurring pursuant to Section 7.1(a), 7.1(b) or 4.1, or (ii) any Default or Event of Default of which the Trustee shall have received written notification or obtained actual knowledge.

SECTION 8.4 Trustee and Agents May Hold Securities; Collections, etc. The Trustee or any agent of the Company or the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities with the same rights it would have if it were not the Trustee or such agent and, subject to Section 8.12 hereof and Section 3.10(b) of the TIA, may otherwise deal with the Company and receive, collect, hold and retain collections from the Company with the same rights it would have if it were not the Trustee or such agent.

SECTION 8.5 Monies Held by Trustee. Subject to the provisions of Section 11.4 hereof, all monies received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law. Neither the Trustee nor any agent of the Company or the Trustee shall be under any liability for interest on any monies received by it hereunder except as otherwise agreed with the Company.

SECTION 8.6 Compensation and Indemnification of Trustee and Its Prior Claim. The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it hereunder (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and the Company covenants and agrees to pay or reimburse the Trustee and each predecessor Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by or on behalf of it in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Company also covenants to indemnify the Trustee and each predecessor Trustee for, and to hold it harmless against, any loss, liability or expense incurred, without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder and its duties hereunder, including the reasonable costs and expenses of defending itself against or investigating any claim of liability in the premises. The obligations of the Company under this Section to compensate and indemnify the Trustee and each predecessor Trustee and to pay or reimburse the Trustee and each predecessor Trustee for reasonable expenses, disbursements and advances shall constitute additional indebtedness of the Company hereunder and shall survive the satisfaction and discharge of this Indenture. Such additional indebtedness shall be a senior claim to that of the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of

the Holders of particular Securities, and the Securities are hereby subordinated to such senior claim.

SECTION 8.7 Right of Trustee to Rely on Officers' Certificate, etc. Subject to Sections 8.1 and 8.2, whenever in the administration of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate of the Company delivered to the Trustee, and such Officers' Certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture upon the faith thereof.

SECTION 8.8 Persons Eligible for Appointment as Trustee. The Trustee shall at all times be a corporation organized and doing business under the laws of the United States of America or of any State or the District of Columbia, or a corporation or other Person permitted to act as Trustee by the Commission pursuant to the TIA, having a combined capital and surplus of at least $50,000,000, and that is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by Federal, State or District of Columbia authority. Such corporation shall have an address or agent in the Borough of Manhattan, The City of New York for the presentment of Securities. If such corporation or other Person publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation or other Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.9.

The provisions of this Section 8.8 are in furtherance of and subject to Section 310(a) of the TIA.

SECTION 8.9 Resignation and Removal; Appointment of Successor Trustee.

(a) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign by giving written notice of resignation to the Company and by mailing notice of such resignation to the Holders of then Outstanding Securities at their addresses as they shall appear on the registry books. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee or trustees by written instrument in duplicate, executed by authority of the Board of Directors of the Company, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee or trustees. If no successor trustee shall have been so appointed and have accepted appointment within 30 days after the mailing of such notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Securityholder who has been a bona fide Holder of a Security or Securities for at least six months may, subject to the provisions of Section 8.12, on behalf of itself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) the Trustee shall fail to comply with the provisions of Section 310(b) of the TIA with respect to

the Securities after written request therefor by the Company or by any Securityholder who has been a bona fide Holder of a Security or Securities for at least six months; or

(ii) the Trustee shall cease to be eligible in accordance with the provisions of Section 8.8 and Section 310(a) of the TIA and shall fail to resign after written request therefor by the Company or by any Securityholder; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or a receiver or liquidator of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, unless the Trustee's duty to resign has been stayed as provided pursuant to Section 310(b) of the TIA, the Company may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors of the Company, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 315(e) of the TIA, any Securityholder who has been a bona fide Holder of a Security or Securities of such series for at least six months may on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The Holders of a majority in aggregate principal amount of the Securities at the time Outstanding may at any time remove the Trustee and appoint a successor trustee by delivering to the Trustee so removed, to the successor trustee so appointed, and to the Company the evidence provided for in Section 9.1 of the action in that regard taken by the Securityholders.

(d) Any resignation or removal of the Trustee and any appointment of a successor trustee pursuant to any of the provisions of this Section 8.9 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 8.10.

SECTION 8.10 Acceptance of Appointment by Successor Trustee. Any successor trustee appointed as provided in Section 8.9 shall execute and deliver to the Company and to its predecessor Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as trustee hereunder; but nevertheless, on the written request of the Company or of the successor trustee, upon payment of its charges then unpaid, the Trustee ceasing to act shall, subject to Section 11.4, pay over to the successor trustee all monies at the time held by it hereunder and shall execute and deliver an instrument transferring to such successor trustee all such rights, powers, duties and obligations. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any Trustee ceasing to act shall, nevertheless, retain a prior claim upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 8.6.

No successor trustee shall accept appointment as

provided in this Section 8.10 unless at the time of such acceptance such successor trustee shall be qualified under Section 310(b) of the TIA and eligible under the provisions of Section 8.8.

Upon acceptance of appointment by any successor trustee as provided in this Section 8.10, the Company shall give notice thereof to the Holders of Securities, by mailing such notice to such Holders at their addresses as they shall appear on the registry books. If the acceptance of appointment is substantially contemporaneous with the resignation, then the notice called for by the preceding sentence may be combined with the notice called for by Section 8.9. If the Company fails to give such notice within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be given at the expense of the Company.

SECTION 8.11 Merger, Conversion, Consolidation or Succession to Business of Trustee. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder; provided, however, that such corporation shall be qualified under Section 310(b) of the TIA and eligible under the provisions of Section 8.8, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

In case at the time such successor to the Trustee shall succeed to the trust created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee and deliver such Securities so authenticated; and, in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor Trustee hereunder or in the name of the successor Trustee; and in all such cases such certificate shall have the full force that it has anywhere in the Securities or in this Indenture; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 8.12 Preferential Collection of Claims Against the Company. The Trustee shall comply with Section 311(a) of the TIA. Any Trustee that has resigned or been removed is subject to Section 311(a) of the TIA to the extent indicated therein.

SECTION 8.13 Appointment of Authenticating Agent. As long as any Securities remain Outstanding, the Trustee may, by an instrument in writing, appoint an authenticating agent (the "Authenticating Agent") that shall be authorized to act on behalf of the Trustee to authenticate Securities, including Securities issued upon exchange, registration of transfer, partial redemption or pursuant to Section 2.5. Securities authenticated by such Authenticating Agent shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee. Whenever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or to the Trustee's Certificate of Authentication (including, without limitation, in Section 2.3), such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a Certificate of Authentication executed on behalf of the Trustee by such Authenticating Agent. Such Authenticating Agent shall at all times be a corporation organized and doing business under the laws of the United States of America or of any State or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $5,000,000 (determined as provided in Section 8.8 with respect to the Trustee) and subject to supervision or examination

by Federal or State authority.

Any corporation into which any Authenticating Agent may be merged or converted, or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which any Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency business of any Authenticating Agent, shall continue to be the Authenticating Agent with respect to all Securities for which it served as Authenticating Agent without the execution or filing of any paper or any further act on the part of the Trustee or such Authenticating Agent. Any Authenticating Agent may at any time, and if it shall cease to be eligible shall, resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of the Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company.

Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section 8.13, the Trustee shall upon receipt of a Company Order appoint a successor Authenticating Agent and the Company shall provide notice of such appointment to all Holders in the manner and to the extent provided in Section 12.4. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all rights, powers, duties and responsibilities of its predecessor hereunder, with like effect as if originally named as Authenticating Agent. The Company agrees to pay to the Authenticating Agent from time to time reasonable compensation. The Authenticating Agent for the Securities shall have no responsibility or liability for any action taken by it as such at the direction of the Trustee.

Sections 8.2, 8.3, 8.4, 8.6, 8.8 and 9.3 shall be applicable to any Authenticating Agent as if each reference to "Trustee" therein referred to the Authenticating Agent.

ARTICLE NINE - CONCERNING THE SECURITYHOLDERS

SECTION 9.1 Evidence of Action Taken by Securityholders. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by a specified percentage in principal amount of the Securityholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such specified percentage of Securityholders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee. Proof of execution of any instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Sections 8.1 and 8.2) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Article Nine.

SECTION 9.2 Proof of Execution of Instruments and of Holding of Securities. Subject to Sections 8.1 and 8.2, the execution of any instrument by a Securityholder or his or her agent or proxy may be proved in the following manner:

(a) The fact and date of the execution by any Holder or his or her agent of any instrument may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the person executing such instruments acknowledged to him or her the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute sufficient proof of the authority of the person executing the same.

(b) The ownership of Securities shall be proved by the

Security register or by a certificate of the Security registrar.

The Company may set a record date for purposes of determining the identity of Holders of Securities entitled to vote or consent to any action referred to in Section 9.1, which record date may be set at any time or from time to time by notice to the Trustee, for any date or dates (in the case of any adjournment or reconsideration) not more than 60 days nor less than 5 days prior to the proposed date of such vote or consent, and thereafter, notwithstanding any other provisions hereof, only Holders of Securities of record on such record date shall be entitled to so vote or give such consent or revoke such vote or comment.

SECTION 9.3 Holders to be Treated as Owners. The Company, the Trustee and any agent of the Company or the Trustee may deem and treat the Person in whose name any Security shall be registered upon the Security register as the absolute owner of such Security (whether or not such Security shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of and interest on such Security and for all other purposes, and neither the Company or the Trustee nor any agent of the Company or the Trustee shall be affected by any notice to the contrary.

SECTION 9.4 Securities Owned by the Company Deemed Not Outstanding. In determining whether the Holders of the requisite aggregate principal amount of Outstanding Securities have concurred in any direction, consent or waiver under this Indenture, Securities that are owned by the Company or any other obligor on the Securities with respect to which such determination is being made or by any Affiliate of the Company or any other obligor on the Securities with respect to which such determination is being made shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver only Securities that the Trustee knows are so owned shall be so disregarded. Securities so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or any other obligor on the Securities. In case of a dispute as to such right, the advice of counsel shall be full protection in respect of any decision made by the Trustee in accordance with such advice. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Securities, if any, known by the Company, to be owned or held by or for the account of any of the above-described Persons; and, subject to Sections 8.1 and 8.2, the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Securities not listed therein are Outstanding for the purpose of any such determination.

SECTION 9.5 Right of Revocation of Action Taken. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 9.1, of the taking of any action by the Holders of the percentage in aggregate principal amount of the Securities specified in this Indenture in connection with such action, any Holder of a Security the serial number of which is shown by the evidence to be included among the serial numbers of the Securities the Holders of which have consented to such action may, by filing written notice at the Corporate Trust Office and upon proof of holding as provided in this Article Nine, revoke such action so far as it concerns such Security. Except as aforesaid, any such action taken by the Holder of any Security shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Security and of any Securities issued in exchange or substitution therefor or on registration of transfer thereof, irrespective of whether or not any notation in

regard thereto is made upon any such Security. Any action taken by the Holders of the percentage in aggregate principal amount of the Securities specified in this Indenture in connection with such action shall be conclusively binding upon the Company, the Trustee and the Holders of all the Securities affected by such action.

ARTICLE TEN - AMENDMENTS

SECTION 10.1 Amendments and Supplements Permitted Without Consent of Holders.

(a) Notwithstanding Section 10.2, the Company and the Trustee may amend or supplement this Indenture or the Securities without the consent of any Holder to: (i) cure any ambiguity, correct or supplement any provisions herein which may be inconsistent with any other provision herein, or make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with the provisions of this Indenture; provided that such amendment does not adversely affect the rights of the Holders; (ii) provide for uncertificated Securities in addition to or in place of certificated Securities; (iii) evidence the succession of another corporation to the Company and provide for the assumption by such successor of the Company's obligations to the Holders hereunder and under the Securities as permitted under Article Six; (iv) make any change that would (1) provide any additional rights or benefits to Holders or (2) not adversely affect the legal rights under the Indenture of any Holder; or (v) comply with the requirements of the Commission in order to effect or maintain the qualification of this Indenture under the TIA.

(b) Upon the Company's request, after receipt by the Trustee of a resolution of the Board of Directors authorizing the execution of any amended or supplemental indenture, and the documents described in Section 10.6, the Trustee shall join with the Company in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be contained in any such amended or supplemental indenture, but the Trustee shall not be obligated to enter into an amended or supplemental indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

SECTION 10.2 Amendments and Supplements Requiring Consent of Holders.

(a) Except as otherwise provided in Section 10.1(a) and 10.2(c), this Indenture and the Securities may be amended or supplemented with the written consent of the Holders of at least a majority in aggregate principal amount of the then Outstanding Securities (including consents obtained in connection with a tender offer or exchange offer for the Securities), and any existing Default or Event of Default or non-compliance with any provision of the Indenture or the Securities may be waived with the consent of Holders of at least a majority in principal of the then Outstanding Securities (including consents obtained in connection with a tender offer or exchange offer for the Securities).

(b) Upon the Company's request and after receipt by the Trustee of a resolution of the Board or Directors authorizing the execution of any supplemental indenture, evidence of the Holders' consent, and the documents described in Section 10.6, the Trustee shall join with the Company in the execution of such amended or supplemental indenture unless such amended or supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental indenture.

(c) Without the consent of each Holder affected, no amendment, supplement or waiver to this Indenture shall: (i) reduce the principal amount of Securities whose Holders must consent to an amendment, supplement or waiver of any provision of this Indenture on the Securities, (ii) reduce the principal of or change the fixed maturity of any Security, or alter the provisions with respect to the redemption of the Securities including, without limitation, the provisions with respect to the Sinking Fund obligations, in a manner adverse to the Holders, (iii) reduce the rate of or change the time for payment of interest on any Security, (iv) waive a Default or Event of Default in the payment of principal of or interest on the Securities or in the payment of any Sinking Fund installment (except that Holders of at least a majority in aggregate principal amount of the then Outstanding Securities may rescind an acceleration of the Securities and its consequences in accordance with Section 7.1, (v) make any Security payable in money other than U.S. Legal Tender, (vi) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of or interest on the Securities or payments of any Sinking Fund installments, (vii) waive a redemption payment with respect to any Security, or (ix) make any change in Section 7.7, Section 7.10 or this sentence.

(d) It shall not be necessary for the consent of the Holders under this Section 10.2 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof. After an amendment, supplement or waiver under this Section 10.2 becomes effective, the Company shall mail to each Holder affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver.

SECTION 10.3 Compliance with TIA. Every amendment or supplement to this Indenture or the Securities shall be set forth in an amended supplemental indenture that complies with the TIA as then in effect.

SECTION 10.4 Revocation and Effect of Consents.

(a) Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Security is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same Indebtedness as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent as to its Security or portion of a Security if the Trustee receives the notice of revocation before the date on which the Trustee receives an Officers' Certificate certifying that the Holders of the requisite principal amount of Securities have consented (and not theretofore revoked such consent) to the amendment or waiver.

(b) The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders of Securities entitled to consent to any amendment, supplement or waiver. If a record date is fixed, then notwithstanding the provisions of the immediately preceding paragraph, those Persons who were Holders of Securities on such record date (or their duly designated proxies), and only those Persons, shall be entitled to consent to such amendment, supplement or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders of Securities after such record date; provided, that unless such consent shall have become effective by virtue of the requisite percentage having been obtained prior to the date which is 90 days after such record date, any such consent previously given shall automatically and without further action by any Holder be canceled and of no force and

effect.

(c) After an amendment or waiver becomes effective it shall bind every Holder, unless it is of the type described in Section 10.2(c), in which case the amendment or waiver shall only bind each Holder that consented to it and every subsequent Holder of a Security that evidences the same indebtedness as the consenting Holder's Security.

SECTION 10.5 Notation on or Exchange of Securities. The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Security thereafter authenticated. The Company in exchange for all Securities may issue and the Trustee shall authenticate new Securities that reflect the amendment, supplement or waiver. Failure to make the appropriate notation or issue a new Security shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 10.6 Trustee Protected. The Trustee shall sign any amendment or supplemental indenture authorized pursuant to this Article Ten if the amendment does not adversely affect the rights, duties, liabilities or immunities or the Trustee. If it does, the Trustee may, but need not, sign it. In signing such amendment or supplemental indenture, the Trustee shall be entitled to receive and, subject to Section 8.1, shall be fully protected in relying upon, an Officers' Certificate and Opinion of Counsel as conclusive evidence that such amendment or supplemental indenture is authorized or permitted by this Indenture, that it is not inconsistent herewith, and that it will be valid and binding upon the Company in accordance with its terms. The Company may not sign an amendment or supplemental indenture until the Board of Directors approves it.

ARTICLE ELEVEN - SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONIES

SECTION 11.1 Satisfaction and Discharge of Indenture.

(A) Except as otherwise provided in this Section 11.1, the Company may terminate its obligations under the Securities and this Indenture with respect to the Securities if:

(i) all Securities previously authenticated and delivered (other than destroyed, lost or stolen Securities that have been replaced or Securities that are paid pursuant to Section 4.1 of this Indenture or Securities for whose payment money or securities have theretofore been held in trust and thereafter repaid to the Company, as provided in Section 11.4 of this Indenture) have been delivered to the Trustee for cancellation and the Company has paid all sums payable by it hereunder; or

(ii) (A) the Securities mature within one year or all of them are to be called for redemption within one year under arrangements satisfactory to the Trustee for giving the notice of redemption, (B) the Company irrevocably deposits in trust with the Trustee during such one-year period, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, as trust funds solely for the benefit of the Holders for that purpose, money or U.S. Government Obligations sufficient (in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee), without consideration of any reinvestment of any interest thereon, to pay principal and interest on the Securities to maturity or redemption, as the case may be, and to pay all other sums payable by it hereunder, (C) no Event of Default with respect to the Securities shall have occurred and be continuing on the date of such deposit, (D) such deposit will not result in a breach or violation of, or constitute a Default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound and (E) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, in each case stating

that all conditions precedent provided for herein relating to the satisfaction and discharge of this Indenture have been complied with.

With respect to the foregoing clause (i), the Company's obligations under Section 8.6 shall survive. With respect to the foregoing clause (ii), the Company's obligations in Sections 2.2, 2.3, 2.4, 2.5, 2.6, 4.1, 4.2, 4.3, 8.6, 8.9, 11.2, 11.4 and 11.5 of this Indenture shall survive until the Securities are no longer Outstanding. Thereafter, only the Company's obligations in Section 8.6 and 11.2 of this Indenture shall survive. After any such irrevocable deposit, the Trustee upon request shall acknowledge in writing the discharge of the Company's obligations under the Securities and this Indenture with respect to the Securities except for those surviving obligations specified above.

(B) The Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Securities on the 123rd day after the deposit referred to in clause (a) of this paragraph, and the provisions of this Indenture will no longer be in effect with respect to the Securities, except as to (i) rights of registration of transfer and exchange, (ii) substitution of apparently mutilated, defaced, destroyed, lost or stolen Securities, (iii) rights of Holders to receive payments of principal thereof and interest thereon, (iv) the Company's obligations under Section 4.1, (v) the rights, obligations and immunities of the Trustee hereunder and (vi) the rights of the Holders of Securities as beneficiaries of this Indenture with respect to the property so deposited with the Trustee payable to all or any of them, and the Trustee, at the expense of the Company, shall at the Company's request execute proper instruments acknowledging the same; provided that the following conditions shall have been satisfied:

(a) with reference to this Section 11.1(B), the Company has irrevocably deposited or caused to be irrevocably deposited with the Trustee (or another trustee satisfying the requirements of Section 8.8) and conveyed all right, title and interest for the benefit of the Holders of the Securities, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee as trust funds in trust, in and to (1) money in an amount, (2) U.S. Government Obligations that, through the payment of interest and principal in respect thereof in accordance with their terms, will provide, not later than one day before the due date of any payment referred to in this clause (a), money in an amount or (3) a combination thereof in an amount sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, without consideration of the reinvestment of such interest and after payment of all federal, state and local taxes or other charges and assessments in respect thereof payable by the Trustee, the principal of and interest on the Outstanding Securities at the Stated Maturity of such principal or interest; provided that the Trustee shall have been irrevocably instructed to apply such money or the proceeds of such U.S. Government Obligations to the payment of such principal and interest with respect to the Securities;

(b) such deposit will not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound;

(c) the Company shall have delivered to the Trustee (1) either (x) a ruling directed to the Trustee received from the Internal Revenue Service to the effect that the Holders of Securities will not recognize income, gain or loss for federal income tax purposes as a result of the Company's exercise of its option under this Section 11.1(B) and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have

been the case if such option had not been exercised or (y) an Opinion of Counsel to the same effect as the ruling described in clause (x) above and (2) an Opinion of Counsel to the effect that (w) the creation of the defeasance trust does not violate the Investment Company Act of 1940, (x) the Holders have a valid first-priority security interest in the trust funds and (y) after the passage of 123 days following the deposit (except, with respect to any trust funds for the account of any Holder who may be deemed to be an "insider" for purposes of the United States Bankruptcy Code, after one year following the deposit), the trust funds will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law in a case commenced by or against the Company under either such statute, and either (I) the trust funds will no longer remain the property of the Company (and therefore will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally) or (II) if a court were to rule under any such law in any case or proceeding that the trust funds remained property of the Company, (i) assuming such trust funds remained in the possession of the Trustee prior to such court ruling to the extent not paid to the Holders, the Trustee will hold, for the benefit of the Holders, a valid and perfected security interest in such trust funds that is not avoidable in bankruptcy or otherwise except for the effect of Section 552(b) of the United States Bankruptcy Code on interest on the trust funds accruing after the commencement of a case under such statute and (ii) the Holders will be entitled to receive adequate protection of their interests in such trust funds if such trust funds are used in such case or proceeding;

(d) if the Securities are then listed on a national securities exchange, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that such deposit, defeasance and discharge will not cause the Securities to be delisted; and

(e) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, in each case stating that all conditions precedent provided for herein relating to the defeasance contemplated by this Section 11.1(B) have been complied with.

Notwithstanding the foregoing clause (a), prior to the end of the 123-day period (or, in the case of a Holder who may be deemed an "insider", the one year period) referenced in clause (c)(2)(y) above, none of the Company's obligations under this Indenture shall be discharged. Subsequent to the end of such period with respect to this Section 11.1, the Company's obligations in Sections 2.2, 2.3, 2.4, 2.5, 2.6, 4.1, 4.2, 4.3, 8.6, 8.9, 11.2, 11.4 and 11.5 shall survive until the Securities are no longer Outstanding. Thereafter, only the Company's obligations in Section 8.6 and 11.2 shall survive. If and when a ruling from the Internal Revenue Service or an Opinion of Counsel referred to in clause (c)(1) above is able to be provided specifically without regard to, and not in reliance upon, the continuance of the Company's obligations under Section 4.1, then the Company's obligations under such Section 4.1 shall cease upon delivery to the Trustee of such ruling or Opinion of Counsel and compliance with the other conditions precedent provided for herein relating to the defeasance contemplated by this Section 11.1.

After any such irrevocable deposit, the Trustee, upon request, shall acknowledge in writing the discharge of the Company's obligations under the Securities and this Indenture with respect to the Securities except for those surviving obligations in the immediately preceding paragraph.

(C) The Company may omit to comply with any term, provision or condition set forth in Section 6.1 of this Indenture, and clause (e) of Section 7.1 shall be deemed not to

be an Event of Default, in each case with respect to the Outstanding Securities if:

(a) with reference to this Section 11.1(C), the Company has irrevocably deposited or caused to be irrevocably deposited with the Trustee (or another trustee satisfying the requirements of Section 8.8) and conveyed in and to all right, title and interest to the Trustee for the benefit of the Holders, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee as trust funds in trust, specifically pledged to the Trustee as security for payment of the principal of and interest, if any, on the Securities for, and dedicated solely to, the benefit of the Holders of the Securities, in and to (1) money in an amount, (2) U.S. Government Obligations that, through the payment of interest and principal in respect thereof in accordance with their terms, will provide, not later than one day before the due date of any payment referred to in this clause (a), money in an amount or (3) a combination thereof in an amount sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, without consideration of the reinvestment of such interest and after payment of all federal, state and local taxes or other charges and assessments in respect thereof payable by the Trustee, the principal of and interest on the Outstanding Securities at the Stated Maturity of such principal or interest; provided that the Trustee shall have been irrevocably instructed to apply such money or the proceeds of such U.S. Government Obligations to the payment of such principal and interest with respect to the Securities;

(b) such deposit will not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound;

(c) no Default or Event of Default shall have occurred and be continuing on the date of such deposit;

(d) the Company has delivered to the Trustee an Opinion of Counsel to the effect that (1) the creation of the defeasance trust does not violate the Investment Company Act of 1940, (2) the Holders of the Securities have a valid first-priority security interest in the trust funds, (3) the Holders will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and defeasance of certain obligations and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred and (4) after the passage of 123 days following the deposit (except, with respect to any trust funds for the account of any Holder who may be deemed to be an "insider" for purposes of the United States Bankruptcy Code, after one year following the deposit), the trust funds will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law in a case commenced by or against the Company under either such statute, and either (x) the trust funds will no longer remain the property of the Company (and therefore will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally) or (y) if a court were to rule under any such law in any case or proceeding that the trust funds remained property of the Company, and (i) assuming such trust funds remained in the possession of the Trustee prior to such court ruling to the extent not paid to the Holders, the Trustee will hold, for the benefit of the Holders, a valid and perfected security interest in such trust funds that is not avoidable in bankruptcy or otherwise except for the effect of Section 552(b) of the United States Bankruptcy Code on interest on the trust funds accruing

after the commencement of a case under such statute and (ii) the Holders will be entitled to receive adequate protection of their interests in such trust funds if such trust funds are used in such case or proceeding;

(e) if the Securities are then listed on a national securities exchange, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that such deposit, defeasance and discharge will not cause the Securities to be delisted; and

(f) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, in each case stating that all conditions precedent provided for herein relating to the defeasance contemplated by this Section 11.1(C) have been complied with.

SECTION 11.2 Application by Trustee of Funds Deposited for Payment of Securities; Other Miscellaneous Provisions. Subject to Section 11.4, all monies deposited with the Trustee (or other trustee) pursuant to Section 11.1 shall be held in trust and applied by it to the payment, either directly or through any Paying Agent, to the Holders of the Securities for the payment or redemption of which such monies have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest, if any; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or any Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with Section 11.1 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such applications, the Company's obligations under this Indenture and the Securities related thereto shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.1B(a) or 11.1C(a) until such time as the Trustee or any Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with Section 11.1; provided, however, that if the Company has made any payment of interest on or principal of the Securities because of the reinstatement of its obligations hereunder, the Company shall be subrogated to the rights of the Holders of the Securities to receive such payment from the money or U.S. Government Obligations held by the Trustee for such purpose.

SECTION 11.3 Repayment of Monies Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture with respect to Securities, all monies then held by any Paying Agent under the provisions of this Indenture with respect to such Securities shall, upon demand of the Company, be repaid to the Company or paid to the Trustee and thereupon such Paying Agent shall be released from all further liability with respect to such monies.

SECTION 11.4 Return of Monies Held by Trustee and Paying Agent Unclaimed for Two Years. Any monies deposited with or paid to the Trustee or any Paying Agent for the payment of the principal of or interest on any Security or the payment of any Sinking Fund installment and not applied but remaining unclaimed for two years after the date upon which such principal, interest or Sinking Fund installment shall have become due and payable shall, upon the written request of the Company and unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be repaid to the Company by the Trustee or such Paying Agent, and the Holder of the Securities shall, unless otherwise by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, thereafter look only to the Company for any payment that such Holder may be entitled to collect, and all liability of the Trustee or any Paying Agent with respect to such monies shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment with respect to monies deposited with it for any payment, may at

the expense of the Company, mail by first-class mail to Holders of such Securities at their addresses as they shall appear on the security register notice, that such monies remain and that, after a date specified therein, which shall not be less than thirty days from the date of such mailing, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 11.5 Indemnity for U.S. Government Obligations. The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited by the Company pursuant to Section 11.1 or the principal or interest received in respect of such obligations.

ARTICLE TWELVE - MISCELLANEOUS PROVISIONS

SECTION 12.1 Incorporators, Stockholders, Officers and Directors of the Company Exempt from Individual Liability. No director, officer, employee, incorporator or stockholder, as such, past, present or future, of the Company or any successor corporation or the Trustee shall have any liability for any obligation of the Company under this Indenture or the Securities or for any claim based on, in respect of, or by reason of, any such obligation or the creation of any such obligation. Each Holder by accepting a Security waives and releases such Persons from all such liability and such waiver and release is part of the consideration for the issuance of the Securities.

SECTION 12.2 Provisions of Indenture for the Sole Benefit of Parties and Holders of Securities. Nothing in this Indenture or in the Securities, expressed or implied, shall give or be construed to give to any Person, other than the parties hereto and their successors and the Holders of the Securities any legal or equitable right, remedy or claim under this Indenture or under any covenant or provision herein contained, all such covenants and provisions being for the sole benefit of the parties hereto and their successors and of the Holders of the Securities.

SECTION 12.3 Successors and Assigns of the Company Bound by Indenture. All the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 12.4 Notices. Any notice, communication or demand that by any provision of this Indenture is required or permitted to be given or served may be given or served by being personally delivered, deposited postage prepaid, first-class mail, return receipt requested or delivered by telecopier (with receipt confirmed) or overnight air courier guaranteeing next day delivery addressed if to the Company to: the attention of Chief Financial Officer and General Counsel, at 2929 Allen Parkway, Houston, Texas 77019; if to the Trustee to: 910 Travis Street, Houston, Texas 77002. The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Where this Indenture provides for notice to Holders, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder entitled thereto, at his or her last address as it appears in the Security register. In any case where notice to such Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but each filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 12.5 Officers' Certificates and Opinions of Counsel; Statements to be Contained Therein. Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or demand, no additional certificate or opinion need be furnished.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the Person making such certificate or opinion has read such covenant or condition, (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, (c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with and (d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

Any certificate, statement or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his or her certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous. Any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters or information with respect to which is in the possession of the Company, upon the certificate, statement or opinion of or representations by an officer or officers of the Company unless such counsel knows that the certificate, statement or opinion or representations with respect to the matters upon which his or her certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

Any certificate, statement or opinion of an officer of the Company or of counsel may be based, insofar as it relates to accounting matters, upon a certificate or opinion of or representations by an accountant or firm of accountants in the employ of the Company, unless such officer or counsel, as the case may be, knows that the certificate or opinion or representations with respect to the accounting matters upon which his or her certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

Any certificate or opinion of any independent firm of public accountants filed with and directed to the Trustee shall contain a statement that such firm is independent with respect to the Company.

SECTION 12.6 Payments Due on Saturdays, Sundays and Holidays. If the date of maturity of interest on or principal of the Securities or the date fixed for redemption (whether pursuant to the operation of the Sinking Fund or otherwise) or repayment of any Security shall not be a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

SECTION 12.7 Conflict of Any Provision of Indenture with Trust Indenture Act of 1939. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by, or with another provision (an "incorporated provision") included in this Indenture by operation of, Sections 310 to 316, inclusive, of the Trust Indenture Act of 1939, such imposed duties or incorporated provision shall control.

SECTION 12.8 New York Law To Govern. THIS INDENTURE AND EACH SECURITY SHALL BE DEEMED TO BE A CONTRACT UNDER THE LAW OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF SUCH STATE WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW.

SECTION 12.9 Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 12.10 Effect of Headings. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 12.11 Severability. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of September ___, 1995.

CONTINENTAL AIRLINES, INC.

By:_____
Jeffery A. Smisek
Senior Vice President

Attest:

By:_____
Scott R. Peterson
Assistant Secretary

BANK ONE, TEXAS, N.A.

By:_____
Title: Roark Ashie
Vice President

Attest:

By:_____
Title:

STATE OF NEW YORK)

) ss.:

COUNTY OF NEW YORK)

On this ____ of September, 1995, before me personally came Jeffery A. Smisek, to me personally known, who, being by me duly sworn, did depose and say that he is a Senior Vice President

of Continental Airlines, Inc., one of the corporations described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

(NOTARIAL SEAL)

_____
Notary Public

STATE OF _____)

) ss.:

COUNTY OF _____)

On this _____ of September, 1995, before me personally came Roark Ashie, to me personally known who, being by me duly sworn, did depose and say that he is a Vice President of Bank One, Texas, N.A., one of the corporations described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

(NOTARIAL SEAL)

_____
Notary Public

CONTINENTAL AIRLINES, INC.

10.22% SERIES B SENIOR UNSECURED SINKING FUND NOTE
DUE JULY 1, 2000

No. R-_____

Continental Airlines, Inc., a Delaware corporation (the "Company"), which term includes any successor corporation, for value received, promises to pay [ ], or registered assigns, the principal sum of [ ] on July 1, 2000.

Interest Payment Dates: January 1, April 1, July 1 and October 1, commencing October 1, 1995.

Interest Record Dates: December 15, March 15, June 15 and September 15.

Sinking Fund Payment Dates: January 1, April 1, July 1 and October 1, commencing April 1, 1997.

This Security is continued on the reverse hereof and the additional provisions set forth therein shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by its duly authorized officers and a facsimile of its corporate seal to be affixed to, or imprinted on, this Security.

Dated: May ____, 1996

CONTINENTAL AIRLINES, INC.

By:_____
Name: Jeffery A. Smisek
Title: Senior Vice President

Attest:

_____
Assistant Secretary:

[Seal]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities described in the within mentioned Indenture.

BANK ONE, TEXAS, N.A., as trustee

By:_____
Authorized Signature

CONTINENTAL AIRLINES, INC.

10.22% SERIES B SENIOR UNSECURED SINKING FUND NOTES
DUE JULY 1, 2000

1. Interest.

Continental Airlines, Inc., a Delaware corporation (the "Company"), promises to pay interest on the unpaid principal amount of this Security to Persons who are registered Holders at the close of business on the relevant Interest Record Date at the rate of 10.22% per annum.

Interest shall be computed on the basis of a 360-day year of twelve 30-day months and shall be payable quarterly on January 1, April 1, July 1 and October 1 of each year commencing October 1, 1995, or if any such day is not a Business Day, on the next succeeding Business Day. Interest will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from July 1, 1995. Interest shall accrue with respect to principal of this Security to, but not including, the date of repayment of such principal.

To the extent lawful, the Company shall pay interest on overdue principal and interest at the rate of interest borne by this Security. On each Interest Payment Date, interest on the Securities will be paid for the immediately preceding accrual period.

2. Method of Payment.

The Company will pay interest on the Securities (except defaulted interest) to the persons who are registered Holders at the close of business on the Interest Record Date next preceding the applicable Interest Payment Date. If the Company defaults in the payment of the interest due on such Interest Payment Date, such defaulted interest will be paid to the Persons who are registered Holders of Securities at the close of business on a subsequent record date established by notice given not less than 15 days prior to such subsequent record date. The Company will pay the principal of this Security to the Holder that surrenders this Security to a Paying Agent on or after July 1, 2000 or, in the event of a redemption of this Security, whether through the operation of the Sinking Fund or otherwise, on or after the Redemption Date, as described below. The Company will pay principal and interest in U.S. Legal Tender. If this Security is a Global Security, all payments in respect of this Security will be made to the Depository or its nominee in immediately available funds in accordance with customary procedures established from time to time by the Depository.

3. Paying Agent and Registrar.

Bank One, Texas, N.A. (the "Trustee") will act as initial Paying Agent and registrar for the Securities. The Company may change any Paying Agent, co-Paying Agent, registrar or co-registrar without notice. Except as provided in the Indenture, the Company or any of its Subsidiaries may act as registrar or co-registrar.

4. Indenture.

This Security has been issued under an Indenture dated as of September 28, 1995 (the "Indenture") between the Company and the Trustee. Capitalized terms herein are used as defined in the Indenture unless otherwise defined herein. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939. The Securities are subject to all such terms, and Holders of the Securities are referred to the Indenture and said Act for a statement of such terms. In the event of any conflict between this Security and the Indenture, the Indenture shall govern. The Securities are general unsecured obligations of the Company limited in aggregate principal amount to $65,046,762.06.

5. Optional Redemption.

The Securities may be redeemed prior to July 1, 2000 at any time in whole or from time to time in part, otherwise than

through the operation of the Sinking Fund, at a Redemption Price equal to 100% of the aggregate principal amount of the Securities to be redeemed, plus accrued and unpaid interest thereon to the Redemption Date.

If the Redemption Date is subsequent to an Interest Record Date with respect to any Interest Payment Date and on or prior to such Interest Payment Date, then such accrued interest, if any, will be paid to the Person in whose name such Securities are registered at the close of business on such Interest Record Date and no other interest will be payable thereon.

6. Sinking Fund.

As more fully set forth in the Indenture, the Company is required to redeem on January 1, April 1, July 1 and October 1 of each year, commencing April 1, 1997, a portion of the principal amount of the Securities at a Redemption Price equal to 100% of the aggregate principal amount of the Securities so redeemed, plus accrued and unpaid interest to the Redemption Date.

7. Notice of Redemption.

Notice of Redemption, whether through operation of the Sinking Fund or otherwise, will be mailed at least 15 days but not more than 60 days before the Redemption Date to each Holder of Securities or portions thereof to be redeemed at his or her registered address. Securities in denominations larger than $1,000 may be redeemed in part, but not in denominations of less than $1,000.

From and after any Redemption Date, if monies for the redemption of the Securities called for redemption shall have been made available for redemption on such Redemption Date, the Securities called for redemption will cease to bear interest and the only right of the Holders of such Securities will be to receive payment of the Redemption Price.

8. Denominations; Transfer; Exchange.

The Securities are in fully registered form, without coupons, in denominations of $1,000 and integral multiples of $1,000 and in any other denomination the Company determines is necessary to issue the aggregate principal amount of the Securities. A Holder may register the transfer of or exchange Securities in accordance with the Indenture. The registrar for the Securities may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Company need not register the transfer of or exchange any Securities selected for redemption, except, in the case of any Security to be redeemed in part, the portion thereof not so redeemed. Also, the Company need not issue, exchange or register the transfer of any Securities for a period of 10 days prior to the first mailing of notice of redemption of the Securities to be redeemed.

In accordance with the provisions of the Indenture and subject to certain limitations therein set forth, until the Securities have been registered under the Securities Act only an owner or owners of at least 51% of the aggregate beneficial interest in a Global Security may request a Security in certificated form, in exchange in whole or in part, as the case may be, for such beneficial owner's interest in the Global Security. After the Securities have been so registered any owner of a beneficial interest in a Global Security may request a Security in certificated form, in exchange in whole or in part, as the case may be, for such beneficial owner's interest in the Global Security. In any such instance, such owner of a beneficial interest in a Global Security will be entitled to physical delivery in certificated form of Securities in authorized denominations equal in principal amount to such beneficial interest and to have such Securities registered in its name.

9. Persons Deemed Owners.

The registered Holder of a Security may be treated as the owner of it for all purposes.

With respect to Global Securities, the Depository shall grant proxies and otherwise authorize Holders of Global Securities to give or take any request, demand, authorization, direction, notice, consent, waiver or other action which a Holder of a Security is entitled to give or take under the Indenture.

10. Unclaimed Money.

If money deposited with or paid to the Trustee or any Paying Agent for the payment of principal of or interest on the Securities or the payment of any Sinking Fund installment remains unclaimed for 2 years, the Trustee and any such Paying Agent will pay the money back to the Company at its request. After that, all liability of the Trustee and such Paying Agent with respect to such money shall cease.

11. Discharge Prior to Redemption or Maturity.

If the Company at any time deposits with the Trustee money or U.S. Government Obligations sufficient to pay the principal of and interest on the Securities to redemption or maturity and complies with the other provisions of the Indenture relating thereto, the Company will be discharged from certain provisions of the Indenture and the Securities (excluding certain obligations, including without limitation its obligation to pay the principal of or interest on the Securities).

12. Amendment; Supplement; Waiver.

Subject to certain exceptions, the Indenture or the Securities may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the Outstanding Securities and certain existing Defaults or Events of Default or compliance with any provisions of the Indenture may be waived with the consent of the Holders of at least a majority in aggregate principal amount of the Outstanding Securities. Without notice to or consent of any Holder, the parties thereto may amend or supplement the Indenture or the Securities to, among other things, cure any ambiguity, correct or supplement any provision which may be inconsistent with any other provision, or to make any other provisions with respect to matters or questions arising under the Indenture which shall not be inconsistent with the provisions of the Indenture (provided such amendment or supplement does not adversely affect the rights of any of the Holders), provide for any additional rights or benefits to Holders or make any change that does not adversely affect the rights of any Holder.

13. Successors.

When a successor assumes all the obligations of its predecessor under the Securities and the Indenture, the predecessor will be released from those obligations.

14. Defaults and Remedies.

If an Event of Default occurs and is continuing, subject to certain exceptions, the Trustee or the Holders of at least 25% in principal amount of the Outstanding Securities may declare all the Securities to be due and payable immediately in the manner and with the effect provided in the Indenture. Holders of Securities may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in principal amount of the Securities then Outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold notice in certain circumstances.

15. Trustee Dealings with Company.

The Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates as if it were not the Trustee.

16. No Recourse Against Others.

No stockholder, director, officer, employee or incorporator, as such, past, present or future, of the Company or any successor corporation or the Trustee shall have any liability for any obligation of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of, such obligations or their creation. Each Holder of a Security by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

17. Authentication.

This Security shall not be valid until the Trustee or authenticating agent signs the certificate of authentication on the face of this Security.

18. Abbreviation.

Customary abbreviations may be used in the name of a Holder of a Security or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

19. Indenture.

The Holder hereof, by accepting this Security, agrees to be bound by all of the terms and provisions of the Indenture applicable to such Holder.

The Company will furnish to any Holder of a Security upon written request and without charge a copy of the Indenture. Requests may be made to: Continental Airlines, Inc., 2929 Allen Parkway, Houston, Texas 77019, Attention: Corporate Secretary.

FORM OF ASSIGNMENT

I or we assign and transfer this Security to

_____

_____

_____

(Print or type name, address and zip code of assignee)

Please insert social security or other
identifying number of assignee

_____

and irrevocably appoint _____ agent to transfer this Security on the books of the Company. This agent may substitute another to act for him.

Dated_____ Signed_____

_____
(Sign exactly as name appears on the other side of this Security)

Signature Guarantee:_____

EXCHANGE AGREEMENT

EXCHANGE AGREEMENT dated as of September 29, 1995 between Continental Airlines, Inc., a Delaware corporation (the "Corporation") and the holder listed on the signature page hereto (the "Holder"). Capitalized terms used but not defined elsewhere in this Agreement have the meanings assigned to them in Section 7.1 below.

W I T N E S S E T H:

WHEREAS, the Corporation issued to American General Life Insurance Company ("American General") a 10.22% Restructured Note for Secured Class 9.37 due 2001 (the "Old Note") pursuant to that certain Second Amended and Restated Note Purchase Agreement (the "Credit Agreement"), dated as of April 27, 1993, between the Corporation and American General;

WHEREAS, the Old Note is secured by the Corporation's interests in certain ground and terminal leases (and certain personal property contained therein) pursuant to the Amended Deeds of Trust (as defined in the Credit Agreement) and certain UCC-1 financing statements (collectively, the "Security Interests");

WHEREAS, American General sold and assigned to Belmont Capital Partners II, L.P. ("Belmont"), and Belmont purchased and assumed from American General, all of American General's right, title and interest in the Credit Agreement, including without limitation the Old Note and the Security Interests, pursuant to that certain Note Purchase Agreement, dated as of June 9, 1995, between American General and Belmont (the "Note Purchase Agreement"); and simultaneously therewith, Belmont granted undivided participation interests therein to Holder and certain other participants (collectively with the Holder, the "Participants"; and collectively with Belmont and the Holder, the "Holders") in the amounts set forth in Exhibit A attached hereto, pursuant to certain Participation Agreements, dated as of June 9, 1995;

WHEREAS, the Corporation has offered, subject to the terms and conditions hereof, to (i) elevate each Participant's participation interest in the Old Note to a direct assignment interest and (ii) simultaneously therewith exchange ("Exchange") all of the Holders' interests in the Old Note and the Security Interests for new 10.22% Series A Senior Unsecured Sinking Fund Notes due July 1, 2000 (the "New Notes") of the Corporation in the aggregate principal amount (for all Holders) of $65,046,762.06, all on and subject to the terms set forth below.

NOW THEREFORE, the parties hereto, for good and valid consideration, the receipt and sufficiency thereof being hereby acknowledged, and intending to be legally bound hereby, have agreed as follows:

ARTICLE 1. THE EXCHANGE

SECTION 1.1 Exchange of Securities and Release of Collateral.

(a) At the Closing (as hereinafter defined), the Corporation, in reliance upon the representations and warranties of the Holder contained herein and subject to the terms and conditions set forth herein, shall elevate the Holder's participation interest in the Old Note to a direct assignment interest and simultaneously therewith deliver to the Holder, and the Holder irrevocably agrees to accept from the Corporation, in exchange for the Holder's interest in the Old Note (including its interest in principal, accrued interest and any other amounts due thereunder or in respect thereof) a New Note in the original principal amount set forth opposite the Holder's name on Exhibit A.

(b) At the Closing, the Holder, in reliance upon the representations and warranties of the Corporation contained herein and subject to the terms and conditions set forth herein, authorizes Belmont to tender or cause to be tendered the Old Note to the Corporation for cancellation of the Holder's interest in the Old Note and to release the Security Interests. Such tender and release of Security Interests shall be irrevocable and unconditional, subject only to (i) the issuance and delivery of a New Note to the Holder, (ii) completion of the Exchange and (iii) the satisfaction or waiver of the closing conditions set forth in Section 2.1 below.

(c) The Corporation and the Holder agree that they will treat for all federal and other income tax purposes the terms of the New Notes as not constituting a significant modification of the terms of the Old Note and that, therefore, the New Notes and the Old Note will constitute the same debt instrument and the issuance of the New Notes in exchange for the Old Note will not be treated as an exchange (including for purposes of section 1001 of the Code).

SECTION 1.2 The Closing. The Exchange shall take place at a closing (the "Closing") at the offices of Cleary, Gottlieb, Steen & Hamilton, counsel to the Corporation, on September 28, 1995 at 10:00 a.m. or at such other place or earlier or later date or time as may be fixed by mutual agreement of the Corporation and the Holders of a majority in interest in the Old Note (the "Majority Holders") (the "Closing Date"). At the Closing, the Corporation will deliver to the Holder a New Note in the principal amount set forth opposite the Holder's name on Exhibit A (registered in the name of the Holder or its nominee, as the Holder may request) against delivery of the Holder's interest in the Old Note. Upon (i) delivery of the New Note to the Holder, and (ii) the satisfaction or waiver of the closing conditions set forth in Sections 2.1 and 2.2, the Corporation shall be deemed, without further action on the part of the Holder or the Corporation, to have accepted the tender of the Holder's interest in the Old Note.

ARTICLE 2. CLOSING CONDITIONS

SECTION 2.1 Conditions Precedent to Obligations of Holder to Close. The obligation of the Holder to accept the New Note pursuant to this Agreement in exchange for its interest in the Old Note and the release of the Security Interests shall be subject to the satisfaction of the following conditions, at or prior to Closing:

(a) The representations and warranties of the Corporation set forth in this Agreement shall be true and correct on and as of the Closing Date; and the Corporation shall have complied with and performed all covenants and agreements hereunder required to be complied with or performed by it at or prior to the Closing; and the Corporation shall have furnished to the Holder a certificate of an authorized officer, dated the Closing Date, to the foregoing effect, and to the further effect that the conditions specified in this Section 2.1 (other than the conditions specified in Section 2.1(e)) have been satisfied at and as of the Closing;

(b) The Corporation and a bank or trust company ("Trustee") that satisfies the requirements of Section 310(a)(i) of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), shall have executed and delivered an indenture for the New Notes in substantially the form attached hereto as Exhibit B (the "Indenture") and the New Notes shall have been duly executed and delivered by the Corporation and authenticated by the Trustee under and pursuant to the Indenture;

(c) The Corporation shall have executed and delivered to the Holder a registration rights agreement in substantially the form attached hereto as Exhibit C (the "Registration Rights Agreement");

(d) Each of the other Holders shall have executed and delivered to the Corporation an Exchange Agreement in substantially similar form to this Agreement;

(e) The exchange of the Holder's interest in the Old Note for the New Note shall not at the Closing be prohibited by or contrary to any applicable laws, regulations, credit controls (whether voluntary or involuntary), or similar restraints applicable to the Holder, and shall not be enjoined (temporarily or permanently) under, prohibited by or contrary to, any injunction, order or decree applicable to the Holder, shall not subject the Holder to any penalty or other onerous condition under or pursuant to any applicable law or governmental regulation, and shall be permitted by the laws and regulations of the jurisdiction to which the Holder is subject, and if requested by the Holder, the Holder shall have received, at least two (2) Business Days prior to the Closing Date, a certificate of an authorized officer of the Corporation certifying as to such matters of fact as may be reasonably requested by the Holder in order to permit it to determine whether its acquisition of a New Note is so prohibited or enjoined or would result in such contravention or penalty;

(f) The Corporation shall have received all consents, permits and other authorizations, and made all such filings and declarations, as may be required from or with any Governmental Authority or other Person, pursuant to any law, statute, rule or regulation (Federal, state, local or foreign), or pursuant to any loan agreement, indenture or other agreement, order or decree to which the Corporation or any of its subsidiaries is a party or to which it is subject, in connection with the transactions contemplated by this Agreement and the other Transaction Documents, except where the failure to do so would not have a Material Adverse Effect; and

(g) The Holder shall have received the favorable opinion of Cleary, Gottlieb, Steen & Hamilton, counsel to the Corporation, dated the Closing Date, in substantially the form attached hereto as Exhibit D.

SECTION 2.2 Conditions Precedent to Obligation of the Corporation to Close. The obligation of the Corporation to issue the New Note in exchange for the Holder's interest in the Old Note and the release of the Security Interests pursuant to this Agreement is subject to the satisfaction, at or prior to the Closing, of the following conditions:

(a) The representations and warranties of the Holder set forth in Section 4.1 hereof shall be true and correct on and as of the Closing Date, and the Holder shall have complied with and performed all covenants and agreements hereunder required to be complied with or performed by it at or prior to the Closing (and the acceptance by the Holder of the New Note pursuant to this Agreement in exchange for its interest in the Old Note and the release of the Security Interests shall be deemed a certification by the Holder to such effect);

(b) The Corporation's exchange of the New Note for the Holder's interest in the Old Note hereunder and the release of the Security Interests shall not be prohibited by or contrary to any law or regulation applicable to the Corporation and shall not be enjoined (temporarily or permanently) or prohibited by or contrary to any injunction, order or decree applicable to the Corporation;

(c) The offer, sale and issuance of the New Note hereunder shall be exempt from registration under the Securities Act (as defined below) by virtue of the exemption contained in Section 4(2) thereof, and shall be exempt from registration or qualification under applicable state securities or blue sky laws (or, if required, shall have been duly registered or qualified under such laws);

(d) Each of the other Holders shall have executed and

delivered to the Corporation an Exchange Agreement in substantially similar form to this Agreement; and

(e) The Corporation shall have received all consents, permits and other authorizations, and made all such filings and declarations, as may be required from or with any Governmental Authority or other Person, pursuant to any law, statute, rule or regulation (Federal, state, local or foreign), or pursuant to any loan agreement, indenture or other agreement, order or decree to which the Corporation or any of its subsidiaries is a party or to which it is subject, in connection with the transactions contemplated by this Agreement and the other Transaction Documents, except where the failure to do so would not have a Material Adverse Effect.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

To induce the Holder to accept the New Note in exchange for its interest in the Old Note and the release of the Security Interests, the Corporation hereby represents and warrants that:

SECTION 3.1 Organization, Qualification and Authority. The Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to own and hold under lease its properties and carry on its business as presently conducted, and, except as set forth in Schedule 3.1 hereto, is duly qualified, registered or licensed as a foreign corporation to do business and is in good standing in each jurisdiction in which the ownership or leasing of its properties or the character of its present operations makes such qualification, registration or licensing necessary, except where the failure so to qualify would not have a Material Adverse Effect. The Corporation has heretofore delivered to counsel for the Holder complete and correct copies of its restated certificate of incorporation and by-laws, each as amended to date and as presently in effect (collectively, "Charter Documents").

SECTION 3.2 Subsidiaries. Except as set forth in Schedule 3.2 attached hereto, each Subsidiary of the Corporation is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and has all requisite corporate power and authority to own and hold under lease its properties and carry on its business as presently conducted, except where the failure to do any of the foregoing would not have a Material Adverse Effect. Except as set forth in Schedule 3.2 attached hereto, each such Subsidiary is, or at the Closing Date will be, duly qualified, registered or licensed as a foreign corporation to do business and is in good standing in each jurisdiction where the ownership or leasing of its properties or the character of its operations makes such qualification necessary, except where the failure so to qualify would not have a Material Adverse Effect. None of the Subsidiaries of the Corporation is in violation of any term of its organizational documents or of any term of any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation, applicable to such Subsidiary or to which such Subsidiary is a party, except where any such violation would not have a Material Adverse Effect.

SECTION 3.3 Licenses. Except as set forth on Schedule 3.3 attached hereto, the Corporation and each of its Subsidiaries holds or at the Closing Date will hold all licenses, franchises, permits, consents, registrations, certificates and other approvals (including, without limitation, those relating to environmental matters, public and worker health and safety, buildings, highways or zoning) (individually, a "License" and, collectively, "Licenses") required for the conduct of its business as now being conducted and is operating in compliance therewith, except where the failure to hold any such License or to operate in compliance therewith would not have a Material Adverse Effect. Except as set forth on Schedule 3.3 attached hereto, the Corporation and each of its Subsidiaries is in compliance with all laws, regulations, orders and decrees

applicable to it, except in each case where the failure so to comply would not have a Material Adverse Effect.

SECTION 3.4 Corporate and Governmental Authorization; No Contravention. The execution, delivery and performance by the Corporation of each of the Transaction Documents to which it is a party, the issuance to the Holder of the New Note pursuant hereto, and the consummation of the Exchange, are within the Corporation's corporate powers, having been duly authorized by all necessary corporate action on the part of the Corporation; do not require any License, authorization, approval, qualification or formal exemption from, or other action by or in respect of, or filing of a declaration or registration with, any court, Governmental Authority, agency or official (except such as have been obtained or as may be required under the Securities Act, the Exchange Act, the Trust Indenture Act, or state securities or Blue Sky laws); do not and will not contravene or constitute a default under or violation of (i) any provision of applicable law or regulation of any Governmental Authority, (ii) the Charter Documents, (iii) any agreement (or require the consent of any Person under any agreement, that has not been obtained) to which the Corporation or any of its Subsidiaries is a party, or (iv) any judgment, injunction, order, decree or other instrument binding upon the Corporation, any of its Subsidiaries, or any of their respective properties, which contravention, default or violation would, in the case of clause (i), (iii) or (iv), have a Material Adverse Effect.

SECTION 3.5 Validity and Binding Effect. This Agreement has been duly executed and delivered by the Corporation, and is, and as of the Closing each of the other Transaction Documents to which the Corporation is a party will be, a legal, valid and binding agreement of the Corporation, enforceable against the Corporation in accordance with its terms, except (i) that such enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally; and (ii) that such enforceability may be subject to general equitable principles, including, without limitation, the principle that the availability of equitable remedies, such as specific enforcement, injunctive relief or reformation, is subject to the discretion of the court before which any proceeding might be brought.

SECTION 3.6 Litigation; Defaults. Except as set forth in Schedule 3.6 attached hereto, there is no action, suit, proceeding or investigation pending or, to the knowledge of the Corporation, threatened against or affecting the Corporation, any of its Subsidiaries, or any of their respective properties, before or by any court or arbitrator or any governmental body, agency or official in which there is a reasonable possibility of an adverse decision which (individually or in the aggregate) could impair the ability of the Corporation to perform fully on a timely basis any material obligation which it has or will have under any Transaction Document to which it is a party. Except as set forth in Schedule 3.6 and except for pending defaults on the Old Note, the Corporation is not in violation of, or in default under (and there does not exist any event or condition which, after notice or lapse of time or both, would constitute such a default under), its Charter Documents, any provision of applicable law or regulation, or any agreement, judgment, injunction, order, decree or other instrument binding upon the Corporation or any of its properties, except in each case to the extent that such violations or defaults, individually or in the aggregate, could not reasonably (i) affect the validity of any Transaction Documents or (ii) impair the ability of the Corporation to perform fully on a timely basis any material obligation which it has or will have under any Transaction Document to which it is a party.

SECTION 3.7 Public Reports. Each report the Corporation has filed with the Commission pursuant to the Exchange Act with respect to events occurring, or periods ending, on or after December 31, 1994 (the "SEC Filings") complied in all material respects at the date of filing with the requirements of the Exchange Act and the SEC Filings, taken as a whole, did not

contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein (in the light of the circumstances in which they were made) not misleading. Except as disclosed in the SEC Filings or in Schedule 3.6, since June 30, 1995, there has been no material adverse change in the financial condition, assets, business, or results of operations of the Corporation and its Subsidiaries taken as a whole.

SECTION 3.8 Private Offering. The Corporation represents to the Holder that, assuming the accuracy of the representations of the Holder as set forth in Section 4.1(a) hereof, neither of the Corporation nor any Person acting on its behalf has taken or will take any action which would subject the issuance of the New Notes being issued hereunder to the provisions of Section 5 of the Securities Act, except as contemplated by the Registration Rights Agreement.

SECTION 3.9 Broker's or Finder's Commissions. In addition to and not in limitation of any other rights hereunder, the Corporation agrees that it will indemnify and hold harmless the Holder from and against any and all claims, demands or liabilities for broker's, finder's, placement agent's or other similar fees or commissions incurred or alleged to have been incurred by the Corporation or any Person acting on its behalf in connection with the issuance of the New Notes, or any other transaction contemplated by any of the Transaction Documents.

SECTION 3.10 Foreign Assets Control Regulation, Etc. The issuance of the New Notes by the Corporation will not violate any of the following regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended): the Foreign Assets Control Regulations, the Transaction Control Regulations, the Cuban Assets Control Regulations, the Foreign Funds Control Regulations or the Iranian Assets Control Regulations.

SECTION 3.11 Investment Company Act. The Corporation is not an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act") and is not deemed to be an "investment company" for purposes of Section 12(d)(6) of the 1940 Act.

SECTION 3.12 Public Utility Holding Company Act. The Corporation is not a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," as such terms are defined in the Public Utility Holding Corporation Act of 1935, as amended.

SECTION 3.13 Interstate Commerce Act. The Corporation is not, and will not be, a "rail carrier," or a Person controlled by or affiliated with a "rail carrier," within the meaning of Title 49, U.S.C., and the Corporation is not a "carrier" or other Person to which 49 U.S.C. Section 11301(b)(1) is applicable.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF THE HOLDER

SECTION 4.1 Representations and Warranties of Holders. The Holder represents and warrants that:

(a) The Holder, by reason of its business and financial experience, has such knowledge, sophistication and experience in business and financial matters as to be capable of evaluating the merits and risk of the prospective investment, and is acquiring the New Note for its own account (and/or on behalf of managed accounts that are acquiring for their own account) for investment and with no present intention of distributing or reselling the same or any part thereof other than pursuant to a registration statement under the Securities Act or an exemption thereunder, without prejudice, however, to its right (subject to the terms of this Agreement) at all times to sell or otherwise dispose of all or any part of said New Note pursuant to a

registration under the Securities Act and subject, nevertheless, to the disposition of its assets being at all times within its control.

(b) The Holder has full power and authority to execute, deliver and perform this Agreement, the other Transaction Documents and the documentation releasing the Security Interests to which it is a party and to carry out the transactions (including the release of the Security Interests) contemplated by this Agreement; the execution, delivery and performance of this Agreement, the other Transaction Documents and the documentation releasing the Security Interests to which it is a party have been duly authorized by all requisite corporate (or similar) action on the part of the Holder; and this Agreement, the other Transaction Documents and the documentation releasing the Security Interests to which it is a party have been duly executed and delivered by the Holder and are the legal, valid and binding obligations of the Holder enforceable in accordance with their respective terms, except: (i) that such enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally; and (ii) that such enforceability may be subject to general equitable principles, including, without limitation, the principle that the availability of equitable remedies, such as specific enforcement, injunctive relief or reformation, is subject to the discretion of the court before which any proceeding might be brought.

(c) To the same extent received from American General, the Holder is the beneficial owner of an undivided participation interest, equal to the amount set forth opposite the Holder's name on Exhibit A in the Old Note, free and clear of all liens, security interests or other encumbrances and has not conveyed any interest in or granted any lien, security interest or other encumbrance on its participation interest to any other Person. American General represented to Belmont in the Note Purchase Agreement that at the time of assignment of the Old Note to Belmont, American General was the sole legal and beneficial owner and holder of the Assigned Rights (as defined in the Note Purchase Agreement) free and clear of all liens, charges, encumbrances, or other security interests, and to the extent that the Corporation may be damaged as a result of the breach by American General of such representation, the Holder hereby authorizes the Corporation to exercise rights that Holder may have against American General in respect thereof to recover from American General such damages.

ARTICLE 5. RELEASES

SECTION 5.1 Releases. Effective as of the Closing Date, and to the fullest extent permitted by law (i) the Holder hereby waives and discharges, absolutely and forever, all rights, claims and causes of action against the Corporation, and any present or former director, officer, subsidiary, affiliate, agent, employee, attorney, predecessor, legal successor, heir, survivor, assignee or shareholder of the Corporation, and (ii) the Corporation hereby waives and discharges, absolutely and forever, all rights, claims, and causes of action against the Holder, and any present or former director, officer, subsidiary, trustee, partner, affiliate, agent, employee, attorney, predecessor, legal successor, heir, survivor, assignee or shareholder of the Holder, which, in the case of the preceding clauses (i) and (ii), is based upon or arises out of the Credit Agreement, the Amended Deeds of Trust, the Security Interests or the purchase, ownership or sale of the Holder's interest in the Old Note, whether known or unknown, including without limitation, claims of or relating to fraudulent transfers, breach of contract, breach of fiduciary duty, debts, actions, causes of action, liabilities, liens, obligations, or other losses, costs, expenses or demands of whatever nature, character or kind which exist or may be asserted in the future; provided however, that this provision shall not operate as a waiver or a release of any rights, claims, or causes of action of the Holder under the anti-fraud provisions of Federal or state securities laws or regulations relating to the

Exchange, the New Note or the Transaction Documents, or under any Federal or state bankruptcy statute, including but not limited to the United States Bankruptcy Code, with regard to the Old Note; it being agreed that the Holder retains its rights to make any argument with respect to the treatment of its claims in any bankruptcy involving the Corporation or the effect of the Exchange on the subsequent treatment of any claims in such bankruptcy. This Agreement is not intended to, and does not, release any claims of the Holder against the Corporation, or of the Corporation against the Holder, except as expressly set forth in this Section 5.1.

ARTICLE 6. RESTRICTIONS ON TRANSFER

SECTION 6.1 Restrictive Legend. Each certificate evidencing New Notes issued to a Holder or to any subsequent transferee shall, unless otherwise permitted by the provisions of Section 6.2, be stamped or otherwise imprinted with a legend substantially in the following form:

> "THE SECURITIES REPRESENTED BY THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE OFFERED, SOLD, TRANSFERRED OR HYPOTHECATED OR OTHERWISE ASSIGNED EXCEPT PURSUANT TO (I) A REGISTRATION STATEMENT WITH RESPECT TO SUCH SECURITIES WHICH IS EFFECTIVE UNDER SUCH ACT OR (II) RULE 144 OR 144A UNDER SUCH ACT OR ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER SUCH ACT RELATING TO DISPOSITION OF SECURITIES."

Whenever the legend requirement imposed by this Section 6.1 shall terminate the respective holders of New Notes for which such legend requirements have terminated shall, upon request, promptly receive from the Corporation, at the Corporation's expense, replacement certificates representing New Notes without such legend.

SECTION 6.2 Notice of Transfer; Opinions of Counsel. The holder of each certificate representing a New Note bearing the restrictive legend set forth in Section 6.1 above ("Restricted Security"), agrees to provide to the Corporation (a) upon request, a written description of the manner or circumstances of any transfer of any Restricted Security and (b) upon reasonable request by the Corporation, an opinion of counsel (including in-house counsel) reasonably satisfactory to the Corporation and in form and substance reasonably satisfactory to the Corporation, to the effect that the transfer of such Restricted Security may be effected without registration of such Restricted Security under the Securities Act. If the holder of the Restricted Security delivers to the Corporation an opinion of counsel (including in-house counsel or regular counsel to such holder or its investment adviser) reasonably satisfactory to the Corporation and in form and substance reasonably satisfactory to the Corporation that a proposed transfer and any subsequent transfers of such Restricted Security will not require registration under the Securities Act, the Corporation will promptly after such transfer deliver new certificates for such Restricted Security which do not bear the legend set forth in Section 6.1 above. The restrictions imposed by this Section 6 upon the transferability of any particular Restricted Security shall cease and terminate when such Restricted Security has been sold pursuant to an effective registration statement under the Securities Act or transferred pursuant to Rule 144 promulgated under the Securities Act and the transferee is not an Affiliate of the Corporation. The Corporation shall promptly provide the holder of any Restricted Security as to which such restrictions shall have terminated with a new security of the same type but not bearing the restrictive legend set forth in Section 6.1 and not containing any other reference to the restrictions imposed by this Section 6. Notwithstanding any of the foregoing, no opinion of counsel will be required to be rendered pursuant to this Section 6.2 with respect to the transfer of any securities on which the restrictive legend has been removed in accordance with this Section 6.2. As used in this Section 6.2, the term

"transfer" encompasses any sale, transfer or other disposition of any Securities referred to herein.

ARTICLE 7. DEFINITIONS

SECTION 7.1 Definitions. Capitalized terms used herein but not defined elsewhere in this Agreement have the meanings indicated as follows:

"Affiliate" means, with respect to any Person, any Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" means this Agreement, as the same may be amended, supplemented or modified from time to time in accordance with the terms hereof then in effect.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in the City of New York, New York or Houston, Texas are authorized or obligated by law or executive order to close.

"Code" means the Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder, in each case as amended from time to time

"Commission" means the Securities and Exchange Commission or any successor agency then having jurisdiction to enforce the Securities Act.

"Exchange Act" means the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, in each case as amended from time to time.

"Governmental Authority" means any governmental or quasi-governmental authority, including, without limitation, any federal, state, territorial, county, municipal or other governmental or quasi-governmental agency, board, branch, bureau, commission, court, department or other instrumentality or political unit or subdivision, whether domestic or foreign.

"Holder" means (i) the Holder signatory hereto, and (ii) each assignee or transferee of the New Note, other than the Corporation and its Affiliates, who acquires such security.

"Material Adverse Effect" means a material adverse effect on the financial condition, assets, business or results of operations of the Corporation and its Subsidiaries on a consolidated basis.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or a political subdivision, agency or instrumentality thereof or other entity or organization of any kind.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder.

"Subsidiary" means, with respect to any Person (the "Parent") (A) a corporation a majority of whose capital stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by the Parent, by a Subsidiary or Subsidiaries (as the case may be) of the Parent, or by the Parent and a Subsidiary or Subsidiaries (as the case may be), or (B) any other Person (other than a corporation) in which the Parent, one or more Subsidiaries of the

Parent (as the case may be), or the Parent and one more of its Subsidiaries (as the case may be), directly or indirectly, at the date of determination thereof, has at least a majority equity ownership interest.

"Transaction Documents" means, collectively, this Agreement, the Registration Rights Agreement, the New Notes, the Indenture, and all other documents, instruments and agreements executed and delivered by the Corporation in connection with the Exchange.

"Trust Indenture Act" means Trust Indenture Act of 1939, as amended from time to time, and the rules and regulations promulgated thereunder.

ARTICLE 8. MISCELLANEOUS

SECTION 8.1 Indemnification; Expenses, Etc.

(a) In addition to any and all obligations of the Corporation to indemnify the Holder hereunder or under the Indenture or the other Transaction Documents, the Corporation agrees, without limitation as to time, to indemnify and hold harmless the Holder, its Affiliates, and the employees, officers, trustees, partners, directors, and agents of the Holder and its Affiliates (individually, a "Holder Indemnified Party" and collectively, the "Holder Indemnified Parties") from and against any and all losses, claims, damages, liabilities and reasonable costs (including the costs of preparation and attorneys' fees) and expenses (including expenses of investigation) (collectively, "Losses") incurred or suffered by a Holder Indemnified Party (i) in connection with or arising out of any breach of any warranty, or the inaccuracy of any representation, as the case may be, made by the Corporation, or the failure of the Corporation to fulfill any agreement or covenant contained in this Agreement or (ii) in connection with any proceeding against the Corporation or any Holder Indemnified Party brought by any third party arising out of or in connection with this Agreement or any of the other Transaction Documents or any of the transactions contemplated hereby or thereby or any action taken in connection herewith or therewith (or any other document or instrument executed herewith or pursuant hereto or thereto), whether or not the transactions contemplated by this Agreement are consummated and whether or not any Holder Indemnified Party is a formal party to any proceeding; provided, however, that the Corporation shall not be liable for any Losses resulting from action on the part of any Holder Indemnified Party which is finally determined in such proceeding to be wrongful or which is an act of gross negligence, recklessness, or willful misconduct by such Holder Indemnified Party. The Corporation agrees promptly to reimburse any Holder Indemnified Party for all such Losses as they are incurred or suffered by such Holder Indemnified Party.

Except as otherwise provided herein, the Corporation agrees (for the benefit of the Holder) to pay, and to hold the Holder harmless from and against, all reasonable costs and expenses (including, without limitation, attorneys' fees, expenses and disbursements), if any, in connection with the preparation, negotiations and enforcement against the Corporation, as the case may be, of this Agreement or any other Transaction Document or any other agreement or instrument furnished pursuant hereto or thereto or in connection herewith or therewith in any action in which the Holder is attempting to enforce any of the foregoing shall prevail.

(b) In addition to any and all indemnification obligations of the Holder hereunder or under the other Transaction Documents, the Holder agrees, without limitation as to time, to indemnify and hold harmless the Corporation, its Affiliates, and the employees, officers, trustees, partners, directors, and agents of the Corporation and its Affiliates (individually, a "Corporation Indemnified Party" and collectively, the "Corporation Indemnified Parties") from and against any and all Losses incurred or suffered by a Corporation Indemnified Party in connection with or arising out of any breach

of any warranty, or the inaccuracy of any representation, as the case may be, made by the Holder, or the failure of the Holder to fulfill any of its agreements or covenants contained in this Agreement.

(c) If any Holder Indemnified Party or Corporation Indemnified Party (individually, an "Indemnified Party" and, collectively the "Indemnified Parties") is entitled to indemnification hereunder, such Indemnified Party shall give prompt notice to the indemnifying party of any claim or of the commencement of any proceeding against the indemnifying party or any Indemnified Party brought by any third party with respect to which such Indemnified Party seeks indemnification pursuant hereto; provided, however, that the failure so to notify the indemnifying party shall not relieve the indemnifying party from any obligation or liability except to the extent the indemnifying party is prejudiced by such failure. The indemnifying party shall have the right, exercisable by giving written notice to an Indemnified Party promptly after the receipt of written notice from such Indemnified Party of such claim or proceeding, to assume, at the expense of the indemnifying party, the defense of any such claim or proceeding with counsel reasonably satisfactory to such Indemnified Party. Neither the indemnifying party nor the Indemnified Party or Parties will be subject to any liability for any settlement made without its or their consent (but such consent will not be unreasonably withheld). Neither the Indemnified Party nor the indemnifying party shall consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by claimant or plaintiff to such Indemnified Party or Parties, as the case may be, of a release, in form and substance satisfactory to the released party, from all liability in respect of such claim, litigation or proceeding.

(d) In addition to any other obligations of the Corporation to indemnify the Holder herein or pursuant to any of the Transaction Documents or any other agreements or documents executed and delivered in connection therewith, the Corporation will pay, and will save the Holder harmless from liability for the cost of delivering to the Holder's principal office, insured to its satisfaction, the New Note delivered to the Holder hereunder and any New Note delivered to the Holder upon any substitution of New Note pursuant to the Indenture and of the Holder's delivering any New Note, insured to its satisfaction, upon any such substitution.

SECTION 8.2 Survival of Representations and Warranties; Severability. All representations and warranties contained in this Agreement or the Transaction Documents by or on behalf of the Corporation or the Holder in connection with the transactions contemplated by this Agreement or the Transaction Documents shall survive, for the duration of any statutes of limitation applicable thereto, the execution and delivery of this Agreement, any investigation at any time made by the Holder or the Corporation or on the Holder's or the Corporation's behalf, the purchase of the New Note by the Holder under this Agreement and any disposition of or payment on the New Note. All statements contained in any certificate or other instrument delivered to the Holder by or on behalf of the Corporation pursuant to this Agreement or the Transaction Documents shall be deemed representations and warranties of the Corporation under this Agreement. Any provision of this Agreement that 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 or affecting the validity or enforceability of such provisions in any other jurisdiction.

SECTION 8.3 Amendment and Waiver. This Agreement may be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may be given, provided that the same are in writing and signed by the Holder and the Corporation.

SECTION 8.4 Notices, Etc. Except as otherwise provided in

this Agreement, notices and other communications under this Agreement shall be in writing and shall be delivered, or mailed by registered or certified mail, return receipt requested, or by a nationally recognized overnight courier, postage prepaid, addressed, (a) if to the Holder, at the address as the Holder shall have furnished to the Corporation in writing, or (b) if to any other holder of any New Note, at such address as such other holder shall have furnished to the Corporation in writing, or, until any such other holder so furnishes to the Corporation an address, then to and at the address of the last holder of such security who has furnished an address to the Corporation, or (c) if to the Corporation, at 2929 Allen Parkway, Suite 2010, Houston, Texas 77019 to the attention of Chief Financial Officer and General Counsel, or at such other address, or to the attention of such other officer, as the Corporation shall have furnished to the Holder and each such other holder in writing. This Agreement and the other Transaction Documents and all documents delivered in connection herewith or therewith embody the entire agreement and understanding between the Holders and the Corporation and supersede all prior agreements and understandings relating to the subject matter hereof. The Corporation acknowledges and agrees that the obligations of each Holder hereunder are limited in the manner and to the extent set forth on such Holder's signature page hereto.

SECTION 8.5 Successors and Assigns. Except as otherwise provided in the following sentence, whenever in this Agreement any of the parties hereto are referred to, such reference shall be deemed to include the successors and assigns of such party and all covenants, promises and agreements by or on behalf of the respective parties which are contained in this Agreement shall bind and inure to the benefit of the successors and assigns of the parties. The terms and provisions of this Agreement, the Indenture and the other Transaction Documents shall inure to the benefit of and shall be binding upon any assignee or transferee of each Holder provided the transfer was not effected pursuant to an effective registration statement (a "Non-Public Transfer"), and in the event of a Non-Public Transfer, the rights and privileges herein conferred upon the Holder shall automatically extend to and be vested in, and become an obligation of, such transferee or assignee, all subject to the terms and conditions hereof. In connection with a proposed Non-Public Transfer, a Holder may disclose all documents and information which it now or hereafter may have relating to the New Notes, this Agreement, the Indenture, the Transaction Documents, the Corporation, any other Persons referred to herein or any of the business of any of the foregoing entities to any prospective assignee or transferee (and such Holder hereby agrees to inform such prospective assignee or transferee that such documentation and information may be deemed non-public information).

SECTION 8.6 Descriptive Headings. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

SECTION 8.7 Governing Law. THIS AGREEMENT AND THE NEW NOTES SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW.

SECTION 8.8 Service of Process. The Corporation (a) hereby irrevocably submits itself to the jurisdiction of the state courts of the State of New York and to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, the New Notes, the other Transaction Documents or the subject matter hereof or thereof brought by the Holder or their successors or assigns and (b) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the

subject matter hereof may not be enforced in or by such court. The Corporation hereby consents to service of process by registered mail at the address to which notices are to be given. The Corporation agrees that its submission to jurisdiction and its consent to service of process by mail is made for the express benefit of the Holder. Final judgment against the Corporation in any such action, suit or proceeding shall be conclusive and may be enforced in other jurisdictions (a) by suit, action or proceeding on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and of the amount of any indebtedness or liability of the Corporation therein described or (b) in any other manner provided by or pursuant to the laws of such other jurisdiction; provided, however, that the Holder may at its option bring suit or institute other judicial proceedings against the Corporation or any of the Corporation's or its assets in any state or federal court of the United States or in any country or place where the Corporation or such assets may be found.

SECTION 8.9 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

SECTION 8.10 No Adverse Interpretation of Other Agreements. This Agreement may not be used to interpret another agreement, indenture, loan or debt agreement of the Corporation or any Subsidiary. Any such agreement, indenture, loan or debt agreement may not be used to interpret this Agreement.

SECTION 8.11 Waiver of Jury Trial. THE CORPORATION HEREBY WAIVES TRIAL BY JURY IN ANY LITIGATION, SUIT OR PROCEEDING, IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT, THE INDENTURE, THE NEW NOTES, ANY OTHER TRANSACTION DOCUMENTS, OR ANY INSTRUMENT OR DOCUMENT DELIVERED PURSUANT TO THIS AGREEMENT, THE INDENTURE, THE NEW NOTES OR ANY OTHER TRANSACTION DOCUMENT, OR THE VALIDITY, PROTECTION, INTERPRETATION, COLLECTION OR ENFORCEMENT, THEREOF.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CONTINENTAL AIRLINES, INC.

By:_____
Name:
Title:

SPARTAN HIGH INCOME FUND

By:_____
Name:
Title:

Wire Instruction Information:
The Bank of New York/Cust
ABA #: 021-000-018
Acct #: 114673/Spartan
High Income Fund
Transaction
Description: Continental
Contact: Jeff Wredy
Telephone No.: 212-495-3395
Telecopy No.: (212) 495-2884
or 2885

Notice Information:
Spartan High Income Fund
Fidelity Investments

82 Devonshire Street - F7E

Boston, Massachusetts 02109
Attention: Portfolio Manager
Telephone No.: (617) 563-7882

Telecopy No.: (617) 476-3316

with copies to:
Robert M. Gervis, Esq.
Associate General Counsel
Fidelity Investments
82 Devonshire Street - F7D
Boston, Massachusetts 02109
Telephone No.: (617) 563-6048
Telecopy No.: (617) 476-7774

Limitation of Liability: Spartan High Income Fund ("Holder") is a Massachusetts business trust. A copy of the Holder's Declaration of Trust (under the name Fidelity Fixed-Income Trust) is on file with the Secretary of State of the Commonwealth of Massachusetts. Each of the parties hereto acknowledges and agrees that this Agreement is not executed on behalf of any of the trustees of Holder as individuals and the obligations of this Agreement are not binding upon any of the trustees, officers, employees or beneficiaries of Holder individually but are binding only upon the assets and property of Holder. The Corporation agrees that no beneficiary, trustees, employee or officer of Holder may be held personally liable or responsible for any obligations of Holder arising out of this Agreement. With respect to obligations of Holder arising out of this Agreement, the Corporation shall look for payment or satisfaction of any claim solely to the assets and property of Holder. The Corporation is expressly put on notice that the rights and obligations of each series of shares of the Holder under its Declaration of Trust are separate and distinct from those of any and all series.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CONTINENTAL AIRLINES, INC.

By:_____
Name:
Title:

FIDELITY GALILEO FUND, L.P.
By: Fidelity Galileo Corp.,
general partner

By:_____
Name:
Title:

Wire Instruction Information:
Chase Manhattan Bank, NY
ABA #: 021-000-021
F/A/O Goldman Sachs & Co.
A/C #930-1-011483/Fidelity
Galileo Fund, L.P.
F/F/C Fidelity Galileo
Fund, L.P.
A/C #022-02918-9/Fidelity
Galileo Fund, L.P.
Contact: Jay Adames
Telephone No.: 212-902-4739
Telecopy No.: (212) 346-4054

Notice Information:
Fidelity Galileo Fund, L.P.
Fidelity Investments
82 Devonshire Street - F7E
Boston, Massachusetts 02109
Attention: Portfolio Manager
Telephone No.: (617) 563-7882
Telecopy No.: (617) 476-3316

with copies to:
Robert M. Gervis, Esq.
Associate General Counsel
Fidelity Investments
82 Devonshire Street - F7D
Boston, Massachusetts 02109
Telephone No.: (617) 563-6048
Telecopy No.: (617) 476-7774

Limitation of Liability: Fidelity Galileo Fund, L.P. ("Holder") is a Delaware limited partnership. Each of the parties hereto

acknowledges and agrees that this Agreement is not executed on behalf of any of the partners of Holder as individuals and the obligations of this Agreement are not binding upon any of the partners, officers, employees or beneficiaries of Holder individually but are binding only upon the assets and property of Holder. The Corporation agrees that no beneficiary, partner, employee or officer of Holder may be held personally liable or responsible for any obligations of Holder arising out of this Agreement. With respect to obligations of Holder arising out of this Agreement, the Corporation shall look for payment or satisfaction of any claim solely to the assets and property of Holder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CONTINENTAL AIRLINES, INC.

By:_____
Name:
Title:

GOLDMAN, SACHS & CO.

By:_____
Name:
Title:

Wire Instruction Information:
Chase Manhattan Bank, NY
ABA #: 021-0000-21
Goldman Sachs & Co.
A/C #930-1-011483/Goldman, Sachs & Co.
Attn: Kathy Martin

Notice Information:
Goldman, Sachs & Co.
85 Broad Street
New York, NY 10004

Attn: Jonathan Kolatch
Telephone No.: (800) 882-3211
Telecopy No.: (212) 902-9492

EXHIBIT A

HOLDER NAME	INTEREST IN OLD NOTE	PRINCIPAL OF NEW NOTE
Belmont Capital Partners II, L.P.	61.33385%	$39,895,683.47
Spartan High Income Fund	15.46646%	$10,060,431.44
Fidelity Galileo Fund, L.P.	7.73323%	$ 5,030,215.71
Goldman Sachs & Co.	15.46646%	$10,060,431.44
Total:	100.00000%	$65,046,762.06

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into as September 29, 1995 by and among Continental Airlines, Inc., a Delaware corporation (the "Corporation"), and each of the Persons executing a signature page hereto (herein referred to collectively as the "Holders" and individually as a "Holder").

This Agreement is made pursuant to those certain Exchange Agreements dated as of the date hereof by and between the Corporation and each of the Holders (collectively, the "Exchange Agreements"). In order to induce the Holders to enter into their respective Exchange Agreements and to consummate the Exchange (as defined therein), the Corporation has agreed to provide the registration rights set forth in this Agreement for the benefit of the Holders, from time to time, of Registrable Securities (as hereinafter defined). The execution of this Agreement is a condition to the closing of the transactions contemplated by the Exchange Agreement.

In consideration of the foregoing, the parties hereby agree as follows:

1. Definitions.

Capitalized terms used herein without definition shall have the respective meanings given such terms as set forth in the Exchange Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Advice" has the meaning set forth in Section 7.

"Business Day" means any day other than a day on which banks are authorized or required to be closed in New York, New York or Houston, Texas.

"Commission" means the Securities and Exchange Commission.

"Consummate" or "Consummation" means, with respect to an Exchange Offer hereunder, (a) the filing and causing to become effective under the Securities Act of a Registration Statement covering the Exchange Offer, (b) the maintenance of such Registration Statement continuously effective for the period required by Section 3(a) hereof, and (c) the delivery by the Corporation to the registrar under the Indenture of the Exchange Securities in the same aggregate principal amount as the aggregate principal amount of Registrable Securities tendered by Holders pursuant to an Exchange Offer.

"Corporation" has the meaning set forth in the Preamble and shall include the Corporation's successors by merger, acquisition, reorganization or otherwise.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Exchange Agreement" has the meaning set forth in the preamble.

"Exchange Offer" means the offer to exchange any of the Registrable Securities for Exchange Securities made by the Corporation pursuant to Section 3.

"Exchange Securities" means the Corporation's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 to be issued in accordance with the Indenture and which are identical to the Registrable Securities in all material respects except that they have been registered pursuant to an effective Registration Statement under the Securities Act.

"Holder" or "Holders" means any holder of record of the Registrable Securities.

"Holders' Counsel" means Goodwin, Procter & Hoar, special counsel to the Holders, or any one successor counsel or firm of counsel selected by Holders of a majority of the aggregate principal amount of Registrable Securities.

"Indenture" means the Indenture of even date herewith between the Corporation and the Trustee, pursuant to which the Registrable Securities are being issued and the Exchange Securities may be issued, as amended, modified or supplemented from time to time, together with any exhibits, schedules or other attachments thereto.

"Inspectors" has the meaning set forth in Section 7(m).

"Issue Date" means the date on which the New Notes are issued to the Holders pursuant to the Exchange Agreements.

"NASD" has the meaning set forth in Section 7(p).

"New Notes" means the Corporation's 10.22% Series A Unsecured Sinking Fund Notes due July 1, 2000 issued pursuant to the Exchange Agreements and in accordance with the Indenture in an aggregate principal amount of $65,046,762.06.

"Majority Holders" means, in connection with any Registration Statement, the Holders of a majority of the aggregate principal amount of Registrable Securities registered under such Registration Statement.

"Objection Notice" has the meaning set forth in Section 7(a).

"Permitted Suspension Period" shall have the meaning set forth in Section 7.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock corporation, trust, unincorporated organization or government or other agency or political subdivision thereof.

"Prospectus" means the prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Securities covered by such Registration Statement, and all other amendments and supplements to the prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

"Records" shall have the meaning set forth in Section 7(m).

"Registrable Securities" means the New Notes until such time as (i) such New Notes have been exchanged for the Exchange Securities pursuant to an Exchange Offer in accordance with Section 3 hereof, (ii) a Registration Statement covering such New Notes prepared pursuant to Section 4 hereof has been declared effective and such New Notes have been disposed of pursuant to such effective Registration Statement, (iii) such New Notes are transferred to the public pursuant to Rule 144, or (iv) such New Notes are saleable pursuant to Rule 144(k) and new certificates therefor not bearing a legend restricting transfer shall have been delivered in exchange therefor by the Corporation and subsequent disposition of such securities shall not require registration or qualification under the Securities Act or any similar state law then in force.

"Registration Expenses" shall have the meaning set forth in Section 8.

"Registration Statement" means any registration statement of the Corporation that covers any of the Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statements, including post-effective amendments, all exhibits, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

"Rule 144" shall have the meaning set forth in Section 10(a).

"Rule 144A" shall have the meaning set forth in Section 10(b).

"Securities" means the Registrable Securities and the Exchange Securities.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Selling Holders" means, in connection with any Registration Statement, the Holders whose Registrable Securities are covered by such Registration Statement.

"Shelf Notice" shall have the meaning set forth in Section 3(b).

"Shelf Registration" shall have the meaning set forth in Section 4(a).

"Suspension Notice" shall have the meaning set forth in Section 7.

"Suspension Period" shall have the meaning set forth in Section 7.

"Target Completion Date" means 270 days after the Issue Date.

"Target Effective Period" shall have the meaning set forth in Section 4(b).

"Trustee" means Bank One, Texas, N.A., as Trustee under the Indenture, or any successor Trustee under the Indenture.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended, or any successor statute, as in effect from time to time.

2. Registration Obligation. The Corporation agrees that on or before the Target Completion Date, it will, in its sole discretion subject only to Section 3(b), either (i) Consummate the Exchange Offer in accordance with Section 3 or (ii) cause the Shelf Registration to be declared and kept effective in accordance with Section 4.

3. Exchange Offer.

(a) Subject to Section 2, the Corporation shall (i) use its reasonable best efforts to cause to be filed with the Commission as soon as practicable after the date hereof a Registration Statement with respect to the Exchange Offer, (ii) use its reasonable best efforts to cause such Registration Statement to be declared effective as soon as practicable after such filing date and (iii) use its reasonable best efforts to cause the Consummation of the Exchange Offer as soon as practicable thereafter but in no event later than the Target Completion Date. The Exchange Offer will be registered under the Securities Act on the appropriate form selected by the Corporation and duly registered or qualified under applicable state securities or blue sky laws and will comply with all applicable tender offer rules and regulations under the Exchange Act and state securities or blue sky laws. Each of the Holders represents (and any Person who shall hereafter become a Holder

shall be deemed to have represented) that it its not an "affiliate" of the Corporation (as such term is defined in Rule 405 of the Securities Act) and that any Exchange Securities received by it will be acquired in the ordinary course of its business and that, at the time of the Consummation of the Exchange Offer, such Holder will have no arrangement or understanding with any Person or the intent to enter into any such arrangement or understanding to participate in the distribution of the Exchange Securities. The Corporation further agrees to supplement or amend the Registration Statement filed in respect of the Exchange Offer to the extent required by applicable law, rules or regulations or by the instructions applicable to the registration form used by the Corporation for such Registration Statement. The Corporation shall keep the Registration Statement relating to the Exchange Offer continuously effective for a period of not less than the minimum period required under applicable federal and state securities laws; provided, however, that (i) the Exchange Offer shall remain open and (ii) the Registration Statement relating to the Exchange Offer shall remain continuously effective for a period of at least 20 consecutive Business Days. Upon Consummation of an Exchange Offer in accordance with this Section 3, the provisions of this Agreement shall continue to apply; provided that the Corporation (i) shall have no further obligations under Sections 5 and 6 and may omit to comply with such of the procedures set forth in Section 7 as are required to be complied with only in connection with a Shelf Registration or as may be appropriate under the circumstances without adversely affecting the interests of the Holders of Registrable Securities under this Agreement, taken as a whole, and (ii) shall have no further obligation to register Registrable Securities pursuant to Sections 2, 3 or 4 of this Agreement.

(b) If, prior to the Consummation of the Exchange Offer,

(i) the Corporation reasonably determines that because of a change in law or applicable interpretations thereof by the Commission's staff, the Corporation is not permitted to effect an Exchange Offer as contemplated by this Section 3 or (ii) the Holders of at least 25% of the aggregate principal amount of Registrable Securities, who were Holders on or prior to the date the Corporation caused to be filed with the Commission a Registration Statement with respect to the Exchange Offer, determine based upon a written opinion of counsel to such effect (and deliver notice thereof (including a copy of such opinion of counsel) to the Corporation) that because of a change in law or applicable interpretations thereof by the Commission's staff, that (A) the Exchange Securities would not, upon receipt, be tradeable by each such Holder without restriction under the Securities Act and the Exchange Act and without material restrictions under applicable blue sky or state securities laws, (B) the Commission is unlikely to permit the Consummation of the Exchange Offer, (C) the participation of such Holders in the Exchange Offer is not legally permitted or (D) a court decision or administrative action may be reasonably expected to have a material adverse effect on such Holders in the event such Holders participated in the Exchange Offer,

then the Corporation shall promptly deliver to the Holders and the Trustee notice thereof (the "Shelf Notice") and shall file a Shelf Registration pursuant to Section 4. The parties hereto agree that, following the delivery of a Shelf Notice, the Corporation shall have no further obligation under this Section 3.

4. Shelf Registration.

(a) If the Corporation elects pursuant to Section 2 to not effect the Exchange Offer or if the Corporation is required to deliver a Shelf Notice as contemplated by Section 3(b), then the Corporation shall use its reasonable best efforts to prepare and file with the Commission as soon as practicable a "shelf"

Registration Statement on the appropriate form selected by the Corporation for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act covering all of the Registrable Securities (the "Shelf Registration"). The Corporation will use its reasonable best efforts to have the Shelf Registration declared effective as soon as practicable, but in any event not later than the Target Completion Date. The Corporation further agrees, if necessary, to supplement or amend the Shelf Registration, as required by the registration form used by the Corporation for such Shelf Registration or by the instructions applicable to such registration form or by the Securities Act, and the Corporation agrees to furnish to Holders' Counsel and any managing underwriter (if any) copies of any such supplement or amendment prior to its being used and/or filed with the Commission. Holders of Registrable Securities shall be permitted to withdraw all or any part of the Registrable Securities from a Shelf Registration at any time prior to the effective date of such Shelf Registration.

(b) Once a Shelf Registration is effective pursuant to Section 4(a), the Corporation will use its reasonable best efforts to keep such Shelf Registration continuously effective for a period (the "Target Effective Period") of at least 36 months following the date on which such Shelf Registration is declared effective (or such shorter period which will terminate when all Registrable Securities covered by such Shelf Registration have been sold or withdrawn, but not prior to the expiration of the applicable period referred to in Section 4(3) of the Securities Act and Rule 174 thereunder, if applicable); provided, however, that with respect to such Shelf Registration (x) the Corporation may suspend use of such Shelf Registration at any time if the continued effectiveness thereof would require the Corporation to disclose a material financing, acquisition or other corporate transaction, which disclosure the Board of Directors of the Corporation shall have determined in good faith is not in the best interests of the Corporation and its stockholders and (y) the Corporation may suspend use of such Shelf Registration during any period if each of the Corporation and the Majority Holders consents in writing to such suspension for such period.

(c) If the Majority Holders so elect, the offering of Registrable Securities pursuant to a Shelf Registration shall be in the form of an underwritten offering. If they so elect, the Majority Holders shall select one or more nationally recognized firms of investment bankers to act as the book-running managing underwriter or underwriters in connection with such offering; provided that such selection shall be subject to the consent of the Corporation, which consent shall not be unreasonably withheld.

(d) The Corporation may require each Holder of Registrable Securities to which such Shelf Registration relates to furnish to the Corporation such information concerning the Holder and the distribution of the Registrable Securities held by such Holder as the Corporation may from time to time reasonably request. Prior to the filing of the initial Shelf Registration and, if requested by the Corporation, the filing of any amendments or supplements thereto, each Holder of Registrable Securities to which such Shelf Registration relates or its counsel or agent or representative shall deliver to the Corporation written confirmation that neither the Shelf Registration, nor the Prospectus contained therein, contains any untrue statement of a material fact relating to such Holder nor omits to state a material fact with respect to such Holder necessary to make the statements therein not misleading; provided, however, that a Holder's failure to deliver such written confirmation shall in no way relieve such Holder from liability under Section 9.

5. Liquidated Damages.

(a) If on the Target Completion Date neither the Exchange Offer has been Consummated in accordance with Section 3 nor the Shelf Registration has been declared and remains

effective in accordance with Section 4, the Corporation shall pay liquidated damages to each Holder in an amount equal to $.10 per $1,000 outstanding principal amount of the Registrable Securities per week beginning on the Target Completion Date. The weekly liquidated damages associated with a late Consummation of the Exchange Offer or a late declaration of effectiveness of the Shelf Registration, as the case may be, shall increase by an amount equal to an additional $.05 per $1,000 outstanding principal amount of the Registrable Securities 90 days after the Target Completion Date, and shall thereafter further increase by additional increments equal to $.05 per $1,000 outstanding principal amount at the end of each subsequent 90 day period for so long as the Exchange Offer is not Consummated or the Shelf Registration is not declared effective, as the case may be.

If during the Target Effective Period, a stop order is imposed or if for any other reason the effectiveness of the Shelf Registration is suspended and such suspension is not a Permitted Suspension Period (defined in the second to last paragraph of Section 7 below), then the Corporation shall pay liquidated damages to each Holder of Registrable Securities then covered by such Shelf Registration and remaining unsold in an amount equal to $.10 per $1,000 outstanding principal amount of Registrable Securities per week. Such liquidated damages shall commence accruing (i) on the day such stop order is imposed or such effectiveness is otherwise suspended if the suspension is not deemed a Permitted Suspension Period, or (ii) if such suspension is initially deemed a Permitted Suspension Period but then exceeds the 15-day period referred to the second to last paragraph of Section 7, on the 16th day of such suspension. The weekly liquidated damages associated with any such stop order or suspension of effectiveness shall increase by an amount equal to an additional $.05 per $1,000 outstanding principal amount of the Registrable Securities then covered by such Shelf Registration and remaining unsold 90 days after the date the liquidated damages began to accrue for said stop order or suspension, and shall thereafter further increase by additional increments equal to $.05 per $1,000 principal amount of Registrable Securities then covered by such Shelf Registration and remaining unsold at the end of each subsequent 90 day period for so long as such stop order continues or the effectiveness remains suspended.

(b) The Corporation shall pay the liquidated damages due with respect to the Registrable Securities by depositing with the Trustee or paying agent under the Indenture, in trust, for the benefit of the Holders of Registrable Securities which are entitled to such liquidated damages in accordance with this Section 5, on or prior to any Interest Payment Date (as defined in the Indenture), in federal or other immediately available funds, sums sufficient to pay the liquidated damages then due. Liquidated damages not previously paid, if any, shall be payable on each such Interest Payment Date, and the liquidated damages shall be paid to the record holders of such Registrable Securities (as of the record date with respect to each applicable Interest Payment Date) entitled to receive such liquidated damages. The Corporation shall notify the Trustee immediately after the occurrence of each and every event which, pursuant to this Section 5, results in any liquidated damages being payable with respect to the Registrable Securities.

(c) The liquidated damages to be paid to Holders pursuant to this Section 5 shall be deemed to commence accruing on the day in which the event triggering such liquidated damages occurs and shall cease to accrue, (i) with respect to the liquidated damages for failure to Consummate the Exchange Offer or to have the Shelf Registration declared effective, on or prior to the Target Completion Date, on the day after the Exchange Offer is Consummated or the Shelf Registration is declared effective, as the case may be, or (ii) with respect to the liquidated damages for the suspension of effectiveness, on the day after the reinstatement of effectiveness of the Shelf Registration; provided, however, that in no event shall liquidated damages accrue or be payable in respect of any Permitted Suspension Periods.

(d) The parties hereto agree that (i) the liquidated damages provided for in this Section 5 constitute a reasonable estimate of the damages that will be suffered by each Holder entitled to such liquidated damages by reason of the failure (A) to Consummate the Exchange Offer or to have the Shelf Registration Statement declared effective, on or prior to the Target Completion Date, as the case may be, or (B) to keep the Shelf Registration effective in accordance with this Agreement and (ii) such liquidated damages shall be the sole remedy of each such Holder with respect to the matters set forth in this Section 5.

6. Trust Indenture Act Qualification; Rating.

At or prior to the effectiveness of the Exchange Offer or the Shelf Registration:

(a) Qualification under Trust Indenture Act. The Corporation will qualify the Indenture relating to the Registrable Securities and the Exchange Securities under the Trust Indenture Act, and shall use its reasonable best efforts to effect such registration to permit the sale of such Registrable Securities or the exchange of the Exchange Securities in accordance with the intended method or methods of disposition thereof; and

(b) Rating. If notified by a nationally recognized rating agency that the Registrable Securities are being rated, or in the event of an Exchange Offer the Exchange Securities are being rated, the Corporation agrees to cooperate in providing customary written information and making a presentation to such agency.

7. Registration Procedures.

In connection with the registration obligations of the Corporation pursuant to the terms and conditions of this Agreement, the Corporation shall:

(a) prior to filing a Registration Statement or Prospectus or any amendments or supplements thereto, excluding for purposes of this Section 7(a) documents incorporated by reference after the initial filing of the Registration Statement, furnish to Holders' Counsel and the underwriters, if any, draft copies of all such documents proposed to be filed at least ten (10) Business Days prior thereto, which documents will be subject to the review of such Holders' Counsel and the underwriters, if any. The Corporation will not, unless required by law, file any Registration Statement or amendment thereto or any Prospectus or any supplement thereto to which Majority Holders shall reasonably object pursuant to notice given to the Corporation prior to the filing of such amendment or supplement (the "Objection Notice") and no later than five (5) Business Days after receipt of the documents to which the Objection Notice relates. The Objection Notice shall set forth the objections and the specific areas in the draft documents where such objections arise. The Corporation will make the corrections reasonably requested by such Majority Holders in the Objection Notice prior to filing any document to which the Objection Notice relates;

(b) promptly prepare and file with the Commission such amendments and post-effective amendments to the Registration Statement as may be necessary to keep such Registration Statement effective for the period required pursuant to Section 3 or Section 4, as the case may be; cause the Prospectus to be supplemented by any required Prospectus supplement, and, as so supplemented, to be filed pursuant to Rule 424 under the Securities Act; and comply with the provisions of the Securities Act applicable to it with respect to the disposition of all Registrable Securities covered by such Registration Statement during the applicable period in accordance with the intended methods of disposition by the Selling Holders set forth in such Registration Statement or supplement to the Prospectus;

(c) promptly furnish to any Selling Holder and the

underwriters, if any, without charge, such number of conformed copies of such Registration Statement and any post-effective amendment thereto and such number of copies of the Prospectus (including each preliminary Prospectus) and any amendments or supplements thereto, and any documents incorporated by reference therein, as such Selling Holder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities being sold by such Selling Holder (it being understood that the Corporation consents to the use of the Prospectus and any amendment or supplement thereto by each Selling Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by the Prospectus or any amendment or supplement thereto);

(d) on or prior to the date on which the Registration Statement is declared effective, use its reasonable best efforts to register or qualify such Registrable Securities under such other securities or "blue sky" laws of such jurisdictions as any Selling Holder reasonably requests and do any and all other acts and things which may be reasonably necessary to enable such Selling Holder to consummate the disposition in such jurisdictions of such Registrable Securities owned by such Selling Holder; use its reasonable best efforts to keep each such registration or qualification (or exemption therefrom) effective during the period which such Registration Statement is required to be kept effective; and use its reasonable best efforts to do any and all other acts or things reasonably necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the applicable Registration Statement; provided that the Corporation 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 general service of process or to taxation in any such jurisdiction where it is not then so subject;

(e) use its reasonable best efforts to cause the Registrable Securities covered by such Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be reasonably necessary by virtue of the business and operations of the Corporation to enable the Selling Holders to consummate the disposition of such Registrable Securities in accordance with the plan of distribution set forth in the applicable Registration Statement;

(f) promptly notify each Selling Holder (or Holders' Counsel) and any underwriter and (if requested by any such Person) confirm such notice in writing, (i) of any request by the Commission or any state securities authority for amendments and supplements to a Registration Statement or Prospectus or for additional information after the Registration Statement has become effective, (ii) when a Prospectus or any Prospectus supplement or post-effective amendment has been filed and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement or the initiation or threatening of any proceedings for that purpose, (iv) of the issuance by any state securities commission or other regulatory authority of any order suspending the qualification or exemption from qualification of any of the Registrable Securities under state securities or "blue sky" laws or the initiation of any proceedings for that purpose, (v) at the closing of any sale of Registrable Securities, if, between the effective date of the Registration Statement and such closing, the representations and warranties of the Corporation contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to the offering cease to be true and correct in all material respects, and (vi) of the happening of any event which makes any statement made in a Registration Statement or related Prospectus untrue or which requires the making of any changes in such Registration Statement, Prospectus or documents so that they will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and, as promptly as practicable thereafter, prepare

and file with the Commission and furnish a supplement or amendment to such Prospectus so that, as thereafter deliverable to the Holders of such Registrable Securities, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(g) make generally available to the Holders an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 under the Securities Act no later than fifteen (15) months after the effective date of a Registration Statement;

(h) promptly use its reasonable best efforts to prevent the issuance of any order suspending the effectiveness of a Registration Statement, and if one is issued, use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement at the earliest possible moment;

(i) if requested by the managing underwriter or underwriters, if any, Holders' Counsel, or any Selling Holder, promptly prepare and file an amendment to a Registration Statement to include therein (and incorporate in the related Prospectus supplement or post-effective amendment) such information as the managing underwriter or underwriters or Holders' Counsel reasonably requests to be included therein relating to the Selling Holders, the underwriters, the "Plan of Distribution" of the Registrable Securities, the principal amount of Registrable Securities being sold by such Selling Holder to such underwriter or underwriters, the purchase price being paid therefor by such underwriter or underwriters and with respect to any other terms of the underwritten offering of the Registrable Securities to be sold in such offering, and promptly make all required filings of such Prospectus supplement or post-effective amendment;

(j) as promptly as practicable after filing with the Commission of any document which is incorporated by reference into a Registration Statement (in the form in which it was incorporated), deliver a copy of each such document to each of the Selling Holders and to Holders' Counsel upon their respective request;

(k) cooperate with the Selling Holders and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates (which shall not bear any restrictive legends unless required under applicable law and shall be in a form eligible for deposit with Depository Trust Corporation) representing securities sold under such Registration Statement, and enable such securities to be in such denominations authorized by the terms of the Indenture and registered in such names as the managing underwriter or underwriters, if any, or such Selling Holders may request and keep available and make available to the Corporation's transfer agent prior to the effectiveness of such Registration Statement a supply of such certificates;

(l) if applicable, enter into such customary agreements (including an underwriting agreement in customary form) and take such other actions as the Majority Holders or the underwriters retained by Selling Holders participating in an underwritten public offering, if any, may reasonably request in order to expedite or facilitate the disposition of such Registrable Securities;

(m) in connection with the preparation and filing of a Registration Statement, provide any Selling Holder, any underwriter participating in any disposition pursuant to such Registration Statement, and any attorney, accountant or other agent or representative retained by any such Selling Holder or underwriter (collectively, the "Inspectors") with reasonable access to its books and records (collectively, the "Records") and such opportunities to discuss the business of the Corporation

with the Corporation's officers and the independent public accountants who have certified its financial statements as shall be necessary in the reasonable opinion of Holders' Counsel to conduct a reasonable investigation within the meaning of the Securities Act; provided that, unless the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the Registration Statement or the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, the Corporation shall not be required to provide any information under this paragraph (m) if the Corporation believes, after consultation with counsel for the Corporation and counsel for the Holders, that to do so would cause the Corporation to forfeit an attorney-client privilege that was applicable to such information or if either (i) the Corporation has requested and been granted from the Commission confidential treatment of such information contained in any filing with the Commission or documents provided supplementally or otherwise or (ii) the Corporation reasonably determines in good faith that such Records are confidential and so notifies the Inspectors in writing unless, prior to furnishing any such information with respect to (i) or (ii), such Holder of Registrable Securities requesting such information agrees to enter into a confidentiality agreement in customary form and subject to customary exceptions; and provided further that each Holder of Registrable Securities agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Corporation and allow the Corporation at its expense, to undertake appropriate action and to prevent disclosure of the Records deemed confidential;

(n) use reasonable efforts to obtain a cold comfort letter from the Corporation's independent public accountants in customary form and covering such matters of the type customarily covered by cold comfort letters as the Majority Holders may request;

(o) provide a CUSIP number of all Registrable Securities or Exchange Securities, as the case may be, covered by a Registration Statement not later than the effective date of such Registration Statement;

(p) cooperate with each Selling Holder and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers ("NASD");

(q) during the period when the Prospectus is required to be delivered under the Securities Act, file in a timely manner all documents required to be filed with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act; and

(r) appoint a transfer agent and registrar for all Registrable Securities or Exchange Securities, as the case may be, covered by a Registration Statement not later than the effective date.

Each Selling Holder, upon receipt of any notice from the Corporation of the happening of any event of the kind described in subsection (f) (i), (iii), (iv) or (vi) of this Section 7 or the proviso to subsection (b) of Section 4 (a "Suspension Notice"), shall forthwith discontinue disposition of the Registrable Securities pursuant to the Registration Statement relating thereto until such Selling Holder receives copies of the supplemented or amended Prospectus contemplated hereby or until it is advised in writing (the "Advice") by the Corporation that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated by reference in the Prospectus, and, if so directed by the Corporation, such Selling Holder will, or will request the managing underwriter or underwriters, if any, to, deliver to the Corporation (at the Corporation's expense) all copies, other than permanent file copies then in such Selling Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. The period from the date on

which any Holder receives a Suspension Notice to the date on which any Holder receives either the Advice or copies of the supplemented or amended Prospectus contemplated hereby relating to such notice shall hereinafter be referred to as a "Suspension Period". A Suspension Period shall constitute a "Permitted Suspension Period" for purposes of Section 5 hereof if the following conditions are met: (i) during the twelve consecutive month period immediately prior to the commencement of such Suspension Period, the Corporation has not already given three (3) or more Suspension Notices; (ii) such Suspension Period does not exceed fifteen (15) days; and (iii) such Suspension Period has commenced not earlier than forty-five (45) days after the termination of the most recent prior Suspension Period. In the event that the Corporation shall give any Suspension Notice, (i) the Corporation shall use its best efforts and take such actions as are reasonably necessary to render Advice and end the Suspension Period as promptly as practicable and (ii) the time periods for which a Registration Statement is required to be kept effective pursuant to Sections 3 or 4, as the case may be, hereof shall be extended by the number of days during the period from and including the date of the giving of such Suspension Notice to and including the date when each Selling Holder shall have received (A) the copies of the supplemented or amended Prospectus contemplated by Section 7(f) or (B) the Advice.

If any Registration Statement refers to any Selling Holder by name or otherwise as the holder of any securities of the Corporation, then such Selling Holder shall have the right to require (i) the insertion therein of language, in form and substance reasonably satisfactory to such Selling Holder, to the effect that the holding by such Selling Holder of such securities is not to be construed as a recommendation by such Selling Holder of the investment quality of the Corporation's securities covered thereby and that such holding does not imply that such Selling Holder will assist in meeting any future financial requirements of the Corporation, or (ii) in the event that such reference to such Selling Holder by name or otherwise is not required by the Securities Act or any similar federal or state "blue sky" statute and the rules and regulations thereunder then in force, the deletion of the reference to such Selling Holder.

8. Registration Expenses.

Any and all expenses incident to the Corporation's performance of or compliance with the registration requirements this Agreement, including without limitation, all Commission and securities exchange or NASD registration and filing fees, fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), rating agency fees, printing expenses, messenger and delivery expenses, internal expenses (including, without limitation, all salaries and expenses of the Corporation's officers and employees performing legal or accounting duties), and reasonable fees and disbursements of counsel for the Corporation and its independent certified public accountants (including the expenses of any special audit or "cold comfort" letters required by or incident to such performance), Securities Act liability insurance (if the Corporation elects to obtain such insurance), the fees and expenses of any special experts retained by the Corporation in connection with such registration, reasonable fees and expenses of other Persons retained by the Corporation, and the reasonable fees and expenses of Holders' Counsel and any reasonable out-of-pocket expenses of the Holders incurred in connection with each registration hereunder (but not including any underwriting fees, discounts or commissions and transfer taxes, if any, attributable to the sale of Registrable Securities, all of which shall be paid by the Holders) (all such expenses being herein called "Registration Expenses"), will be borne by the Corporation whether or not the Exchange Offer or the Shelf Registration, as the case may be, becomes effective.

9. Indemnification; Contribution.

(a) Indemnification by the Corporation. The

Corporation agrees to indemnify and hold harmless, to the full extent permitted by law, each Selling Holder, its partners, trustees, stockholders, officers, directors, employees, agents, investment advisers and each Person who controls such Selling Holder (within the meaning of the Securities Act), from and against all losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees and costs of investigation) arising out of or based upon any untrue or alleged untrue statement of material fact contained in any Registration Statement under which the Registrable Securities of such Selling Holder were registered, any amendment or supplement thereto, any Prospectus or preliminary Prospectus or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same arise out of or are based upon any such untrue statement or alleged untrue statement or omission or alleged omission based upon information with respect to such Selling Holder furnished in writing to the Corporation by or on behalf of such Selling Holder expressly for use therein or arise out of or are based upon such Selling Holder's failure to deliver or cause to be delivered to the Corporation all copies of the Prospectus requested by the Corporation to be delivered pursuant to Section 7 above; provided that, in the event that the untrue statement or omission of material fact contained in the preliminary Prospectus shall have been corrected and current copies of such corrected Prospectus shall have been furnished to a Selling Holder, such indemnity with respect to the preliminary Prospectus shall not inure to the benefit of such Selling Holder or any other Indemnified Person if it was the responsibility of such Selling Holder to provide the Person asserting such loss, claim, damage or liability with a current copy of the corrected Prospectus and such Person did not receive a current copy of such corrected Prospectus; and provided further that, in the event that the Prospectus shall have been amended or supplemented and copies thereof, as so amended or supplemented, shall have been furnished to a Selling Holder prior to the confirmation of any sales of Registrable Securities, such indemnity with respect to the Prospectus shall not inure to the benefit of such Selling Holder if the Person asserting such loss, claim, damage or liability and who purchased the Registrable Securities from such Selling Holder did not, at or prior to the confirmation of the sale of the Registrable Securities to such Person, receive a copy of the Prospectus as so amended or supplemented and the untrue statement or omission of a material fact contained in the Prospectus was corrected in the Prospectus as so amended or supplemented. In connection with an underwritten offering, the Corporation will indemnify the underwriters thereof, 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 Selling Holders of Registrable Securities except with respect to information provided by the underwriter specifically for inclusion therein. Such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of a Selling Holder or any such director, officer, employee, agent or participating or controlling Person and shall survive the transfer of such securities by such prospective seller.

(b) Indemnification by Selling Holders of Registrable Securities. In connection with any Registration Statement in which a Selling Holder is participating, each such Selling Holder will furnish to the Corporation in writing such information with respect to the name and address of such Selling Holder and such other information as may be reasonably required for use in connection with any such Registration Statement or Prospectus and agrees to indemnify (and the inclusion of any such Selling Holder's Registrable Securities in a Registration Statement filed pursuant to Section 4 shall constitute an agreement by such Selling Holder (which will be confirmed at the reasonable request of the Corporation) to indemnify), to the full extent permitted by law, the Corporation, its directors, officers, employees and agents and each Person who controls the Corporation (within the meaning of the Securities Act) against any losses, claims, damages, liabilities and expenses (including reasonable attorney's fees and costs of investigation) arising out of or

based upon any untrue or alleged untrue statement of a material fact or any omission or alleged omission of a material fact required to be stated in the Registration Statement, Prospectus or preliminary Prospectus or any amendment thereof or supplement thereto or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue or alleged untrue statement is contained in or such omission or alleged omission relates to any information with respect to such Selling Holder so furnished in writing or the accuracy of which was confirmed in writing by such Selling Holder specifically for inclusion therein; provided, however, that such Selling Holder shall not be liable in any such case to the extent that prior to the filing of any such Registration Statement or Prospectus or amendment thereof or supplement thereto, such Selling Holder has furnished in writing to the Corporation information expressly for use in such Registration Statement or Prospectus or any amendment thereof or supplement thereto which corrected or made not misleading information previously furnished to the Corporation. 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 Selling Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation. Such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of the Corporation or any such director, officer, employee, agent or participating or controlling Person and shall survive the transfer of such securities by such prospective seller.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder agrees to give prompt written notice to the indemnifying party after the receipt by such Person of any notice of the commencement of any action, suit, proceeding or investigation or threat thereof for which such Person will claim indemnification or contribution pursuant to this Agreement, provided that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Section 9 except to the extent that the indemnifying party is materially prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, the indemnifying party shall be entitled to participate in and assume the defense thereof with counsel reasonably satisfactory to such indemnified party and after notice from the indemnifying party to such indemnified party of its election to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal fees or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation; provided, however, that if, in such indemnified party's reasonable judgment, a conflict of interest between such indemnified party and indemnifying party may exist with respect to such claim, such indemnified party shall be entitled to separate counsel or firm of counsel at the expense of the indemnifying party; and provided, further, that, unless in the reasonable judgment of any indemnified party there exists a conflict of interest between it and any other indemnified party, all indemnified parties in respect of such claim shall be entitled to only one counsel or firm of counsel for all such indemnified parties. Whether or not such defense is 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 will not be unreasonably withheld). No indemnifying party will 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 a release from all liability in respect of such claim or litigation. If the indemnifying party elects not to assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the reasonable fees and expenses of one additional counsel or firm of

counsel for each such indemnified party for whom a conflict exists. For the purposes of this Section 9(c), the term "conflict of interest" shall mean that there are one or more legal defenses available to the indemnified party that are different from or additional to those available to the indemnifying party or such other indemnified parties, as applicable, which different or additional defenses make joint representation inappropriate.

(d) Contribution. If the indemnification from the indemnifying party provided for in this Section 9 is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to herein (other than for the reasons expressly specified in this Section 9), then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including with respect to any untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 9(c), any reasonable legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 9(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 9(d), no underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no Selling Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities of such Selling Holder were offered to the public (less any underwriting discounts and commissions) exceeds the amount of any damages which such Selling Holder has otherwise been required to pay by reason of such untrue statement or omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. Each Holder's obligation to contribute pursuant to this Section 9(d) is several and not joint.

If indemnification is available under this Section 9, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Sections 9(a) and (b) without regard to the relative fault of said indemnifying party or indemnified party or any other equitable consideration provided for in this Section 9(d).

10. Rule 144 and Rule 144A.

(a) Rule 144. The Corporation covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act (or, if the Corporation is not required to file such reports, it will, upon the request of any Holder,

make publicly available other information with respect to the Corporation within the meaning of paragraph (c)(2) of Rule 144 under the Securities Act), and it will take such further action as any Holder may 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 Rule 144 under the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission ("Rule 144"). Upon the reasonable request of any Holder, the Corporation will deliver to such Holder a written statement as to whether it has complied with such requirements; provided, however, that nothing in this Section 10(a) shall require the Corporation to file reports under the Securities Act or the Exchange Act, to register any of its securities under the Exchange Act, or to make publicly available any information concerning the Corporation at any time when it is not required by law or by any agreement by which it is bound to do any of the foregoing.

(b) Rule 144A. Upon the request of any Holder, the Corporation shall deliver to such Holder within twenty (20) days following receipt by the Corporation of such request, the information required by Rule (d)(4) of Rule 144A under the Securities Act, as such rule may be amended from time to time or any similar rule or regulation hereafter adopted by the Commission ("Rule 144A"), and will take such further action as any Holder may 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 limitations or the exemptions provided by Rule 144A. All information shall be "reasonably current" as defined in Rule 144A.

11. Transfer or Assignment of Registration Rights.

The rights to cause the Corporation to register Registrable Securities granted pursuant to this Agreement may be transferred or assigned by any Holder to a transferee or assignee of any of its Registrable Securities, and any such transfer or assignment shall automatically be deemed to include an assumption by such transferee or assignee of all of the obligations of such Holder hereunder.

12. Miscellaneous.

(a) Other Registration Rights. The Corporation may grant registration rights that would permit any Person the right to piggy-back or may itself exercise its right to piggy-back, on any Shelf Registration, provided that if the managing underwriter or underwriters, if any, of such offering delivers an opinion to the Selling Holders that the total amount of securities which they and the holders of such new piggy-back rights intend to include in any Shelf Registration is so large as to materially and adversely affect the success of such offering (including the price at which such securities can be sold), then only the amount, number or kind of securities to be offered for the account of holders of such new piggy-back rights will be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount, number or kind recommended by the managing underwriter prior to any reduction in the amount of Registrable Securities to be included; and provided further that if such offering is not underwritten, then such piggy-back rights shall only be exercised with the consent of the Majority Holders.

(b) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Corporation has obtained the written consent of Holders of at least a majority of the aggregate principal amount of the Registrable Securities then outstanding which are affected by such amendment, modification, waiver or departure.

(c) Notices. All notices and other communications

provided for or permitted hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or sent by telex or telecopier, registered or certified mail (return receipt requested), postage prepaid or courier to the parties at their respective addresses set forth on the signature pages hereto (or at such other address for any party as shall be specified by like notice, provided that notices of a change of address shall be effective only upon receipt thereof). Notices sent by mail shall be effective two (2) days after mailing; notices sent by telex shall be effective when answered back, notices sent by telecopier shall be effective when receipt is acknowledged, and notices sent by courier guaranteeing next day delivery shall be effective on the next business day after timely delivery to the courier:

(i) if to a Holder, at the most current address given by such Holder to the Corporation in writing;

(ii) if to the Corporation, at its address set forth in the Exchange Agreement with copies as set forth in the Exchange Agreement.

(d) Successors and Assigns. This Agreement shall inure to the benefit of the and be binding upon the respective successors and assigns of the Corporation and each of the Holders.

(e) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(f) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(g) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

(h) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the Holders shall be enforceable to the fullest extent permitted by law.

(i) Entire Agreement. This Agreement, together with the Exchange Agreements and the Indenture, is intended by the parties as a final expression of their agreement and is intended to be the complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, the Indenture and the Exchange Agreements (including the exhibits to each) supersede all prior agreements and understandings between the parties with respect to such subject matter.

(j) Attorneys' Fees. In any action or proceeding brought to enforce any provision of this Agreement or where any provision hereof is validly asserted as a defense, the successful party shall, to the extent permitted by applicable law, be entitled to recover reasonable attorneys' fees in addition to any other available remedy.

(k) Remedies. Except with respect to matters set forth in Section 5, in the event of a breach or a threatened breach by any party to this Agreement of its obligations under this Agreement, any party injured or to be injured by such breach will be entitled to specific performance of its rights under this

Agreement or to injunctive relief, in addition to being entitled to exercise all rights provided in this Agreement and granted by law. Except with respect to matters set forth in Section 5, the parties agree that the provisions of this Agreement shall be specifically enforceable, it being agreed by the parties that the remedy at law, including monetary damages, for objection in any action for specific performance or injunctive relief that a remedy at law would be adequate is waived.

(l) Limitation of Liability. The Corporation acknowledges and agrees that the obligations of each Holder hereunder are limited in the manner and to the extent set forth on such Holder's signature page hereto.

(m) No Third Party Beneficiary. The terms and provisions of this agreement are intended solely for the benefit of each party, their respective successors and permitted assigns and it is not the intention of the parties to confer third-party beneficiary rights upon any other Person other than any Person entitled to indemnity under Section 9.

[Remainder of page intentionally left blank]

REGISTRATION RIGHTS AGREEMENT CORPORATION SIGNATURE PAGE

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

CONTINENTAL AIRLINES, INC.

By:_____
Name:
Title:

Address:
2929 Allen Parkway, Suite 2010
Houston, Texas 77019
Attn: CFO and General Counsel
Fax: (713) 523-2831

With a copy to:

Cleary, Gottlieb, Steen
& Hamilton
One Liberty Plaza
New York, New York 10006
Attn: Stephen H. Shalen
Fax: (212) 225-3999

REGISTRATION RIGHTS AGREEMENT HOLDER SIGNATURE PAGE

BELMONT CAPITAL PARTNERS II, L.P.
By: Fidelity Capital Partners II
Corp., as general partner

By:_____
Name:
Title:

Notice Information:
Belmont Capital Partners II, L.P.
Fidelity Investments
82 Devonshire Street - F7E
Boston, Massachusetts 02109
Attention: Portfolio Manager
Telephone No.: (617) 563-7882

Telecopy No.: (617) 476-3316

with copies to:
Robert M. Gervis, Esq.
Associate General Counsel
Fidelity Investments
82 Devonshire Street - F7D
Boston, Massachusetts 02109
Telephone No.: (617) 563-6048
Telecopy No.: (617) 476-7774

Limitation of Liability: Belmont Capital Partners II, L.P. ("Holder") is a Delaware limited partnership. Each of the parties hereto acknowledges and agrees that this Agreement is not executed on behalf of any of the partners of Holder as individuals and the obligations of this Agreement are not binding upon any of the partners, officers, employees or beneficiaries of Holder individually but are binding only upon the assets and property of Holder. The Corporation agrees that no beneficiary, partner, employee or officer of Holder may be held personally liable or responsible for any obligations of Holder arising out of this Agreement. With respect to obligations of Holder arising out of this Agreement, the Corporation shall look for payment or satisfaction of any claim solely to the assets and property of Holder.

REGISTRATION RIGHTS AGREEMENT HOLDER SIGNATURE PAGE

SPARTAN HIGH INCOME FUND

By:_____
Name:
Title:

Notice Information:
Spartan High Income Fund
Fidelity Investments
82 Devonshire Street - F7E
Boston, Massachusetts 02109
Attention: Portfolio Manager
Telephone No.: (617) 563-7882
Telecopy No.: (617) 476-3316

with copies to:
Robert M. Gervis, Esq.
Associate General Counsel
Fidelity Investments
82 Devonshire Street - F7D
Boston, Massachusetts 02109
Telephone No.: (617) 563-6048
Telecopy No.: (617) 476-7774

Limitation of Liability: Spartan High Income Fund ("Holder") is a Massachusetts business trust. A copy of the Holder's Declaration of Trust (under the name Fidelity Fixed-Income Trust) is on file with the Secretary of State of the Commonwealth of Massachusetts. Each of the parties hereto acknowledges and agrees that this Agreement is not executed on behalf of any of the trustees of Holder as individuals and the obligations of this Agreement are not binding upon any of the trustees, officers, employees or beneficiaries of Holder individually but are binding only upon the assets and property of Holder. The Corporation agrees that no beneficiary, trustees, employee or officer of Holder may be held personally liable or responsible for any obligations of Holder arising out of this Agreement. With respect to obligations of Holder arising out of this Agreement, the Corporation shall look for payment or satisfaction of any claim solely to the assets and property of Holder. The Corporation is expressly put on notice that the rights and obligations of each series of shares of the Holder under its Declaration of Trust are

separate and distinct from those of any and all series.

REGISTRATION RIGHTS AGREEMENT HOLDER SIGNATURE PAGE

FIDELITY GALILEO FUND, L.P.
By: Fidelity Galileo Corp.,
general partner

By:_____
Name:
Title:

Notice Information:
Fidelity Galileo Fund, L.P.
Fidelity Investments
82 Devonshire Street - F7E
Boston, Massachusetts 02109
Attention: Portfolio Manager
Telephone No.: (617) 563-7882
Telecopy No.: (617) 476-3316

with copies to:
Robert M. Gervis, Esq.
Associate General Counsel
Fidelity Investments
82 Devonshire Street - F7D
Boston, Massachusetts 02109
Telephone No.: (617) 563-6048
Telecopy No.: (617) 476-7774

Limitation of Liability: Fidelity Galileo Fund, L.P. ("Holder") is a Delaware limited partnership. Each of the parties hereto acknowledges and agrees that this Agreement is not executed on behalf of any of the partners of Holder as individuals and the obligations of this Agreement are not binding upon any of the partners, officers, employees or beneficiaries of Holder individually but are binding only upon the assets and property of Holder. The Corporation agrees that no beneficiary, partner, employee or officer of Holder may be held personally liable or responsible for any obligations of Holder arising out of this Agreement. With respect to obligations of Holder arising out of this Agreement, the Corporation shall look for payment or satisfaction of any claim solely to the assets and property of Holder.

REGISTRATION RIGHTS AGREEMENT HOLDER SIGNATURE PAGE

GOLDMAN, SACHS & CO.

By:_____
Name:
Title:

Notice Information:
Goldman, Sachs & Co.
85 Broad Street
New York, NY 10004
Attn: Jonathan Kolatch
Telephone No.: (800) 882-3211
Telecopy No.: (212) 902-9492

Exhibit 12

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
CONTINENTAL AIRLINES, INC.
COMPUTATION OF RATIO OF EARNINGS
TO FIXED CHARGES
(IN MILLIONS, EXCEPT FOR COVERAGE RATIO)

	March 31,			
	1996	1995	1995	1994
Earnings:				
Earnings (Loss) Before Income Taxes, Minority Interest and Extraordinary Items	$95	$(28)	$310	$(651)
Plus:				
Interest Expense (a)	47	53	213	241
Capitalized Interest	(1)	(1)	(6)	(17)
Amortization of Capitalized Interest	1	1	2	1
Portion of Rental Expense Representative of Interest Expense (a)	89	89	360	337
Adjusted Earnings (Loss)	231	114	879	(89)
Fixed Charges:				
Interest Expense (a)	47	53	213	241
Portion of Rental Expense Representative of Interest Expense (a)	89	89	360	337
Total Fixed Charges	136	142	573	578
Coverage Adequacy (Deficiency)	$95	$(28)	$306	$(667)
Coverage Ratio	1.70	n/a	1.53	n/a

	4/28/93 through 12/31/93	1/1/93 through 4/27/93	1992	1991
Earnings:				
Earnings (Loss) Before Income Taxes, Minority Interest and Extraordinary Items	$(52)	$(977)	$(125)	$(304)
Plus:				
Interest Expense (a)	165	52	153	174
Capitalized Interest	(8)	(2)	(6)	(12)
Amortization of Capitalized Interest	0	0	0	0
Portion of Rental Expense Representative of Interest Expense (a)	216	117	324	333
Adjusted Earnings (Loss)	321	(810)	346	191

Fixed Charges:				
Interest Expense (a)	165	52	153	174
Portion of Rental Expense Representative of Interest Expense (a)	216	117	324	333
Total Fixed Charges	381	169	477	507
Coverage Adequacy (Deficiency)	$(60)	$(979)	$(131)	$(316)
Coverage Ratio	n/a	n/a	n/a	n/a

(a) Includes Fair Market Value Adjustments resulting from the Company's emergence from bankruptcy.

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-4) and related Prospectus of Continental Airlines, Inc. for the registration of $65,046,762 of its 10.22% Series B Senior Unsecured Sinking Fund Notes due July 1, 2000 and to the incorporation by reference therein of our reports dated February 12, 1996, with respect to the consolidated financial statements and schedules of Continental Airlines, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 1995, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Houston, Texas
May 9, 1996

Exhibit 24.1(a)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Gordon M. Bethune

Printed Name: Gordon M. Bethune

Dated and effective as of April 30, 1996

Exhibit 24.1(b)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Jeffery A. Smisek and Scott R. Peterson, or either of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Lawrence W. Kellner

Printed Name: Lawrence W. Kellner

Dated and effective as of April 30, 1996

Exhibit 24.1(c)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Jeffery A. Smisek and Scott R. Peterson, or either of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Michael P. Bonds

Printed Name: Michael P. Bonds

Dated and effective as of April 30, 1996

Exhibit 24.1(d)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Thomas J. Barrack, Jr.

Printed Name: Thomas J. Barrack, Jr.

Dated and effective as of April 30, 1996

Exhibit 24.1(e)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/David Bonderman

Printed Name: David Bonderman

Dated and effective as of April 30, 1996

Exhibit 24.1(f)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the

Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Gregory D. Brenneman

Printed Name: Gregory D. Brenneman

Dated and effective as of April 30, 1996

Exhibit 24.1(g)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Joel H. Cowan

Printed Name: Joel H. Cowan

Dated and effective as of April 30, 1996

Exhibit 24.1(h)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that

certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Patrick Foley

Printed Name: Patrick Foley

Dated and effective as of April 30, 1996

Exhibit 24.1(i)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/ Rowland C. Frazee, C.C.

Printed Name: Rowland C. Frazee, C.C.

Dated and effective as of April 30, 1996

Exhibit 24.1(j)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in

the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Hollis L. Harris

Printed Name: Hollis L. Harris

Dated and effective as of April 30, 1996

Exhibit 24.1(k)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Dean C. Kehler

Printed Name: Dean C. Kehler

Dated and effective as of April 30, 1996

Exhibit 24.1(l)

OWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does

hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Robert L. Lumpkins

Printed Name: Robert L. Lumpkins

Dated and effective as of April 30, 1996

Exhibit 24.1(m)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Douglas H. McCorkindale

Printed Name: Douglas H. McCorkindale

Dated and effective as of April 30, 1996

Exhibit 24.1(n)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/David E. Mitchell, O.C.

Printed Name: David E. Mitchell, O.C.

Dated and effective as of April 30, 1996

Exhibit 24.1(o)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Richard W. Pogue

Printed Name: Richard W. Pogue

Dated and effective as of April 30, 1996

Exhibit 24.1(p)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Williams S. Price III

Printed Name: Williams S. Price III

Dated and effective as of April 30, 1996

Exhibit 24.1(q)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Donald L. Sturm

Printed Name: Donald L. Sturm

Dated and effective as of April 30, 1996

Exhibit 24.1(r)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Claude I. Taylor, O.C.

Printed Name: Claude I. Taylor, O.C.

Dated and effective as of April 30, 1996

Exhibit 24.1(s)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned

does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Karen Hastie Williams

Printed Name: Karen Hastie Williams

Dated and effective as of April 30, 1996

Exhibit 24.1(t)

POWER OF ATTORNEY

The undersigned officer and director of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to do any and all things in the undersigned's name and behalf in the undersigned's capacity as an officer or director of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as an officer or director that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain Registration Statement on Form S-4 relating to the Company's 10.22% Series B Unsecured Sinking Fund Notes due July 1, 2000 (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as an officer or director of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof.

/s/Charles A. Yamarone

Printed Name: Charles A. Yamarone

Dated and effective as of April 30, 1996

Exhibit 99.1

LETTER OF TRANSMITTAL

Continental Airlines, Inc.
Offer to Exchange its
10.22% Series B Senior Unsecured Sinking Fund Notes
due July 1, 2000 which have been registered under
the Securities Act of 1933, as amended,
for any and all of its Outstanding
10.22% Series A Senior Unsecured Sinking Fund Notes
due July 1, 2000

Pursuant to the Prospectus, dated May [ ], 1996.

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M.
NEW YORK CITY TIME, ON [_____], 1996,
UNLESS EXTENDED (THE "EXPIRATION DATE"). TENDERS
MAY BE WITHDRAWN PRIOR TO 5:00 P.M.,
NEW YORK CITY TIME, ON [_____], 1996.

By Mail, Hand or Overnight Delivery:	Facsimile Transmission Number:
Continental Airlines, Inc. 2929 Allen Parkway, Suite 2010 Houston, Texas 77019 Attention: Jeffery A. Smisek	(713) 523-2831 Confirm by Telephone: (713) 834-2948

For Information Call:
Jeffery A. Smisek
(713) 834-2948

Delivery of this instrument to an address other than as set forth above, or transmission of instructions via facsimile other than as set forth above, will not constitute a valid delivery.

The undersigned acknowledges receipt of the Prospectus, dated May [ ], 1996 (the "Prospectus"), of Continental Airlines, Inc., a Delaware corporation (the "Company"), and this Letter of Transmittal (this "Letter"), which together constitute the Company's offer (the "Exchange Offer") to exchange an aggregate principal amount of up to $65,046,762.06 of 10.22% Series B Senior Unsecured Sinking Fund Notes due July 1, 2000 (the "Series B Notes") of the Company for an equal aggregate principal amount of the Company's outstanding 10.22% Series A Senior Unsecured Sinking Fund Notes due July 1, 2000 (the "Series A Notes").

For each Series A Note accepted for exchange, the holder of such Series A Note will receive a Series B Note having a principal amount at maturity equal to that of the surrendered Series A Note. The Series B Notes will bear interest at the rate of 10.22% accruing from the last date on which interest was paid on the Series A Notes surrendered in exchange therefor. Interest on the Series B Notes is payable on January 1, April 1, July 1 and October 1 of each year. In the event that neither the Exchange Offer is consummated nor a shelf registration statement is declared effective prior to June 25, 1996 (the "Target Completion Date"), Continental shall pay liquidated damages ("Liquidated Damages") to the holders of the Series A Notes in an amount equal to $.10 per $1,000 outstanding principal amount of the Series A Notes per week beginning on the Target Completion Date. Such weekly Liquidated Damages shall increase by an amount equal to an additional $.05 per $1,000 outstanding principal amount of the Series A Notes 90 days after the Target Completion Date, and shall thereafter further increase by additional increments equal to $.05 per $1,000 outstanding principal amount at the end of each subsequent 90 day period for so long as the Exchange Offer is not consummated or the shelf registration statement is not declared effective, as the case may be. The Company reserves the right, at any time or from time to time, to

extend the Exchange Offer at its discretion, in which event the term "Expiration Date" shall mean the latest time and date to which the Exchange Offer is extended. The Company shall notify the holders of the Series A Notes of any extension by means of a press release or other public announcement prior to 9:00 A.M., New York City time, on the next business day after the previously scheduled Expiration Date.

This Letter is to be completed by a holder of Series A Notes if Series A Notes are to be forwarded herewith pursuant to the procedure set forth in "The Exchange Offer" section of the Prospectus. Holders of Series A Notes whose certificates are not immediately available, or who are unable to deliver their certificates and all other documents required by this Letter to the Exchange Agent on or prior to the Expiration Date, must tender their Series A Notes according to the guaranteed delivery procedures set forth in "The Exchange Offer-Guaranteed Delivery Procedures" section of the Prospectus. See Instruction 1.

The undersigned has completed the appropriate boxes below and signed this Letter to indicate the action the undersigned desires to take with respect to the Exchange Offer.

List below the Series A Notes to which this Letter relates. If the space provided below is inadequate, the certificate numbers and principal amount of Series A Notes should be listed on a separate signed schedule affixed hereto.

DESCRIPTION OF SERIES A NOTES	1	2	3
Name(s) and Address(es) of Registered Holder(s) (Please fill in, if blank)	Certificate Number(s)	Aggregate Principal Amount of Series A Note(s)	Principal Amount Tendered*
	Total		

* Unless otherwise indicated in this column, a holder will be deemed to have tendered ALL of the Series A Notes represented by the Series A Notes indicated in column 2. See Instruction 2.

( ) CHECK HERE IF TENDERED SERIES A NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s)_____

Window Ticket Number (if any)_____

Date of Execution of Notice of Guaranteed Delivery_____

Name of Institution which guaranteed delivery_____

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Company the aggregate principal amount of Series A Notes indicated above. Subject to, and effective upon, the acceptance for exchange of the Series A Notes tendered hereby, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such Series A Notes as are

being tendered hereby.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Series A Notes tendered hereby and that the Company will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, changes and encumbrances and not subject to any adverse claim when the same are accepted by the Company. The undersigned hereby further represents that any Series B Notes acquired in exchange for Series A Notes tendered hereby will have been acquired in the ordinary course of business of the person receiving such Series B Notes, whether or not such person is the undersigned, that neither the holder of such Series A Notes nor any such other person is engaged in, or intends to engage in a distribution of such Series B Notes, or has an arrangement or understanding with any person to participate in the distribution of such Series B Notes, and that neither the holder of such Series A Notes nor any such other person is an "affiliate," as defined in Rule 405 under the Securities Act of 1933, as amended (the "Securities Act"), of the Company.

The undersigned also acknowledges that this Exchange Offer is being made by the Company based upon the Company's understanding of an interpretation by the staff of the Securities and Exchange Commission (the "Commission") as set forth in no-action letters issued to third parties, that the Series B Notes issued in exchange for the Series A Notes pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by holders thereof (other than a broker-dealer who acquires such Series B Notes directly from the Company for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any such holder that is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Series B Notes are acquired in the ordinary course of such holders' business and such holders are not engaged in, and do not intend to engage in, a distribution of such Series B Notes and have no arrangement with any person to participate in the distribution of such Series B Notes. However, the staff of the Commission has not considered the Exchange Offer in the context of a no-action letter and there can be no assurance that the staff of the Commission would make a similar determination with respect to the Exchange Offer as in other circumstances. If a holder of Series A Notes is an affiliate of the Company, and is engaged in or intends to engage in a distribution of the Series B Notes or has any arrangement or understanding with respect to the distribution of the Series B Notes to be acquired pursuant to the Exchange Offer, such holder could not rely on the applicable interpretations of the staff of the Commission and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction. If the undersigned is a broker-dealer that will receive Series B Notes for its own account in exchange for Series A Notes, it represents that the Series A Notes to be exchanged for the Series B Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus in connection with any resale of such Series B Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned will, upon request, execute and deliver any additional documents deemed by the Company to be necessary or desirable to complete the sale, assignment and transfer of the Series A Notes tendered hereby. All authority conferred or agreed to be conferred in this Letter and every obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. This tender may be withdrawn only in accordance with the procedures set forth in "The Exchange Offer-Withdrawal

of Tenders" section of the Prospectus.

Unless otherwise indicated herein in the box entitled "Special Issuance Instructions" below, please deliver the Series A Notes (and, if applicable, substitute certificates representing Series A Notes for any Series A Notes not exchanged) in the name of the undersigned. Similarly, unless otherwise indicated under the box entitled "Special Delivery Instructions" below, please send the Series A Notes (and, if applicable, substitute certificates representing Series A Notes for any Series A Notes not exchanged) to the undersigned at the address shown above in the box entitled "Description of Series A Notes."

THE UNDERSIGNED, BY COMPLETING THE BOX ENTITLED "DESCRIPTION OF SERIES A NOTES" ABOVE AND SIGNING THIS LETTER, WILL BE DEEMED TO HAVE TENDERED THE SERIES A NOTES AS SET FORTH IN SUCH BOX ABOVE.

==========

SPECIAL ISSUANCE INSTRUCTIONS

(See Instructions 3 and 4)

To be completed ONLY if certificates for Series A Notes not exchanged and/or Series B Notes are to be issued in the name of and sent to someone other than the person(s) whose signature(s) appear(s) on this Letter above.

Issue Series B Notes and/or Series A Notes to:

Name(s): . . . . . .
(Please Type or Print)

. . . . . .
(Please Type or Print)

Address: . . . . . .

. . . . . .
(Including Zip Code)
(Complete accompanying Substitute Form W-9)

==========

SPECIAL DELIVERY INSTRUCTIONS

(See Instructions 3 and 4)

To be completed ONLY if certificates for Series A Notes not exchanged and/or Series B Notes are to be sent to someone other than the person(s) whose signature(s) appear(s) on this Letter above or to such person(s) at an address other than shown in the box entitled "Description of Series A Notes" on this Letter above.

Mail Series B Notes and/or Series A Notes to:

Name(s): . . . . . .
(Please Type or Print)

. . . . . .
(Please Type or Print)

Address: . . . . . .

. . . . . .
(Including Zip Code)
(Complete accompanying Substitute Form W-9)

==========

IMPORTANT: THIS LETTER OR A FACSIMILE HEREOF (TOGETHER WITH THE CERTIFICATES FOR SERIES A NOTES AND ALL OTHER REQUIRED DOCUMENTS OR THE NOTICE OF GUARANTEED DELIVERY) MUST BE RECEIVED BY THE EXCHANGE AGENT PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

PLEASE READ THIS LETTER OF TRANSMITTAL CAREFULLY BEFORE COMPLETING ANY BOX ABOVE.

==========

PLEASE SIGN HERE
(TO BE COMPLETED BY ALL TENDERING HOLDERS)
(Complete accompanying Substitute Form W-9 on reverse side)

Dated: . . . . . , 1996

. . . . . .

. . . . . .
(Signature(s) of Owner) (Date)

Area Code and Telephone Number: . . . . . .

If a holder is tendering any Series A Notes, this Letter must be signed by the registered holder(s) as the name(s) appear(s) on the certificate(s) for the Series A Notes or by any person(s) authorized to become registered holder(s) by endorsements and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, officer or other person acting in a fiduciary or representative capacity, please set forth full title. See Instruction 3.

Name(s):. . . . . .

. . . . . .
(Please Type or Print)

Capacity: . . . . . .

Address:. . . . . .

. . . . . .
(Including Zip Code)

SIGNATURE GUARANTEE
(if required by Instruction 3)

Signature(s) Guaranteed by
an Eligible Institution:. . . . . .
(Authorized Signature)

. . . . . .
(Title)

. . . . . .
(Name and Firm)

Dated: . . . . . .,
1996

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INSTRUCTIONS

Forming Part of the Terms and Conditions of the Offer
to Exchange 10.22% Series B Senior Unsecured Sinking Fund Notes
due July 1, 2000
which have been registered under the Securities Act of 1933,
as amended
for any and all
10.22% Series A Senior Unsecured Sinking Fund Notes
due July 1, 2000
of Continental Airlines, Inc.

1. Delivery of this Letter and Series A Notes; Guaranteed Delivery Procedures.

This Letter is to be completed by holders of Series A Notes if certificates are to be forwarded herewith. Certificates for all physically tendered Series A Notes, as well as a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by this Letter, must be received by the Exchange Agent at the address set forth herein on or prior to the Expiration Date, or the tendering holder must comply with the guaranteed delivery procedures set forth below.

Holders of Series A Notes whose certificates for Series A Notes are not immediately available or who cannot deliver their certificates and all other required documents to the Exchange Agent on or prior to the Expiration Date, may tender their Series A Notes pursuant to the guaranteed delivery procedures set forth in "The Exchange Offer-Guaranteed Delivery Procedures" section of the Prospectus. Pursuant to such procedures, (i) such tender must be made through an Eligible Institution (as defined below), (ii) prior to the Expiration Date, the Exchange Agent must receive from such Eligible Institution a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and Notice of Guaranteed Delivery, substantially in the form provided by the Company (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Series A Notes and the amount of Series A Notes tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange ("NYSE") trading days after the date of execution of the Notice of Guaranteed Delivery, the certificates for all physically tendered Series A Notes, and any other documents required by this letter will be deposited by the Eligible Institution with the Exchange Agent, and (iii) the certificates for all physically tendered Series A Notes, in proper form for transfer, and all other documents required by this Letter, are received by the Exchange Agent within three NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

The method of delivery of this Letter, the Series A Notes and all other required documents is at the election and risk of the tendering holders, but the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. If Series A Notes are sent by mail, it is suggested that the mailing be made sufficiently in advance of the Expiration Date to permit delivery to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date.

See "The Exchange Offer" section of the Prospectus.

2. Partial Tenders.

If less than all of the Series A Notes evidenced by a submitted certificate are to be tendered, the tendering holder(s) should fill in the aggregate principal amount of Series A Notes to be tendered in the box above entitled "Description of Series A Notes-Principal Amount Tendered." A reissued certificate representing the balance of nontendered Series A Notes will be sent to such tendering holder, unless otherwise provided in the appropriate box on this Letter, promptly after the Expiration Date. All of the Series A Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated.

3. Signatures of this Letter; Bond Powers and Endorsements; Guarantee of Signatures.

If this Letter is signed by the registered holder of the Series A Notes tendered hereby, the signature must correspond exactly with the name as written on the face of the certificates without any change whatsoever.

If any tendered Series A Notes are owned of record by two or more joint owners, all such owners must sign this Letter.

If any tendered Series A Notes are registered in different

names on several certificates, it will be necessary to complete, sign and submit as many separate copies of this Letter as there are different registrations of certificates.

When this Letter is signed by the registered holder of the Series A Notes specified herein and tendered hereby, no endorsements of certificates or separate bond powers are required. If, however, the Series B Notes are to be issued, or any untendered Series A Notes are to be reissued, to a person other than the registered holder, then endorsements of any certificates transmitted hereby or separate bond powers are required. Signatures on such certificates must be guaranteed by an Eligible Institution.

If this Letter is signed by a person other than the registered holder of any certificates specified herein, such certificates must be endorsed or accompanied by appropriate bond powers, in either case signed exactly as the name of the registered holder appears on the certificates and the signatures on such certificates must be guaranteed by an Eligible Institution.

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

Endorsements on certificates for Series A Notes or signatures on bond powers required by this Instruction 3 must be guaranteed by a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc., by a commercial bank or trust company having an office or correspondent in the United States or by an "eligible guarantor" institution within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934 (an "Eligible Institution").

Signatures on this Letter need not be guaranteed by an Eligible Institution, provided the Series A Notes are tendered: (i) by a registered holder of Series A Notes tendered who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on this Letter, or (ii) for the account of an Eligible Institution.

4. Special Issuance and Delivery Instructions.

Tendering holders of Series A Notes should indicate in the applicable box the name and address to which Series B Notes issued pursuant to the Exchange Offer and/or substitute certificates evidencing Series A Notes not exchanged are to be issued or sent, if different from the name or address of the person signing this Letter. In the case of issuance in a different name, the employer identification or social security number of the person named must also be indicated.

5. Tax Identification Number.

Federal income tax law generally requires that a tendering holder whose Series A Notes are accepted for exchange must provide the Company (as payor) with such Holder's correct Taxpayer Identification Number ("TIN") on Substitute Form W-9 below, which, in the case of a tendering holder who is an individual, is his or her social security number. If the Company is not provided with the current TIN or an adequate basis for an exemption, such tendering holder may be subject to a $50 penalty imposed by the Internal Revenue Service. In addition, delivery of Series B Notes to such tendering holder may be subject to backup withholding in an amount equal to 31% of all reportable payments made after the exchange. If withholding results in an overpayment of taxes, a refund may be obtained.

Exempt holders of Series A Notes (including, among others,

all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. See the enclosed Guidelines of Certification of Taxpayer Identification Number on Substitute Form W-9 (the "W-9 Guidelines") for additional instructions.

To prevent backup withholding, each tendering holder of Series A Notes must provide its correct TIN by completing the "Substitute Form W-9" set forth below, certifying that the TIN provided is correct (or that such holder is awaiting a TIN) and that (i) the holder is exempt from backup withholding, (ii) the holder has not been notified by the Internal Revenue Service that such holder is subject to a backup withholding as a result of a failure to report all interest or dividends or (iii) the Internal Revenue Service has notified the holder that such holder is no longer subject to backup withholding. If the tendering holder of Series A Notes is a nonresident alien or foreign entity not subject to backup withholding, such holder must give the Company a completed Form W-8, Certificate of Foreign Status. These forms may be obtained from the Exchange Agent. If the Series A Notes are in more than one name or are not in the name of the actual owner, such holder should consult the W-9 Guidelines for information on which TIN to report. If such holder does not have a TIN, such holder should consult the W-9 Guidelines for instructions on applying for a TIN, check the box in Part 2 of the Substitute Form W-9 and write "applied for" in lieu of its TIN. Note: checking this box and writing "applied for" on the form means that such holder has already applied for a TIN or that such holder intends to apply for one in the near future. If such holder does not provide its TIN to the Company within 60 days, backup withholding will begin and continue until such holder furnishes its TIN to the Company.

6. Transfer Taxes.

The Company will pay all transfer taxes, if any, applicable to the transfer of Series A Notes to it or its order pursuant to the Exchange Offer. If, however, Series B Notes and/or substitute Series A Notes not exchanged are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Series A Notes tendered hereby, or if tendered Series A Notes are registered in the name of any person other than the person signing this Letter, or if a transfer tax is imposed for any reason other than the transfer of Series A Notes to the Company or its order pursuant to the Exchange Offer, the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted herewith, the amount of such transfer taxes will be billed directly to such tendering holder.

Except as provided in this Instruction 6, it is not necessary for transfer tax stamps to be affixed to the Series A Notes specified in this Letter.

7. Waiver of Conditions.

The Company reserves the absolute right to waive satisfaction of any or all conditions enumerated in the Prospectus.

8. No Conditional Tenders.

No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders of Series A Notes, by execution of this Letter, shall waive any right to receive notice of the acceptance of their Series A Notes for exchange.

Neither the Company nor any other person is obligated to give notice of any defect or irregularity with respect to any tender of Series A Notes nor shall any of them incur any liability for failure to give any such notice.

9. Mutilated, Lost, Stolen or Destroyed Series A Notes.

Any holder whose Series A Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions.

10. Requests for Assistance or Additional Copies.

Questions relating to the procedure for tendering, as well as requests for additional copies of the Prospectus and this Letter, may be directed to the Exchange Agent, at the address and telephone number indicated above.

TO BE COMPLETED BY ALL TENDERING HOLDERS
(See Instruction 5)

PAYOR'S NAME: CONTINENTAL AIRLINES, INC.

SUBSTITUTE Form W-9	Part 1 - PLEASE PROVIDE YOU TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.	TIN:_____ (Social Security Number or Employer Identification Number)
Department of the Treasury Internal Revenue Service	Part 2 - TIN Applied for	
Payor's Request For Taxpayer Identification Number ("TIN") and Certification	CERTIFICATION: UNDER THE PENALTIES OF PERJURY, I THAT: (1) the number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me). (2) I am not subject to backup withholding either because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and (3) any other information provided on this form is true and correct. SIGNATURE . . . . . . DATE.	

You must cross out item (2) of the above certification if you have been notified by the IRS that you are subject to backup withholding because of underreporting of interest or dividends on your tax return and you hae not been notified by the IRS that you are no longer subject to backup withholding.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 2 OF SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of the exchange, 31 percent of all reportable payments made to me thereafter will be withheld until I provide a number.

_____ _____

Signature Date

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Exhibit 99.2

NOTICE OF GUARANTEED DELIVERY FOR

CONTINENTAL AIRLINES, INC.

This form or one substantially equivalent hereto must be used to accept the Exchange Offer of Continental Airlines, Inc. (the "Company") made pursuant to the Prospectus, dated May [__], 1996 (the "Prospectus"), and the enclosed Letter of Transmittal (the "Letter of Transmittal") if certificates for Series A Notes of the Company are not immediately available or time will not permit all required documents to reach the Company prior to 5:00 P.M., New York City time, on the Expiration Date of the Exchange Offer. Such form may be delivered or transmitted by facsimile transmission, mail or hand delivery to Continental Airlines, Inc. (the "Exchange Agent") as set forth below. In addition, in order to utilize the guaranteed delivery procedure to tender Series A Notes pursuant to the Exchange Offer, a completed, signed and dated Letter of Transmittal (or facsimile thereof) must also be received by the Exchange Agent prior to 5:00 P.M., New York City time, on the Expiration Date. Capitalized terms not defined herein are defined in the Prospectus.

Delivery to: Continental Airlines, Inc., Exchange Agent

By Mail, Hand or Overnight Delivery:	Facsimile Transmission Number:
Continental Airlines, Inc. 2929 Allen Parkway, Suite 2010 Houston, Texas 77019 Attention: Jeffery A. Smisek	(713) 523-2831 Confirm by Telephone: (713) 834-2948

For Information Call:
Jeffery A. Smisek
(713) 834-2948

Delivery of this instrument to an address other than as set forth above, or transmission of instructions via facsimile other than as set forth above, will not constitute a valid delivery.

Ladies and Gentlemen:

Upon the terms and conditions set forth in the Prospectus and the accompanying Letter of Transmittal, the undersigned hereby tenders to the Company the principal amount of Series A Notes set forth below, pursuant to the guaranteed delivery procedure described in "The Exchange Offer - Guaranteed Delivery Procedures" section of the Prospectus.

Principal Amount of Series A Notes Tendered:

$_____
Certificate Nos. (if available):

_____

Total Principal Amount Represented by Series A Notes Certificate(s):

$_____

Exhibit 99.3

CONTINENTAL AIRLINES, INC.

Offer to Exchange its

10.22% Series B Senior Unsecured Sinking Fund Notes
due July 1, 2000
which have been registered under the Securities Act of 1933,
as amended
for any and all of its Outstanding
10.22% Series A Senior Unsecured Sinking Fund Notes
due July 1, 2000

To:Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

Continental Airlines, Inc. (the "Company") is offering to exchange (the "Exchange Offer"), upon and subject to the terms and conditions set forth in the Prospectus, dated May [ ], 1996 (the "Prospectus"), and the enclosed Letter of Transmittal (the "Letter of Transmittal"), its 10.22% Series B Senior Unsecured Sinking Fund Notes due July 1, 2000 (the "Series B Notes") for any and all of its outstanding 10.22% Series A Senior Unsecured Sinking Fund Notes due July 1, 2000 (the "Series A Notes"). The Exchange Offer is being made in order to satisfy certain obligations of the Company contained in the Registration Rights Agreement dated as of September 29, 1995, between the Company and the initial holders of the Series A Notes.

We are requesting that you contact your clients for whom you hold Series A Notes regarding the Exchange Offer. For your information and for forwarding to your clients for whom you hold Series A Notes registered in your name or in the name of your nominee, or who hold Series A Notes registered in their own names, we are enclosing the following documents:

1. Prospectus dated May [__], 1996;

2. The Letter of Transmittal for your use and for the information of your clients;

3. A Notice of Guaranteed Delivery to be used to accept the Exchange Offer if certificates for Series A Notes are not immediately available or time will not permit all required documents to reach the Exchange Agent prior to the Expiration Date (as defined below);

4. A form of letter which may be sent to your clients for whose account you hold Series A Notes registered in your name or the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Exchange Offer;

5. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9; and

6. Return envelopes addressed to Continental Airlines, Inc., the Exchange Agent for the Series A Notes.

Your prompt action is requested. The Exchange Offer will expire at 5:00 p.m., New York City time, on [ ], 1996 (the "Expiration Date") (20 business days following the commencement of the Exchange Offer), unless extended by the Company. The Series A Notes tendered pursuant to the Exchange Offer may be withdrawn at any time before the Expiration Date.

To participate in the Exchange Offer, a duly executed and promptly completed Letter of Transmittal (or facsimile thereof), with any required signature guarantees and any other required documents, should be sent to the Exchange Agent and certificates representing the Series A Notes should be delivered to the Exchange Agent, all in accordance with the instructions set forth in the Letter of Transmittal and the Prospectus.

If holders of Series A Notes wish to tender, but it is impracticable for them to forward their certificates for Series A Notes prior to the expiration of the Exchange Offer, a tender may be effected by following the guaranteed delivery procedures described in the Prospectus under "The Exchange Offer - Guaranteed Delivery Procedures."

Exhibit 99.4

CONTINENTAL AIRLINES, INC.

Offer to Exchange its
10.22% Series B Senior Unsecured Sinking Fund Notes
due July 1, 2000
which have been registered under the Securities Act of 1933,
as amended
for any and all of its Outstanding
10.22% Series A Senior Unsecured Sinking Fund Notes
due July 1, 2000

To Our Clients:

Enclosed for your consideration is a Prospectus, dated May [__], 1996 (the "Prospectus"), and the enclosed Letter of Transmittal (the "Letter of Transmittal") relating to the offer (the "Exchange Offer") of Continental Airlines, Inc. (the "Company") to exchange its registered 10.22% Series B Senior Unsecured Sinking Fund Notes due July 1, 2000 (the "Series B Notes") for any and all of its outstanding 10.22% Series A Senior Unsecured Sinking Fund Notes due July 1, 2000 (the "Series A Notes"), upon the terms and subject to the conditions described in the Prospectus. The Exchange Offer is being made in order to satisfy certain obligations of the Company contained in the Registration Rights Agreement dated as of September 29, 1995, between the Company and the initial holders of the Series A Notes.

This material is being forwarded to you as the beneficial owner of the Series A Notes carried by us in your account but not registered in your name. A tender of such Series A Notes may only be made by us as the holder of record and pursuant to your instructions.

Accordingly, we request instructions as to whether you wish us to tender on your behalf the Series A Notes held by us for your account, pursuant to the terms and conditions set forth in the enclosed Prospectus and Letter of Transmittal.

Your instructions should be forwarded to us as promptly as possible in order to permit us to tender the Series A Notes on your behalf in accordance with the provisions of the Exchange Offer. The Exchange Offer will expire at 5:00 p.m., New York City time, on [__], 1996 (the "Expiration Date") (20 business days following the commencement of the Exchange Offer), unless extended by the Company. Any Series A Notes tendered pursuant to the Exchange Offer may be withdrawn at any time before 5:00 p.m., New York City time on the Expiration Date.

Your attention is directed to the following:

1. The Exchange Offer is for any and all Series A Notes.

2. The Exchange Offer is subject to certain conditions set forth in the Prospectus in the section captioned "The Exchange Offer - Conditions."

3. Any transfer taxes incident to the transfer of Series A Notes from the holder to the Company will be paid by the Company, except as otherwise provided in the Instructions in the Letter of Transmittal.

4. The Exchange Offer expires at 5:00 p.m., New York City time, on the Expiration Date unless extended by the Company. If you wish to have us tender your Series A Notes, please so instruct us by completing, executing and returning to us the instruction form on the back of this letter. The Letter of Transmittal is furnished to you for information only and may not be used directly by you to tender Series A Notes.